

## **Ambuluwawa Dissanayake Mudiyansele Jayaratne Religious Centre and Bio-diversity Complex Trust Fund – 2015**

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The audit of the financial statements of the Ambuluwawa Dissanayake Mudiyansele Jayaratne Religious Centre and Bio-diversity Complex Trust Fund for the year ended 31 December 2015 comprising the balance sheet as at 31 December 2015 and the statement of income for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, 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 to be read in conjunction with provisions of Section 10 (4) of the Ambuluwawa Dissanayake Mudiyansele Jayaratne Religious Centre and Bio-diversity Complex Trust Fund Act , No. 44 of 2009. My comments and observations on these Financial Statements appear in this Report.

### **1.2 Responsibilities of Management for the Financial Statements**

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Management is responsible for the preparation and fair presentation of financial statements that give a true and fair view in accordance with Generally Accepted Accounting Principles and for such internal control as management determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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My responsibility is to conduct an audit of the Fund's financial statements in accordance with Sri Lanka Auditing Standards that are in compliance with International Auditing Standards (ISSAI 1000 – 1810) of Supreme Audit Institutions and to issue an auditor's report that includes my opinion.

### **1.4 Basis for Disclaimer of 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 and the income statement.

## **2. Financial Statements**

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### **2.1 Disclaimer of Opinion**

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Because of the significance of matters described in paragraph 2.2 of this Report, I have not been able to obtain sufficient and 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 the Financial Statements**

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#### **2.2.1 Accounting Policies**

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Accounting Policies (other than the Policy of Depreciation) adopted as the basis for the preparation of the financial Statements had not been disclosed.

### **2.2.2 Accounting Deficiencies**

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The following observations are made.

- (a) The expenditure of capital nature amounting to Rs.2,385,914 incurred during the year under review had been brought to account as revenue expenditure.
- (b) Although the contribution for the Employees' Provident Fund pertaining to the year under review amounted to Rs.259,780, a sum of Rs.231,400 only had been brought to account as expenditure, thus understating Rs.28,380, and the payable contribution of the Employees' Provident Fund as at 31 December of the year under review had been understated by Rs.64,134 in the account.
- (c) Contribution for the Employees Trust Fund pertaining to the year under review amounting to Rs.39,450 had not been brought to account as an expenditure and the contribution payable to the Employees Trust Fund as at 31 December of the year under review had been understated by Rs.45,300 in the account.
- (d) As the telephone tower income had been brought to account on cash basis, income of 05 telephone towers pertaining to the year under review had been understated by Rs.1,523,000 in the account
- (e) Even though the policy adopted for depreciation of fixed asset had been disclosed during the year under review, depreciations had not been adjusted. Further, it was not established that assets had been revalued or purchased, whereas the opening balance had increased by Rs.97,485 than the closing balance.

### **2.2.3 Lack of Evidences for Audit**

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The following observations are made.

- (a) Ledger accounts, board of survey reports and registers of fixed assets had not been maintained in relation to property, plant and equipment amounting to a value totalling Rs.365,682,015 and as such, the accuracy thereof could not be in audit.
- (b) As ledger accounts and schedules had not been maintained in respect of non-current liabilities amounting to Rs.366,302,894, their accuracy and existence could not be substantiated.
- (c) Although Rs.2,385,914 had been spent for development projects during the year under review, a procurement plan, estimates and plans, stock certificates, documents in support of the accuracy of the value of completed works and approval of the Trust Board relating to the payments had not been submitted.

## 2.2.4 Non-compliance with Laws, Rules, Regulations and Management Decisions etc.

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The following non-compliances with laws, rules, regulations and management decisions were observed.

<b>Reference to Laws, Rules Regulations etc.</b>	<b>Non-compliance</b>
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(a) Ambuluwawa Dissanayake Mudiyanselage Jayaratne Religious Centre and Bio-diversity Complex Trust Fund Act , No. 44 of 2009 -----	
i. Section 3 (2)	Members as referred to in the Section had not been appointed for the Trust Board.
ii. Section 6 (e)	Action had not been taken to vest the powers of the Board in the officers to achieve the objectives of the Fund.
(b) Financial Regulations of the Democratic Socialist Republic of Sri Lanka -----	
i. Financial Regulation 395 (c)	Bank Reconciliation Statements regarding the position of the transactions as at the end of each month had not been prepared before 15 of the following month.
ii. FR 756	Annual Board of Survey had not been conducted.
(c) Public Finance Circular of Deputy Secretary of the General Treasury bearing No. PF/423 of 22 December 2006 -----	
Section 4.3	The cash flow statement and the statement depicting the discrepancies of the Accumulated Fund had not been submitted together with the financial statements presented.

## 3. Financial Review

### ----- Financial Result -----

As per the financial statements presented, the operational activities of the Fund for the year ended 31 December 2015 had resulted in a surplus of Rs. 617,658 as compared with the corresponding surplus in the preceding year amounting to Rs.430,211. Accordingly, an improvement of the financial result amounting to Rs. 187,447 was observed during the year under review.

#### **4. Operational Review**

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##### **4.1 Operating Inefficiencies**

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In terms of Section 8 of the Part II of the Employees' Provident Fund Act No.15 of 1958, the Trust Fund is bound to pay contributions in respect of its all employees to the Employees' Provident Fund. Nevertheless, contributions had not been made during the year under review in respect of three employees recruited on contract basis.

##### **4.2 Management Inefficiencies**

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The following observations are made.

- (a) Even though the Fund has 02 circuit bungalows constructed at a cost of Rs.10.5 million, the income earned therefrom had been Rs.15,000 during the year under review. Necessary steps had not been taken to give wide publicity on these circuit bungalows located in a picturesque surrounding and thereby improve its income through the increase of tourist attraction.
- (b) It was observed in audit that since the tickets had not been printed according to a proper plan, the tickets at the value of Rs.25 had been altered and used instead of the tickets valued at Rs.100, Rs.150 and Rs.300 ,and it may lead to financial irregularities.

##### **4.3 Identified Losses**

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Since the payment of annual contributions for the Employees Provident Fund pertaining to the year 2015 had been delayed, a surcharge of Rs.81,603 had to be paid during the year under review.

##### **4.4 Performance**

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The Fund had not taken any action to accomplish the other objectives except for 5 out of 20 objectives stated from (a) to (t) in Section 4 of the Ambuluwawa Dissanayake Mudiyansele Jayaratne Religious Centre and Bio-diversity Complex Trust Fund Act , No. 44 of 2009.

#### **5. Accountability and Good Governance**

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##### **Unresolved Audit Paragraphs**

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In accordance with the Ledger maintained by the Public Trustee, a sum of Rs.2,600,000 had been spent for the capital expenditure of the Ambuluwawa Trust Fund. Nevertheless, the Fund had not recognized and adjusted that expenditure.

**6. Systems and Controls**

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Deficiencies in systems and controls observed during the course of audit were brought to the notice of the Chairman of the Fund from time to time. Special attention should be focused on the following areas of control.

- (a) Revenue Administration
- (b) Accounting
- (c) Control of Stocks
- (d) Control of Assets