

## **Buddha Sasana Fund -2016**

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The audit of financial statements of the Buddha Sasana Fund for the year ended 31 December 2016 comprising the balance sheet as at 31 December 2016 and the income and expenditure account, statement of changes in funds for the year then ended and a summary of significant accounting policies and other explanatory information, 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 12(4) of the Buddha Sasana Fund Act, No.35 of 1990. My comments and observations on the aforesaid financial statements appear in this report.

As the financial statements for the year under review had not been submitted for audit by 02 March 2018, a transaction report pertaining to the year under review was submitted to Parliament on 16 February 2018 in terms of Section 154(6) of the Constitution of the Democratic Socialist Republic of Sri Lanka. However, since the financial statements of the year under review had been submitted on 07 October 2020, my observations on the financial statements of the year under review, which I consider should be presented to Parliament, in terms of Section 154(6) of the Constitution of the Democratic Socialist Republic of Sri Lanka, appear in this report.

### **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 Sri Lanka Public Sector Accounting Standards and for such internal control as 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 Auditing Standards of Supreme Audit Institutions (ISSAI 1000-1810). Those Standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether financial statements are free from material misstatements. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatements of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the preparation and fair presentation of financial statements of the Fund in order to design audit procedures that are appropriate in the circumstances; however, not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

#### **1.4 Basis for Qualified Opinion**

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My opinion is qualified based on the matters described in paragraph 2.2 of this report.

### **2. Financial Statements**

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#### **2.1 Qualified Opinion**

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In my opinion, except for the effects of the matters described in paragraph 2.2 of this report, the financial statements give a true and fair view of the financial position of the Buddha Sasana Fund as at 31 December 2016 and its financial performance and cash flows for the year then ended in accordance with Sri Lanka Public Sector Accounting Standards.

#### **2.2 Comments on Financial Statements**

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##### **2.2.1 Accounting Deficiencies**

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The interest income of the bank deposits and treasury bills relevant to the year under review had been understated in accounts by Rs. 4,407,978.

##### **2.2.2 Lack of Evidence for Audit**

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Evidence indicated against each of the following items of accounts was not made available to the audit, thus it could not be satisfactorily vouched or accepted in audit.

<b>Item</b>	<b>Amount Rs.</b>	<b>Evidences not made available</b>
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(i) Buddhism Books	11,605,348	Board of Survey reports
(ii) Tsunami Aid	1,348,796	Detailed information
(iii) Advances and Other Receivables	13,031,848	Confirmation of balances and Age analysis
(iv) Current Liabilities	1,712,435	Confirmation of balances and Age analysis
(v) Fixed Assets	10,452,259	Register of Fixed Assets
(vi) Transfers relevant to the accounts of depreciation of assets, sales and payable allowances	3,630,939	Journal entries and relevant vouchers

### **3. Financial Review**

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#### **3.1 Financial Result**

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According to the financial statements presented, the financial result of the Fund for the year ended 31 December of the year under review had been a surplus of Rs. 25,852,041 as compared with the corresponding surplus of Rs. 27,945,573 for the preceding year, thus indicating a deterioration of Rs. 2,093,532 in the financial result as compared with the preceding year. The decrease of total income inclusive of investment interest income by Rs. 634,813 and the increase of expenditure by Rs. 2,728,345 had mainly attributed to this deterioration.

### **4. Operating Review**

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#### **4.1 Performance**

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The following observations are made.

- (a) Even though an amount of Rs. 35,038,436 had been received as income of the Fund during the year under review, only an amount of Rs. 9,186,395 out of it representing 26 percent had been spent for the objectives of the Fund. Further, excess money had been invested annually, and the total investment value as at 31 December of the year under review had been Rs. 483,767,200. Even though the role of the Fund is to apply money for most suitable functions of such consideration with regard to protecting and fostering the Buddha Sasana, the Fund had failed to implement programmes commensurate with the annual income of the Fund.
- (b) The land of 2 acres, 01 rood 13 perches in extent owned by the Fund and located at Basawakkulama area in Anuradhapura and the buildings constructed there had been leased out to the Sri Anuradhapura Amadhyapana Sangraha Society Ltd for an annual lease rent of Rs.50 on 15 August 1994. In terms of Section (n) of the lease agreement, the lessor has the authority to revise the lease rent considering the annual land valuation carried out by the local authority or provincial council of the area where the land is located and other factors. Even though the market value of these properties had been mentioned as Rs. 10,500,000 in the valuation report of the year 2014, attention had not been drawn to revise the lease rent.

### **5. 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 Secretary of the Fund from time to time and special attention is needed in respect of the following areas of control.

- (a) Investment and Utilization of funds
- (b) Accounting
- (c) Level of Performance according to the objectives
- (d) Budgetary Control