

Buddhasasana Fund – 2019

1.1 Qualified Opinion

The audit of the financial statements of the Buddhasasana fund for the year ended 31 December 2019 comprising the balance sheet as at 31 December 2019 and the income and expenditure account, statement of changes in funds, cash flow statement for the year then ended and notes to the financial statements, including a summary of significant accounting policies was carried out under my direction in pursuance of provisions in 154(3) constitution of the Constitution of Democratic Socialist Republic of Sri Lanka read in conjunction with provisions of the Article 12(4) of the Buddhasasana fund Act No. 35 of 1990. My comments and observations which I consider should be report to Parliament appear in this report.

In my opinion, except for the effects of the matters described in paragraph 1.5 of this report, the accompanying financial statements give a true and fair view of the financial position of the fund as at 31 December 2019, and its financial performance and its cash flows for the year then ended in accordance with Sri Lanka Public Sector Accounting Standards.

1.2 Basis for Qualified Opinion

My opinion is qualified on the matters described in paragraph 1.5 of this report.

I conducted my audit in accordance with Sri Lanka Auditing Standards (SLAuSs). My responsibilities, under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

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

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with Sri Lanka Public Sector Accounting Standards, and for such internal control as management determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the funds' ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intend to liquidate the fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the fund's financial reporting process.

As per Sub Section 16(1) of the National Audit Act No. 19 of 2018, the fund is required to maintain proper books and records of all its income, expenditure, assets and liabilities, to enable annual and periodic financial statements to be prepared of the corps.

1.4 Auditor's Responsibility for the Audit of Financial Statements

My objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Sri Lanka Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Sri Lanka Auditing Standards, I exercise professional judgment and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of the management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the institute's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

The scope of the audit also extended to examine as far as possible and as far as necessary the following;

- Whether the organization, systems, procedures, books, records and other documents have been properly and adequately designed from the point of view of the presentation of information to enable a continuous evaluation of the activities of the fund, and whether such systems, procedures, books, records and other documents are in effective operation;

- Whether the institute has complied with applicable written law, or other general or special directions issued by the governing body of the fund ;
- Whether it has performed according to its powers, functions and duties,
- Whether the resources had been procured and utilized economically, efficiently and effectively within the time frames and in compliance with the applicable laws.

1.5 Financial Statements

1.5.1 Lack of Evidences for Audit

The following observations are made.

<u>Subject</u>	<u>Amount</u> <u>Rs.</u>	<u>Lack of Audit</u> <u>Evidences</u>	<u>Comments of the</u> <u>Management</u>	<u>Recommendation</u>
(a) Payments	4,260,906	Vouchers/invoices obtained from the client	<p>Among the vouchers related to payments amounting to Rs. 4,360,906,</p> <ul style="list-style-type: none"> ➤ Arrangements have been made to settle the advance. ➤ Proof of overtime and travel expenses can be obtained and submitted. ➤ Receipts are sent for most of the medical aids payments and the receipts are filed in a separate file. ➤ Verification of cash payments under sanitation project was done and instructions were given for submit to audit. ➤ Copies of receipts related to Chinese language project payments are submitted herewith. <p>Instructions have been given to the officers to obtain receipts for all future payments.</p>	Receipts/ invoices obtained from the client should be attached to the relevant voucher to prove the payment.
(b) Buddhist scriptures	6,953,882	Reports of the board of surveys.	It is planned to appoint survey board and conduct a	A survey should be conducted and

scriptures survey related to submitted the reports. the year 2022.

(c) Tsunami aids	1,348,796	Detailed information	Tsunami aid mentioned as the balance of Rs. 1,348,796 is a balance coming from the year 2007.	The information that can prove the balance should be submitted.
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1.6 Non-compliance with Laws, Rules, Regulations and Management Decisions etc.

<u>Reference to the Laws, Rules and Regulations</u>	<u>Non-compliance</u>	<u>Comments of the Management</u>	<u>Recommendation</u>
Financial Regulations 396 of the Code of Financial Regulations of the Democratic Socialist Republic of Sri Lanka.	Action has not been taken to act as per the Financial Regulations regarding 07 cheques totaling Rs. 56,863 issued by the fund during the period from the year 2013 to 2017as at the date of this report.	Since those 07 cheques can be credited to the income, that will be credited to the government revenue and reported them.	Should be act as per the Financial Regulations.

