

Samastha Lanka Sasanarakshaka Mandala Fund - 2022

1.1 Qualified Opinion

The audit of the financial statements of the Samastha Lanka Sasanarakshaka Mandala Fund for the year ended 31 December 2022 comprising the balance sheet as at 31 December 2022 and the income and expenditure account, statement of changes in accumulated 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 2022, 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 Audit of Financial Statements

1.5.1 Accounting Deficiencies

Audit Observation -----	Comments of the Management -----	Recommendation -----
(a) An amount of Rs. 1,800,000 was paid to 18 Ven. Theros under the “Buduputh Mapiya Upahara” project in the year 2021 for the first phase of Rs. 100,000 each. No allocation was made in the year 2021 for the payment of Rs. 1,800,000 which was to be paid as the second installment amount of Rs. 100,000 each and Rs. 300,000 only had been paid for three Ven. Theros in the year 2022. Further, the remaining Rs. 1,500,000 has also not been allocated in the year 2022.	The first installment of Buduputh Mapiya housing assistance is Rs. 100,000 each and Rs. 100,000 will be given for 18 parents who sacrificed castle children to the Buddhasasana and after checking the progress, the second installment of Rs. 500,000 has been arranged to give for 5 parents. I will arrange to pay the second installment for the remaining 13 parents after receiving the progress reports.	That payable expenses should be accounted as accrues expenses.
(b) Information regarding the quantity of flags and stickers that existed on that date was not included in the financial statements submitted by the fund as at 31 December 2022 and a stock survey for the year was not conducted and reports were not submitted.	As it is difficult to get the correct data regarding the remaining flags due to giving the flags to Registrar Thero, noted to inform the new governing body and conduct a stock survey in future.	A stock survey should be conducted and reports should be submitted and disclosures should be made in the financial statements in an appropriate manner.
(c) Although it is observed from the records that the number of cloth-made Buddhist flags available for sale was 2371 as at 31 December of the year under review, no physical calculation has been done. Further, the value of those flags had not been included in the financial statements.	I have made a stock count in future and noted the value of those flags to be included in the financial statements.	A stock survey should be conducted and submitted reports and disclosed in the financial statements in an appropriate manner.

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

Reference to Laws, Rules Regulations etc.	Non-compliance	Management Comment	Recommendation
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Samastha Lanka Sasanarakshaka Mandala Act No. 16 of 2014 (Incorporation)			
(i) Sub-section (f) of section 6	Necessary arrangements had not been made regarding the appointment and employment of sufficient officers and employees required to implement the objectives of the fund.	Noted to inform the new governing body once again to act in this regard.	Should be act as per provisions of the Act.
(ii) Paragraph 8.1 of the Samsatha Lanka Sasanarakshaka Mandala rules which had been approved in accordance with the provisions of section 07.	All the general meeting should be held once in three months and the executive meeting should be held once in a month, but only 02 general meetings and 04 executive meetings were held in the year under review. Due to non-conduct of meetings, there was a delay in the implementation of the planned programmes accordingly.	I would like to inform that due to the bad situation of the country, it was not possible to hold the meetings as scheduled.	That meetings should be held as per the provisions of the Act.

2. Financial Review

2.1 Financial Result

The operating result of the year under review amounted to an excess of Rs. 3,907,854 and the corresponding deficit in the preceding year amounted to Rs. 1,192,333. Therefore an improvement amounting to Rs. 5,100,187 of the financial result was observed. The main reasons for the improvement were increasing the investment interest income, decreasing the medical assistance and non-given of housing assistance.

3. Operational Review

3.1 Management Inefficiencies

Audit Observation -----	Comments of the Management -----	Recommendation -----
(a) Although summary reports should be prepared on the collection and banking of money related to the sale of Dhamma school flags, due to non-preparation of reports accordingly, it was not possible to verify the correctness of the received income in the year under review and previous year.	Although the Ven. Registrars were informed several times, the relevant summary reports were not sent until now and noted to inform once again to bring the relevant summary reports at the next general meeting.	That summary reports should be prepared and brought.
(b) 18 Tasks were included in the Action Plan for the year under review, apart from providing assistance to Dhamma school teachers for heart surgery, other tasks were not carried out.	Due to the bad crisis situation in the country, it was not possible to implement the projects.	The tasks planned in the Action Plan should be carried out properly.

3.2 Operational Inefficiencies

Audit Observation -----	Comments of the Management -----	Recommendation -----
When compared to the years 2017 and 2018, the sales income of Dhamma school flags has decreased year by year and it was observed that the lack of proper management of flag printing and sales has affected to this decrease in income.	I would like to inform that due to the bad health condition and economic crisis in the country, it was not possible to print and sell flags after the year 2019 until this year and due to that the income of flags has been decreased.	That action should be taken to increase flags sales income

4. Accountability and Good Governance

4.1 Internal Audit

	Audit Observation -----	Comments of the Management -----	Recommendation -----
(a)	There was no internal audit plan for the fund in terms of Financial Regulation 134(2) of the Code of Financial Regulations of the Democratic Socialist Republic of Sri Lanka.	I informed the new board of Directors and noted to prepare an internal audit plan as mentioned in above (a) (i).	Should be act as per the Financial Regulations.
(b)	(i) Sections 38 (i)(f) and 40 of the National Audit Act No. 19 of 2018 provide that the Accounting Officer of the audited entity should ensure that there is an effective system for the proper execution of internal audit functions, but it had not been followed and no audit had been conducted by the Internal Audit Division of the Department of Buddhist Affairs.	I informed the new board of Directors and noted to prepare an internal audit plan as mentioned in above (a) (i).	Should be act as per provisions of the National Audit Act.
	(ii) As per Section 41(1), Audit and Management Committees were not appointed to review the operations of the fund accordingly on a going concern basis.	I will discuss with the Commissioner General of Buddhist Affairs to discuss the fund in the Audit and Management committee meetings of the department.	Should be act as per provisions of the Act.