

## **Buddhasasana Fund - 2013**

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The audit of financial statements of the Buddhasasana Fund for the year ended 31 December 2013 comprising the Balance sheet as at 31 December 2013 and the Income and Expenditure Account, Statement of changes in funds and cash flow statement for the year then ended and a summary of significant accounting policies and other explanatory notes to the financial statements was carried out under my direction in pursuance of provisions in Article 154(1) of the Constitution of the Democratic Socialist Republic of Sri Lanka read in conjunction with Section 12 (2) of the Buddhasasana Act, No. 35 of 1990.

### **1.2 Management's Responsibility for the Financial Statements**

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Management is responsible for the preparation and fair presentation of these financial statements in accordance with the Sri Lanka Public Sector Accounting Standard and for such internal control as the management determines is necessary to enable the preparation of financial statements that are free from material misstatements whether due to fraud or error.

### **1.3 Auditor's Responsibility**

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My responsibility is to express an opinion on these financial statements based on the audit conducted in accordance with Sri Lanka Auditing Standards consistent with International Standards of Supreme Audit Institutions (ISSAI 1000-1810).

### **1.4 Basis for Disclaimer Opinion**

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As a result of the matters described in paragraph 2.2 of this report, I am unable to determine whether any adjustments might have been found necessary in respect of recorded or unrecorded items, and the elements making up the balance sheet, income and expenditure account, statement of changes in funds and cash flow statement.

## **2. Financial Statements**

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### **2.1 Disclaimer Opinion**

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Because of the matters described in paragraph 2.2 of this report, I have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, I do not express an opinion on these financial statements.

## **2.2 Comments on Financial Statements**

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### **2.2.1 Sri Lanka Public Sector Accounting Standards**

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Even though furniture and fittings valued at Rs.215,690 purchased during the year under review had been utilized during the same year, action had not been taken to depreciate them having assessed the effective life span of such assets.

### **2.2.2 Accounting Deficiencies**

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The following observations are made.

- (a) The payment of Rs.100,000 made to a private company during the year under review in respect of the preparation of annual accounts for preceding years had been brought to the accounts as an expenditure of the year without making adjustments retrospectively.
- (b) A sum of Rs.20,559,930 had been received by the Fund as a donation during the year under review, out of which a sum of Rs.20,354,829 had been released to a private company on a request of the donor. The receipts of these donations and the relevant payments had not been separately shown as income and expenditure in the income and expenditure account.

### **2.2.3 Accounts Receivable and Payable**

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The following observations are made

- (a) Even though a period of 5 years has elapsed from the commencement of the project for translating and printing Pali Attakatha initiated in the year 2009, since books had not been handed over to the Buddhasasana Fund after completing the project activities, action had not been taken to settle the advance of Rs.1,080,165 granted to the project up to date.
- (b) Action had not been taken to settle the sum of Rs.325,000 which was shown in the financial statements as payable balance to the University of Pali and Buddhist since the year 2007 up to the year under review.

### **2.2.4 Lack of Evidence for Audit**

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- (a) The sum aggregating to Rs.20,718,390 received by the Fund as donations and the proceeds of sale of books during the year under review had been brought to the accounts without issuing formal receipts. Since there was no proper procedure for the issuance of receipts, it could not be established in audit as to whether all the receipts had been brought to accounts.

- (b) The evidence indicated against each item contained in the accounts had not been furnished to audit.

<b>Item</b>	<b>Value Rs.</b>	<b>Evidence not made available</b>
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(i) Novice monk institution allowance payable as at 31 December 2013	632,500	A register had not been maintained so as to indicate the allowance payable and the allowance already paid
(ii) Interest payable- Dathumalu Viharaya.	107,217	Relevant registers and the details on the calculation for the identification as a liability
(iii) Books for sales	8,248,169	Reports of the Board of surveys/ confirmation with regard to the custodian/stock books
(iv) Receivables- Income on sale of books	3,696,211	Books of Confirmation and records
(v) Receivables- Treasury bills	2,031,609	Investment certificates, Investment ledger, Detailed register

### 2.3 Non-compliance with Laws, Rules, Regulations and Management Decisions

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Non-compliances with Laws, Rules and Regulations etc. observed at the audit are as follows.

<b>Reference to Laws, Rules, Regulations, etc.</b>	<b>Non-compliance</b>
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(a) Buddhasasana Fund Act. No 35 of 1990	
(i) Section 4.1	An advisory committee had not been appointed to assist and advise the Council
(ii) Section 6	A sum of Rs.1,348,796 received for the renovation of Buddhist temples damaged by the Tsunami disaster in 2004 had not been utilized for the relevant purpose up to the end of the year under review.

