

Ambuluwawa Dissanayake Mudiyansele Jayaratne Religious Centre and Bio-diversity Complex Trust Fund - 2018

The audit of the operating activities of the Ambuluwawa Dissanayake Mudiyansele Jayaratne Religious Centre and Bio-diversity Complex Trust Fund for the year ended 31 December 2018 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 and provisions of the National Audit Act, No.19 of 2018.

1.2 Responsibilities of Management and Those Charged with Governance for the Presentation of Financial Statements

As per Section 16 (1) of the National Audit Act No. 19 of 2018, every auditee entity shall maintain proper books and records of all its income, expenditure, assets and liabilities, to enable annual and periodic financial statements to be prepared in respect of such entity. According to Section 16 (2) of that Act, the Annual financial statements of every auditee entity, shall be submitted by the Chief Accounting Officer to the Auditor-General along with the annual performance reports, within such period as may be provided by rules. Further, in accordance with Section 38 (1)(d) of the Act, it is required to ensure the timely preparation and submission of annual and other financial statements and in addition the Chief Accounting Officer shall be required to submit annual reports to Parliament pertaining to the auditee entity. However, the financial statements for the year 2018 which should be presented to audit within 60 days from the close of the year of accounts in accordance with Section 6.5.1 of the Public Enterprises Circular No.PED/12 dated 02 June 2003 and Treasur Circular No.01/2004 dated 24 February 2004 had not been presented to audit even by the date of this report.

2. Audit Observations

2.1 Lack of Evidence for Audit

Audit Observation	Comment of the Management	Recommendation
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Although documents such as bills, receipts, stock confirmations that establish the relevant value and functions indicated in the payment vouchers should be submitted together with the vouchers as evidence in support of the payment, value totaling Rs. 1,239,907 had been paid without submitting any written evidence on 17 occasions during the year under review.	Vouchers have been duly prepared and submitted along with the necessary written annexures for all the payments made from the Fund.	Relevant confirmation source documents should be submitted together with the payment vouchers,

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

Non-compliances with Laws, Rules, and Regulations observed during the course of audit test check are given below.

Reference to Laws, Rules, Regulations etc.	Non-compliances	Comment of the Management	Recommendation
Financial Regulations of the Democratic Socialist Republic of Sri Lanka			
i. Financial Regulation 137	Without approving payments as per Financial Regulations 137, a sum of Rs.1,862,369 had been through 14 vouchers.	All payments are made by cheques and due to some lapses approval/recommendations had not been made and necessary measures have now been taken prevent the recurrence of such mistakes.	Action should be taken in accordance with the Financial Regulations.
ii. Financial Regulations 138 and 257	Although payments should be made only for the certified vouchers, payments of Rs.22,935,154 had been made without certifying 138 vouchers during the year under review.	Although there was an error in the payment vouchers, all expenses were incurred with the collective approval of the Board of Trustee.	Action should be taken in accordance with the Financial Regulations.
iii. Financial Regulation 177 (1) and (3)	Although daily cash receipts should be banked without delay, tickets and lease rent income of Rs.192,965 had been spent without banking them.	A large number of projects were implemented within the complex during the year 2018 and money had to be incurred for urgent needs on some occasions and authority had been given to incur such expenditure on the approval of the Hon. Chairman.	Action should be taken in accordance with the Financial Regulations.

3. Operating Review

3.1 Operating Inefficiencies

Audit Observation	Comment of the Management	Recommendation
Out of the 20 objectives from “a” to “t” in Section 4 of the Ambuluwawa Bio-diversity Complex Trust Fund Act, No. 44 of 2009, the Fund had not taken adequate steps to achieve the objectives of providing adequate facilities for the improvement of sports and recreation capabilities of people, encouraging the farmers and establishment of youth farmers organizations within the community, improving the area round the Ambuluwawa mountain range and encouraging people to intelligently invest in banks and other financial institutions, during the year under review.	More attention has been drawn to involve skilled and unskilled labourers in implementing various development projects within the Complex using income received by the Fund and to assist their existence on payment of a reasonable wage, assist upgrading their living standard, create a team of skilled labourers in various fields for future activities and thereby ameliorating their economic standard and develop sound correlations within social and economic activities.	Adequate steps should be taken to achieve objectives of the Fund.

3.2 Idle and Underutilized Assets

Audit Observation	Comment of the Management	Recommendation
The library building of the Ambuluwawa Fund worth Rs. 5,400,000, a circuit bungalow worth Rs. 2,500,000 and a theater of which the value was not submitted to the audit had not been utilized for any purpose during the year under review.	Not replied.	Action should be taken to use the assets effectively.

3.3 Procurement Management

Audit Observation

According to the financial policies of the financial policy relating to the maintenance of Trust Fund, limited procurement procedures should be followed for expenditure exceeding Rs. 200,000 Nevertheless, any procurement procedure had not been followed in incurring expenditure for obtaining goods and services worth Rs. 1,287,525 on 05 occasions during the year under review.

Comment of the Management

This has been done on prior and post approval of the Board of Trustee.

Recommendation

Action should be taken in accordance with financial policy prepared relating to the maintenance of Trust Fund.

3.4 Transactions of Contentious Nature

Audit Observation

A vehicle which is not belonging to the Trust Fund had been operated and expenditure of Rs. 105,532 had been incurred on repairs of that vehicle during the year under review.

Comment of the Management

Files including necessary registration certificates and other documents for three vehicles belonging to the Fund had been maintained.

Recommendation

Repair expenditure should be incurred only for the vehicles belonging to the Fund.

4. Accountability and Good Governance

Budgetary Control

Audit Observation

In terms of Paragraph 4(1) of the Public Finance Circular No.PF/423 dated 22 December 2006, an annual budget should be prepared for the Trust Fund and it should be forwarded to the Board of Trustee and approved and accordingly, activities of the Fund should be implemented by controlling the budget. Nevertheless, action had not been taken accordingly.

Comment of the Management

Action has been taken to meet this requirement by making adjustments in the budget for the preceding years,

Recommendation

Action should be taken in accordance with the circular.