

Samastha Lanka Sasanarakshaka Mandala Fund – 2014

The audit of financial statements of the Samastha Lanka Sasanarakshaka Mandala Fund for the year ended 31 December 2014 comprising the balance sheet as at 31 December 2014 and a summary of income and expenditure account and cash flow statement and other explanatory Information for the year then ended was carried out under my direction in pursuance of provisions in Article 154(3) of the Constitution of the Democratic Socialist Republic of Sri Lanka read in conjunction with Section 10(3) of the Samastha Lanka Sasanarakshaka Mandala Act No.16 of 2014.

1.2 Management’s Responsibility for Financial Statements

The management is responsible for the preparation and fair presentation of these financial statements in accordance with Sri Lanka Public Sector Accounting Standards 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

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

1.4 Incorporation of the Institution

Even though the Samastha Lanka Sasanarakshaka Mandalaya (Incorporation) Act, No.16 of 2014 had been approved by the Parliament on 24 April 2014, the operational activities of the Fund was under the Sasanarakshaka Mandalaya throughout the year under review. According to the Paragraph 5 of the Sasanarakshaka Mandala Fund Act, No.16 of 2014, an Executive Committee including patrons and consultants should be selected for the period of three years. However, 24 Buddhist Monks had been appointed as to represent the 24 Districts for the first Executive Committee of the Fund.

1.5 Basis for Disclaimer of Opinion

As a result of the matters described in paragraphs 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 and cash flow statement.

2. Financial Statements

2.1 Disclaimer of Opinion.

Because of the significance 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.

2.2.1 Accounting Policies

The Accounting Policies followed in the preparation of financial statements had not been disclosed.

2.2.2 Accounting Deficiencies

The following observations are made.

- (a) Even though according to the balance sheet as at 31 December 2014 , the components of cash and cash equivalents amounted to Rs.9,349,248 , the cash balance as at that date had been shown as Rs.1,158,685 according to the cash flow statement.
- (b) Even though according to the bank statement as at 31 December 2014, the balance of the current account amounted to Rs.514,101 and the same balance amounted to Rs.203,785 according to the final account. Although a cash book had not been maintained by the Fund for the current account and the bank reconciliation statement also had not been prepared.

2.2.3 Lack of Evidence for Audit

According to the record of the sale of flags of Dhamma Schools 2014, 1,897,579 flags valued at Rs.20,470,415 had been distributed among 289 Sasanarakshaka Mandala in 20 Districts. However, the accuracy and the completeness of the income could not be ascertained due to failure to satisfactorily vouch or verified the income of sales of flags amounted to Rs.6,095,980 which had been 80 per cent of the total income as a result of no any evidence presented to audit to confirm the number of printed flags, number of flags remained without sold and the place in which the unsold tickets kept .

2.3 Non-compliances with Laws, Rules, Regulations, and Management Decisions

Instances of non-compliance with laws, rules, regulations, etc., observed during the course of audit are given below.

**Reference to Laws, Rules, Regulations,
etc.**

Non-compliances

(a) Public Enterprises Circular No.PED
33 dated 19 December 2005

Even though investments in all public Institutions should be done only in State Banks, the Institute had invested a sum of Rs.5,495,000 in a fixed deposit in a private bank since a long period.

(b) Financial Regulations of the
Democratic Socialist Republic of
Sri Lanka

A sum totalling Rs.770,000 had been paid without certifying the relevant vouchers in 12 instances.

Financial Regulation 257

3. Financial Review

Financial Results

According to the financial statements presented, the income and the expenditure of the Fund for the year ended 31 December 2014 amounted to Rs.7,658,514 and Rs.6,499,829 respectively thus the surplus of the operating activities of the Fund amounted to Rs.1,158,685.

4. Operating Review

4.1 Performance

According to Section 3 of the Act, the General Objectives of the Samastha Lanka Sasarakshaka Mandala Fund are given below.

- assist the relevant authorities to take steps to promote well-being of Buddha Sasana and promote the development of Bikku society.
- assist the relevant authorities in promoting the development and rehabilitation ,promotion of the Buddhist Temples situated in remote areas and ensuring a cordial relationship between the Buddhist monks and the lay Buddhists.
- assist the relevant authorities to develop "Dhamma School Education" and act for the welfare of the teachers and students of Dhamma Schools.
- assist the relevant authorities to enhance and protect the Buddhist heritage from external influences and act for the propagation and protection of Buddhist customs and formalities among Buddhists .
- direct the branches of the Fund implemented on District and Provincial level for the achievement of the objectives of the Fund and supervision and co-ordination of those branches.

4.2 Management Activities

The following observations are made.

A sum of Rs.1,136,500 for the “Sisu Saviya” scholarships , a sum of Rs.319,000 at the rate of Rs.1,000 per one person for medical assistance had been granted for the Divisional Secretariats during the year under review. However, the follow up actions had not been done by the Sasarakshaka Bala Mandala whether the same money received to the suitable person.

5. Accountability and Good Governance

5.1 Presentation of Financial Statements

Even though the financial statements should be presented to the Auditor General within 02 months after close of the year of Accounts in terms of Paragraph 4.3 of the Public Finance Circular No.PF/423 of 22 December 2006, the financial statements for the year under review had been presented to the Auditor General only on 15 May 2015.

5.2 Action Plan

An Action Plan for the year had not been prepared in a manner to achieve the objectives mentioned in the Act.

5.3 Internal Audit

Even though it should have been to carry out an internal audit in the Fund in terms of the provisions of Financial Regulations 133 (b) and the Paragraph 03 of the Circular No.DMA/2009(1) dated 09 June 2009 of the Department of Management Audit, it had not been so done during the year under review.

6. Systems and Controls

The deficiencies in systems and controls observed during the course of audit were brought to the notice of the Secretary to the Fund from time to time. Special attention is needed in respect of the following areas of control.

Areas of Systems and Controls

Observations

(a) Accounting

(i) Accounts had not been maintained in a manner to clearly identify the income and expenditure of the stickers print and sold by the Fund.

(ii) Ledger Accounts had not been maintained clearly, accurately and properly.

(iii) A cash book had not been maintained for the expenses incurred by the current account and vouchers had not been properly maintained.

(iv) Receipts had not been issued for the income.

(b) Printing and sale of Stickers.

The matters such as serial numbers had not been put for the stickers printed and, taking over the stickers unsold and remained and keeping records had not been carried out.