

Buddhasasana Fund - 2021

1. Financial Statements

1.1 Qualified Opinion

The audit of the financial statements of the Buddhasasana fund for the year ended 31 December 2021 comprising the balance sheet as at 31 December 2021 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(1) constitution of the Constitution of Democratic Socialist Republic of Sri Lanka read in conjunction with provisions of the National Audit Act No. 19 of 2018 and the Finance Act No. 38 of 1971. 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 2021, 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 Audit Observations on the preparation of Financial Statements

1.5.1 Lack of written Evidences for Audit

	Subject	Amount Rs.	Audit Evidences not provided	Comments of the Management	Recommendation
(a)	Buddhist scriptures	6,539,327	Board of survey reports	A stock survey of scriptures has been carried out as at 31.12.2022 and the adjustments to be made accordingly to the accounts of the year 2023 are being made.	Board of surveys should be done within the stipulated time and submitted the reports according to instructions of the circular and should be made necessary adjustments.
(b)	Tsunami Aids	1,348,796	Detailed information related to the receivings and retainings.	It is planned to add this donation amount to the Buddhasasana fund account after obtaining the approval of the upcoming 89 th governing council, which was allocated to provide aids to the temples near the beach affected by the tsunami disaster.	Should be submitted the detailed information.
(c)	Advances and other receivables	13,031,828	Balance verifications and age analysis	The necessary activities should be taken to recover that balances.	Should be submitted the information and age analysis as prove the balance.
(d)	Current Liabilities	1,712,435	Balance verifications and age analysis	Those balances will be settled or credited to the accumulated fund.	Should be submitted the information and age analysis as prove the balance.

(e)	Payment Vouchers	3,427,140	Receipts received payments	as	The subject officers have been instructed to make sure to get receipts from the payee for all future payments.	As per the Financial Regulations, should be submitted with attached to the invoice voucher which is obtained from the payee to prove the payment received.
-----	------------------	-----------	----------------------------	----	--	--

1.6 Receivable and Payable Accounts

1.6.1 Receivable Money

Audit Observation	Comments of the Management	Recommendation
Out of Rs. 13,031,828 from the balance of advances and other receivables for which age analysis has not been submitted, Rs. 1,087,447 for 09 years and Rs. 11,944,381 for more than 06 years old balances and recovery has not been made as at the date of this report.	Instructions have been given to recover those balances.	The relevant balances should be recovered immediately.

1.6.2 Payable Money

Audit Observation	Comments of the Management	Recommendation
Out of the current liability balance of Rs. 1,712,435 which were not submitted age analysis, it was observed that Rs. 544,409 was older than 07 years and Rs. 1,168,025 was older balance than 06 years according to the financial statements of the previous years and actions were not taken yet to settle those balances.	Action is being taken to settle or credit that balances to the accumulated fund during the year 2023.	The related balances that have been coming from long time should be settled.

1.7 Non-compliance with Laws, Rules, Regulations and Management Decisions etc.

Reference to Laws, Rules and Regulations	Non-compliance	Comments of the Management	Recommendation
Code of Financial regulations of the Democratic Socialist Republic of Sri Lanka			

- | | | | | |
|------|------------------------------|---|--|---|
| (i) | Financial Regulation 371 (2) | The interim imprest obtained for a specific task should be settled as soon as the relevant task is completed, but it was not done accordingly. It was also observed that more than 14 days had been spent to settle the advance amounting to Rs. 90,000 which had been paid on 03 instances and the remaining money was kept in hand until the advance was settled. | The subject officer was instructed to settle the advance within the stipulated period. | Should be act in accordance with Financial Regulations. |
| (ii) | Financial Regulation 757 | A board of survey should be conducted at the end of the accounting year and that report submitted to the Auditor General, but it was not done accordingly. | The board of survey has been carried out on 31.08.2023 and it has been confirmed that the fixed assets are available as at 31.12.2021. | Board of surveys should be done annually and reports should be submitted within the specified dated as per the Financial Regulations. |

2. Operational Review

2.1 Management Inefficiencies

<u>Audit Observation</u>	<u>Comments of the Management</u>	<u>Recommendation</u>
(a) It was observed that in case of payments such as allowances and aid from the fund in many cases and the payments are made after a few months after the expiry of the relevant period. Accordingly, it was observed that there were delays from 01 month to 10 months related to the sum of Rs. 482,500.	The actions to be followed in making payments for projects are to make payments in the next month after receiving the receipt related to the payments made in the previous month. Accordingly, the payment is delayed due to the delay in receiving the receipt. Now, the Buddhist Affairs Coordinating Officers have made arrangements to bring receipts immediately.	Payments should be made during the stipulated time period.
(b) According to the financial statements of the year 2021, the value of the stock of Buddhist scriptures belonging to the fund was Rs. 6,539,327, but the survey was not conducted in this regard.	The stock surveys of scriptures have been done as at 31.12.2022. Actions are being taken to made adjustments accordingly to the 2023 accounts.	The value of the stock of Buddhist scriptures as at 31.12.2021 should be proved by a physical survey.

