

Samastha Lanka Shasanarakshaka Mandala Fund – 2017

The audit of financial statements of Samastha Lanka Shasanarakshaka Mandala Fund for the year ended 31 December 2017 comprising the balance sheet and the Income and Expenditure Account, cash flow statement and 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 10(3) of Samastha Lanka Shasanarakshaka Mandala Act, No.16 of 2014. My comments and observations which I consider should be published with the Annual Report of the Fund in terms of Section 11(1) of Samastha Lanka Shasanarakshaka Mandala Act 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)

1.4 Basis for Disclaimer of Opinion

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 elements making up the balance sheet, Income and Expenditure Account, cash flow statement and statement of changes in funds.

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 Lack of Evidence for Audit

Flags valued at Rs.10,501,000 had been distributed for 191 Shasanarakshaka authorities as 49,400 large flags which are being sold for a sum of Rs.25 each and 926,600 small flags which are being sold for a sum of Rs.10 each, published for the Dhamma School Flags Day in the year 2017. Information relating to the distribution of those flags among Dhamma Schools, which were provided to Shasanarakshaka Authorities were not under the Provincial Shasanarakshaka Authorities and action had not been taken to obtain Reports on the sale of flags in Provincial Shasanarakshaka Authorities to the Fund. As such, the accuracy of the value of Rs.5,442,172 stated in financial statements as the flags sales income in the year 2017 could not be satisfactorily confirmed in audit.

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

Even though a Bank Reconciliation Statement should be prepared before 15th of the forthcoming month relating to the transactions in the end of each month by every Institution which has a Bank Account in terms of the Financial Regulation 395(c) of Financial Regulations of the Democratic Socialist Republic of Sri Lanka, Bank Reconciliation Statements had not been prepared for Bank Current Accounts by the Fund.

3. Financial Review

3.1 Financial Results

According to the financial statements presented, the deficit of the Fund for the year ended 31 December 2017 had been a sum of Rs.317,489 as against the corresponding surplus of Rs.9,644,078 for the preceding year, thus indicating a deterioration of Rs.9,961,567 in the financial result in the year under review as compared with the preceding year. The decrease in the sale of flags income by a sum of Rs.4,493,263 as compared with the preceding year and the non- receipt of donations in the year under review had been the main reasons in this connection.

4. Operating Review

4.1 Management Activities

The following observations are made.

- (a) According to the data of the Department of Buddhist Affairs, the total number of students in Dhamma Schools in the island had exceeded one million. It had been able to sell only flags valued at Rs.5,442,170 out of 976,000 flags valued at Rs.10,501,000 printed in the year under review as less than half of the total number of Dhamma School students. Moreover, action had not been taken by the Fund to implement any promotional programme whatsoever for the Flags Day.

- (b) Even though a Fund had been established as “Buduputh Mapiya Bharaya” with the objective of assisting the parents of Buddhist Monks, the balance of that Fund had increased up to a sum of Rs.7,247,312 by the year under review due to the functions intended from the Fund not being carried out sufficiently.

5. Accountability and Good Governance

5.1 Presentation of Financial Statements

Even though the Financial Statements should be furnished to the Auditor General within 2 months after the 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 in the year under review had been furnished to the Auditor General on 30 August 2018.

5.2 Action Plan

Even though an Action Plan should be prepared for the year in a manner that the objectives in the Samastha Lanka Shasanarakshaka Mandala Act could be achieved in terms of the Public Finance Circular No.01/2014 of 17 February 2014, action had not been taken accordingly.

5.3 Internal Audit

Even though an Internal Audit should be carried out in the Fund in terms of the Financial Regulation 133(b) and in terms of the Audit and Management Circular No.DMA/2009(1) of 09 June 2009, it had not been carried out accordingly in the year under review.

6. Systems and Controls

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

Area	Observation
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(a) Planning	Not preparing an Action Plan for the year in a manner that the objectives mentioned in the Act could be achieved.
(b) Printing and the Sale of Dhamma School Flags	Not inserting Index Numbers for the printed flags and, not having a procedure for returning the flags not being sold and saved, reporting and for accurately calculating the received and receivable income.