

Hindu Cultural Fund – 2017

The audit of financial statements of the Hindu Cultural Fund for the year ended 31 December 2017 comprising the balance sheet as at 31 December 2017 and the income and expenditure account , Receipts and payment account, statement of changes in equity and cash flow statement 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(1) of the constitution of the Democratic Socialist Republic of Sri Lanka read in conjunction with Section 10(4) of the Hindu Cultural Fund Act, No.31 of 1985. My comments and observations on the above financial statements are appear in this report.

1.2 Management’s Responsibility for the Financial Statements

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). Those Standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the 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 judgement, 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 Fund’s preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but 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.

2. Financial Statements

2.1 Opinion

In my opinion, the financial statements give a true and fair view of the financial position of the Hindu Cultural Fund as at 31 December 2017 and its financial performance and cash flows for the year then ended in accordance with Sri Lanka Public Sector Accounting Standards.

2.2 Non-compliance with Laws, Rules, Regulations and Management Decisions

Even though according to the paragraph 4.1(c) of the Public Finance Circular No.PF/423 dated 22 December 2006 a budget should be prepared and approved, but the budget had not been prepared for the year under review.

3. Financial Review

3.1 Financial Results

According to the financial statements presented, the financial result of the Fund for the year ended 31 December 2017 had been a surplus of Rs.6,586,304 as compared with the corresponding surplus of Rs.1,428,489 for the preceding year thus indicating a improvement of Rs.5,157,815 in the financial result in the year under review compare to the last year. The increase of collecting money from devotees Project by Rs.4,062,111 and receiving of Rs.1,803,090 from conducting a programme had mainly attributed to the above improvement.

4. Operating Review

4.1 Activity and Review

The following observations are made

- a) The fund had implemented two projects to collect funds to fulfill its purpose and objectives and a sum of Rs.12,969,731 had been earned from those projects and fixed deposits during the year under review. Out of that, Rs.6,778,434 had only been used and 48 per cent equivalent to Rs.6,191,297 had not been used from the collected income.
- b) The fund had planned to purchase and distribute religious books for Hindu people and tuition books for “Araneri” school children and had purchased school books worth Rs.1,319,750 during the year under review, but books cost thereof Rs.830,162 had not been distributed till May 2018 at the time of auditing.

- c) A sum of Rs.2,200,000 had been incurred and purchased 2000 sarees to distribute uniforms for “Araneri” school teachers in December in the year under review. Out of that 1300 sarees valued thereof Rs.1,430,000 had not been distributed even by May 2018.

5. Systems and Controls

Weakness observed in systems and controls during the course of audit were brought to the notice of the Chairman of the fund. Special attention is needed in respect of the following areas of control.

Areas of Systems and Controls	Observations
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(a) Inventory	Purchased of uniforms and books had not been distributed to the relevant persons in correct time.
(b) Budget	A budget had not been prepared with forecast of income and expenditure of the fund.