- | | | | |
|-----|--|--|--|
| (c) | The financial statements related to the year ended 31 December 2021, information related to the topics such as the performance of utilizing allocated provisions, the performance of reporting non-financial assets and the performance of indicators of the Buddhasasana Fund etc. were not included in the performance report related to the year under review submitted by the fund. | The answer is inconsistent. | Action should be made to publish the annual report by including all the relevant information. |
| (d) | According to the financial statements related to the year 2021, Rs. 94,660,000 or nearly 14 percent out of the total investment amount of Rs. 693,906,565 of the fund had been invested in treasury bills and the percentage of received interest for those investments was less than 8 percent. Accordingly, it was not observed that effective decisions were taken regarding the investments related to the fund. | According to the approval given by the 88 th Board of Governors held on 24.03.2023 to compare the interest rates received on treasury bills and fixed deposits and invest advantageously, three treasury bills maturing on 08.12.2023 are invested in People's Bank fixed deposits. Other treasury bills are also advised to invest in suitable manner. | More beneficial and effective decisions should be taken regarding investments related to the fund. |

2.2 Operational Inefficiencies
Audit Observation

Comments of the Management

Recommendation

According to the income and expenditure reports, Rs. 48,446,525 had been received in the year under review as income of the fund, but only Rs. 21,766,115 or 44 percent had been spent for the purpose of the fund. Although the role the fund is to use the money for the most appropriate tasks to protect and nurture the Buddhasasana, the programmes were not implemented as that is suit for the annual income received by the fund.

I inform that necessary action will be taken to implement those new projects by identifying new projects that can be implemented in next year by the Buddhasasana fund with the approval of the Governing Council.

Arrangements should be made to implement the related programmes in order to fulfill the objectives of the fund as commensurate with the income received to the fund.

3. Accountability and Good Governance

3.1 Submission of Financial Statements

Audit Observation	Comments of the Management	Recommendation
According to Financial Regulation 877 (2) (d) of the Code of Financial Regulations of the Democratic Socialist Republic of Sri Lanka published by the Public Finance Circular No. 01/2020 dated 28 August 2020, the certified financial statements of the fund along with the performance report should be forwarded to the Auditor General with a copy to the public Finance Department within 2 months of the end of the financial year, but the financial statements and performance report for the year 2021 had been submitted to the Auditor General on 30 November 2023 after a delay of one year and 9 months.	The accounts of the year 2022 have also been prepared and those accounts can be submitted to the audit after the completion of the audit of the year 2021.	The draft performance report should be submitted along with the financial statements within 2 months of the end of the accounting year according to the Financial Regulations.

3.2 Tabling of Annual Performance Report in Parliament

Audit Observation	Comments of the Management	Recommendation
According to Financial Regulation 877 (2) (e) of the Code of Financial Regulations of the Democratic Socialist Republic of Sri Lanka published by the Public Finance Circular No. 01/2020 dated 28 August 2020, the annual performance report including the audited financial reports, performance reports and audit reports of the fund should be prepared in three languages under the prescribed arrangements and submitted for tabling in Parliament before 150 days for the end of financial year, but the annual performance reports for the year 2020 had not been submitted for tabling in Parliament as at the date of this report.	Necessary arrangements are being taken to table the annual performance report of the year 2020.	According to the Financial Regulations, the annual reports should be tabled in Parliament before 150 days from the end of the financial year.

3.3 Internal Audit

Audit Observation

Although an internal audit should be done regarding the fund according to section 38 of the National Audit Act No. 19 of 2018, Financial Regulation 133 (b) of the Code of Financial Regulations of the Democratic Socialist Republic of Sri Lanka and paragraph 03 of the Management Audit Department Circular No. DMA/2009 (1) dated 09 June 2009, an internal audit was not conducted during the year under review.

Comments of the Management

The internal audit query has not been received for the year 2021.

Recommendation

An internal audit should be conducted on the affairs of the fund.

3.4 Budget Control

Audit Observation

Although the budget document for the next year should be submitted before 30 September of the current year for treasury approval according to Financial Regulation 877 (1) (c) of the Code of Financial Regulations of the Democratic Socialist Republic of Sri Lanka, the treasury approval had not been obtained for the budget related to the financial year 2021.

Comments of the Management

I informed that the necessary actions will be carried out from the year 2024 to obtain the approval of the treasury for the budget of the Buddhasasana fund.

Recommendation

The treasury approval should be taken for the incurring budgeted expenses.