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| <p>(b) Financial Regulations of the Democratic Socialist Republic of Sri Lanka</p> <p>(i) Financial Regulation 396 (d)</p> <p>(ii) Financial Regulation 754</p> <p>(iii) Financial Regulation 756</p> | <p>Action had not been taken to settle 14 cheques valued at Rs.147,800 issued but not presented for a period of exceeding six months.</p> <p>The Fund had not maintained an inventory book in an updated manner.</p> <p>Action had not been taken to conduct an annual board of survey on the stocks of books written on Buddhism owned by the Fund.</p>   |
| <p>(c) Public Finance Circular No. P.F. 423 dated 22 December 2006</p> <p>(i) Paragraphs 4.1 (a), (b), (c)</p> <p>(ii) Paragraphs 4.2 (d)</p>   | <p>As per the provisions in the circular, a budget should be prepared in compliance with the objectives of the fund and expenditures should be incurred from the Fund having obtained approval for the same. Nevertheless action had not been taken accordingly.</p> <p>The reports pertaining to each quarter on the progress had not been furnished to the Director General of Public Finance subsequent to reconciling the bank accounts.</p> |

### 3. **Financial Review**

#### ----- **Financial Results** -----

According to the financial statements presented, the operations of the Fund for the year ended 31 December 2013 had resulted in a surplus of Rs.41,981,227 as compared with the corresponding surplus of Rs.27,725,095 for the preceding year, thus indicating an increase of Rs.14,256,132 in the financial results as compared with the preceding year.

#### **4. Operating Review**

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##### **4.1 Performance**

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In accordance with a decision taken by the Board of Control of the Fund, translation of Pali attakatha and other books written on Buddhism into Sinhala, printing and sale of such books had been entrusted to a private printing press. The following observations are made in this connection.

- (i) Without calling for quotations as per the Section 3.2 of the Procurement Guideline No.08 dated 25 January 2006, translation of books written on Buddhism, printing and sales of such books had been entrusted to a private institution and a sum of Rs.8,569,440 had been paid as advance for a period of 3 years from 2009 to 2011.
- (ii) Documents had not been maintained so as to identify separately the number of books translated, printed, and sold and the number of books remaining.

##### **4.2 Management inefficiencies**

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Following observations are made

- (a) In terms of the Buddhasasana Fund Act, although the Fund had been exempted from income tax, action had not been taken to reimburse the withholding tax of Rs.394,381 inclusive of the sum of Rs.47,000 retained by the National Savings Bank up on the interest income of the fixed deposits of the Fund.
- (b) The following weaknesses and deficiencies were observed in connection with the payment of the monthly allowances of Novice monk institutions.
  - (i) Even though a payment register had been maintained in respect of the Novice monk institutions, it had not been properly maintained in an updated manner.
  - (ii) The allowance of Rs.285,000 payable to 8 Novice monk institutions had not been paid.

##### **4.3 Operating Inefficiencies**

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Even though Samanera kepakaru Dayaka kramaya should be operated with the use of interest income earned from the investment of Rs.28 million belonging to the Samanera kepakaru Dayaka kramaya, it had not been properly functioned during the year under review too as in the case of previous years. An annual interest income of Rs.3,502,809 had been earned from the above investment during the year under review, whereas due to the absence of proper plan a sum of Rs.383,675 or 11 per cent alone had been contributed to the Samanera kepakaru Dayaka kramaya.

#### **4.4 Idled assets**

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The following observations are made.

- (a) A sum of Rs.1,448,096 donated to the Fund in respect of 12 projects had remained idle for over a period of 10 years without utilizing for the intended purposes or the other purposes approved by the board of control.
- (b) The balance of the Sivpasa Aids Account of Rs.15,000 brought forward from 2007 and the balance of the Tsunami Aids Account of Rs.1,348,796 brought forward from 2008 had remained idle without utilizing for any purpose.

#### **4.5 Apparent Irregularities**

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Contrary to the approval of the Board of Control, the former Accountant of the Fund had obtained an allowance of Rs.42,302 per month for a period of 04 months since May up to August in 2012 instead of the monthly allowance of Rs.8,926 approved by the Board of Control and as such a sum of Rs.133,504 had been excessively obtained.

### **5. Accountability and Good governance**

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#### **5.1 Presentation of Financial Statements**

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Financial statements in terms of the paragraph 4.3 of the Financial Circular No. PF423 dated 22 December 2006 had not been furnished to the Auditor General within a period of 2 months from the expiry of the financial year and the financial statements for the year under review had been presented on 05 May 2014. After it was pointed out by the audit that such accounts had not been prepared in accordance with the Sri Lanka Public Sector Accounting Standards the draft financial statements had been again furnished on 23 July 2014 and the amended final accounts had been presented to audit on 31 October 2014.

#### **5.2 Corporate Plan**

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A corporate plan for the achievement of objectives pertaining to the Fund had not been prepared so as to cover the year under review.

#### **5.3 Action Plan**

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An action plan for the year under review had been prepared and presented to the board of control on 03 December 2013. Although three projects had been planned according to the above Action Plan, physical performance had been cited for only two projects.

**5.4 Internal Audit**  
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Internal audit of the Fund had not been carried out during the year under review.

**6. Systems and Controls**  
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Deficiencies in systems and controls observed during the course of audit were brought to the attention of the Secretary of the Fund from time to time. Special attention is needed in respect of the following areas of control.

- (a) Investment and utilization of funds
- (b) Accounting
- (c) Printing, storing and sale of books
- (d) Assets
- (e) Budget