

## **Buddhasasana Fund – 2017**

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The audit of the operating activities of the Buddhasasana Fund for the year ended 31 December 2017 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 Fund Act, No.35 of 1990. The financial statements for the year 2017 which should be presented in terms of Section 12 (4) of the Buddhasasana Fund Act had not been presented even by 31 October 2018. My observations which I consider should be furnished to the Parliament in terms of Article 154(6) of the Constitution of the Democratic Socialist Republic of Sri Lanka on the operation of the Fund in the year under review 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 the management determines is necessary to enable the preparation of financial statements that are free from material misstatements whether due to fraud or error.

## **2. Financial Statements**

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### **2.1 Presentation of Financial Statements**

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The financial statements of the Fund for the years 2016 and 2017 that should be furnished to the Auditor General in terms of Section 12(1) of the Buddhasasana Fund Act, No.35 of 1990 had not been furnished to audit even by 31 October 2018.

### **2.2 Existence of Assets and Liabilities**

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Particulars of assets, liabilities, income and expenditure shown in the last financial statements prepared as at 31 December 2015 by the Fund are given below.

<b>Item of Financial Statements</b>	<b>Value</b>
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	<b>Rs.</b>
Fixed Assets	10,571,873
Investments	483,124,345
Net Current Assets	<u>34,550,797</u>
<b>Total</b>	<b>528,247,015</b>
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<b><u>Represented by</u></b>	
Buddhasasana Fund	512,425,953
Various Donations	14,472,266
Tsunami Aid	<u>1,348,796</u>
<b>Total</b>	<b>528,247,015</b>
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Total Income	34,403,622
Total Expenditure	(6,458,049)
<b>Surplus</b>	<b>27,945,573</b>
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### 2.3 Non-compliance with Laws, Rules, Regulations and Management Decisions

Non-compliances with laws, rules and regulations observed during the course of audit are given below.

<b>Reference to Laws, Rules and Regulations</b>	<b>Non-compliance</b>
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(a) Section 8(b) of the Buddhasasana Fund Act, No.35 of 1990	Even though the income received from investments should be credited to the Current Account opened in the Central Bank of Sri Lanka, instances where the income was re-invested without crediting to the relevant Account were observed.
<b>(b) Financial Regulations of the Democratic Socialist Republic of Sri Lanka</b>	
(i) Financial Regulation 395(c)	Even though every Institution which maintains a Bank Account should prepare a Bank Reconciliation Statement relating to the transactions as at the end of each month before the 15 <sup>th</sup> of following month, the Fund had not prepared the Bank Reconciliations from July to December 2017 even by 31 October 2018, the date of audit.
(ii) Financial Regulations 756,757 and the Public Finance Circular No.05/2016 of 31 March 2016	Activities of the Boards of Survey had not been carried out for the year under review.
(c) Paragraph 4.2(d) of the Public Finance Circular No.PF/423 of 22 December 2006	Bank Accounts had not been regularly reconciled and reports thereon had not been prepared quarterly and furnished to the Director General of Public Finance.

### **3. Operating Review**

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#### **3.1 Performance**

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##### **3.1.1 Planning**

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Even though an Action Plan had been prepared for the year under review, the relevant amendments had not been made according to the decisions taken by the Board of Governors.

##### **3.1.2 Function and Review**

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The following observations are made.

- (a) According to the Action Plan of the year under review, it had been planned to implement 8 projects costing Rs.30,825,000. Out of that, only 3 projects costing Rs.4,000,000 had been commenced during the year under review.
- (b) Even though payments should be made for 13 Samanera Institutions relating to 156 months, payments had been made only for a period of 130 months during the year under review. Even though the Board of Governors of the Buddhasasana Fund had planned to establish 100 Samanera Institutions in the temples belonging to all Nikayas and Chapters , the number of Samanera Institutions registered in the year stood at 16 and it had dropped to 13 by the year 2017.

#### **3.2 Management Activities**

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The total receipts of the Buddhasasana Fund during the year under review amounted to Rs.25,923,838 and the project and administration expenditure of the said year totalled Rs.11,748,870. Out of that, only Rs.10,971,040 representing 42 per cent of the received income had been utilized for the intended purposes of the Fund. As such, the excess money was invested and according to the Financial Report as at 31 December 2015 the total investments amounted to Rs. 483,124,345. The Fund had failed to implement programmes even for the effective utilization of minimum interest receivable annually by the Fund from investments.

#### **3.3 Staff Administration**

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Even though appointment of eligible officers and servants and payment of their remuneration out of the income of the Buddhasasana Fund could be made in terms of Section 11 of the Buddhasasana Fund, a staff had not been appointed even by the end of the year under review. Four officers of the Ministry of Buddhasasana had been attached in respect of the functions of the Fund and salaries amounting to Rs.1,326,072 had been paid under the Head of expenditure of the Ministry for the year under review.

#### **4. Accountability and Good Governance**

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##### **4.1 Internal Audit**

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Even though an internal audit should be carried out in terms of 133 (b) of Financial Regulations of the Democratic Socialist Republic of Sri Lanka and Paragraph 03 of the Circular No. DMA/2009(1) of 09 June 2009 issued by the Department of Management Audit, an internal audit had not been carried out in respect of the Fund during the year under review.

##### **4.2 Budgetary Control**

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In terms of Paragraph 4.1 of the Public Finance Circular No.PF/423 of 22 December 2006, a Budget in compliance with the objectives of the Fund should be prepared and the approval therefor should be obtained from the Director General of National Budget and the Director General of Public Finance and further, expenditure should be incurred accordingly. Nevertheless, a Budget had not been prepared for the year under review.