1.7 Receivable and Payable Accounts

1.7.1 Receivable Money

<u>Audit Observation</u>	<u>Comments of the Management</u>	<u>Recommendation</u>
----- Out of the advance and other receivable balance of Rs. 13,031,828 for which age analysis was not submitted, Rs. 1,087,447 older than 06 years and Rs. 11,944,381 older than 03 years were observed according to the financial statements of the previous years and no attention was paid to the recovery of the said balances.	----- The balances have been instructed to be recovered in the year 2023.	----- Arrangements should be made to settle the balances that have existed for a long time.

1.7.2 Payable Money

<u>Audit Observation</u>	<u>Comments of the Management</u>	<u>Recommendation</u>
----- Out of the current liability balance of Rs. 1,712,435 for which age analysis was not submitted, Rs. 1,168,025 were balances that were more than 03 years old and that balances have not yet been settled.	----- The balances will be settled or credited to the accumulated fund during the year 2023.	----- Arrangements should be made to settle the balances that have existed for a long time.

1.7.3 Advances

Audit Observation -----	Comments of the Management -----	Recommendation -----
Although the sub imprest received for a specific work as per the Financial Regulations 371(2) should be settled as soon as the relevant work is completed, it was not act accordingly and there were 10 cases which were taken more than 14 days for settling the advances in the year under review and it was also observed that the remaining money was retained in hand until the advances were settled. Furthermore, it was observed during the voucher inspection that the signatures of the payee that the relevant money was received had not been taken during the advance payment.	Officers have been instructed to correct these weaknesses in future and ensure that such weaknesses do not occur in future.	Advance payments and settlements should be done in accordance with the Financial Regulations.

2. Financial Review

2.1 Financial Result

The operating result of the year under review amounted to an excess of Rs. 47,513,190 and the corresponding surplus in the preceding year amounted to Rs. 41,593,654. Therefore an improvement amounting to Rs. 5,919,536 of the financial result was observed. The main reasons for the improvement were an increase in investment income and a decrease in the payment of novice guardian contributions and giving aids to sanitation.

3. Operational Review

3.1 Management Inefficiencies

Audit Observation -----	Comments of the Management -----	Recommendation -----
According to the requirement of Financial Regulation 264, although every payment should be supported by a receipt (duly stamped where necessary) from the contributor that the amount specified in the voucher has been received, many payment vouchers were attached to other payments without checking the receipts/invoices.	This inquiry has been made regarding the payment of the novice institutions and novice institutions make payments only after receiving a receipt of the previous payment. Accordingly, the receipt has been attached to the new payment voucher as to ensure that the receipt related to the previous payment has been received.	As per the Financial Regulations, the receipts/ vouchers obtained from the contributor should be Submitted along with the relevant voucher to prove that the relevant payment has been made.

A copy of the current payment receipt is attached to the relevant payment voucher. Officials have been instructed to make the corrections for the years 2022,2021 and 2020.

3.2 Operational Inefficiencies

Audit Observation -----	Comments of the Management -----	Recommendation -----
Rs. 57,550,091 was received as income of the fund in the year under review according to the financial statements, but out of that, Rs. 10,036,901 i.e., only 17 percent had been spent for the purposes of the fund. Further, the annual surplus was invested and the total investment value as at 31 December of the year under review was Rs. 559,016,242. Although the role of the fund is to use funds for the most worthy causes of protecting and nurturing the Buddha sasana, the fund had failed to implement programmes suit for the received annual income.	It is proposed to plan and implement appropriate programmes based on the income received by the fund in future.	That programmes should be implemented in accordance with the income received by the fund.

4. Accountability and Good Governance

4.1 Submission of Financial Statements

Audit Observation -----	Comments of the Management -----	Recommendation -----
Although the financial statements should be submitted to the Auditor General within 02 months after the end of the accounting year in according to the Financial Regulation 877 (2) (d) of the Financial Regulations inserted by Public Accounts Circular No. PF/423 dated 22 December 2006 and paragraph 15 of Public Finance Circular No. 01/2020 dated 28 August 2020, the financial statements of the year under review had been submitted to the Auditor General after a delay of two years and 09 months.	As there have been delays in submission of these final accounts due to transfers of officers, instructions have been given to submit them for audit within the time frame in future.	Financial statements should be submitted on due dates as per the Financial Regulations and circulars.