

Samastha Lanka Sasanarakshaka Mandala Fund - 2023

1. Financial Statements

1.1 Qualified Opinion

The audit of the financial statements of the Samastha Lanka Sasanarakshaka Mandala Fund for the year ended 31 December 2023 comprising the balance sheet as at 31 December 2023 and the income and expenditure statement, statement of changes in accumulated funds, cash flow statement for the year then ended and notes to the financial statements, including material accounting policy information 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 2023, 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

I expressed is qualified opinion 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 Fund 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 Non-compliance with Sri Lanka Public Sector Accounting Standards

Non-compliance with reference to relevant standard	Comments of the Management	Recommendation
According to paragraph 132 of Sri Lanka Public Sector Accounting Standard No. 01, the accounting policies applicable to the assets, liabilities, revenue and expenses of the fund were not disclosed.	It was informed that the relevant accounting policies will be disclosed when presenting the accounts in future.	Should be disclosed the accounting policies in preparing the financial statements.

1.5.2 Accounting Deficiencies

Audit Observation	Comments of the Management	Recommendation
(a) Due to non-accounting the amount of Rs. 1,300,000 of the second installment to be paid to twelve monks for the year 2021 and one monk for the year 2023 under the Buduputh Mapiya Upahara housing project, expenses were understated by Rs. 100,000 and liabilities were understated by Rs. 1,300,000 and the accumulated fund was overstated by Rs. 1,200,000.	The work has been completed with the amount of one lakh rupees given as the first phase of the housing project and payments will be made only if the second installment is applied for after confirming that the Buduputh monks who are still in Buddhasasana. Accordingly, it was informed that the second installment was not mentioned as payable in the accounts as it was not mandatory.	Provision should be made accordingly in case payment is planned in two installments.
(b) The stock of Sunday school flags and stickers made with paper for sale at the end of the year under review and the quantity of 2371 cloth flags valued at Rs. 711,300 were not accounted under stocks in the financial statements. Further, due to adjusted to the accumulated fund instead of inclusion Rs. 90,300 worth of sold fabric flags during the year to the income of the year, the surplus of the year under review was reduced by the same amount.	Although the Registrar Thero was informed in this regard, due to the remaining flags were not returned and the financial statements could not indicate the value, it was failed to mention a specific value and it was noted to reach a decision in consultation with the Executive Council and adjustments were made to the accumulated fund as these flags, which were printed many years ago with the help of donors and entrusted by the former Registrar Thero, were not the flags printed in the year under review.	The value of the relevant flag stock should be calculated and accounted.

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

Reference to Laws, Rules Regulations etc.	Non-compliance	Management Comment	Recommendation
(a) 07 (1) (a) sub section of the Samastha Lanka Sasanarakshaka Mandala (Incorporation) Act No. 16 of 2014	There was not a definite source of income for the fund as the rules applicable to the fees to be paid by the members had not been prepared and the collection of membership fees and contributions had not been taken.	I informed that membership fee will not be charged from the members of Samastha Lanka Sasanarakshaka Mandala.	Should be made rules and action should be taken to collect the membership fee.
(b) Paragraph 7.1 of the Samastha Lanka Sasanarakshaka Mandala rules	04 General meetings and 12 executive meetings should be held in a year, but only 03 general meetings and 02 executive meetings were held in the year under review.	The meetings were not held as scheduled under the crisis conditions in the country, but the meetings were held through the online system in essential matters. Arrangements are being made to hold relevant meetings as usual at now.	Arrangements should be made to hold relevant meetings as per the provisions of the Act.

2. Financial Review

2.1 Financial Results

The operating result of the year under review amounted to an excess of Rs. 8,346,577 and the corresponding excess in the preceding year amounted to Rs. 3,907,854. Therefore an improvement amounting to Rs. 4,438,723 of the financial result was observed. The main reason for this improvement was increasing the investment interest.

3. Operational Review

3.1 Management Inefficiencies

Audit Observation	Comments of the Management	Recommendation
(a) According to sub section (f) of section 6 of the Samastha Lanka Sasanarakshaka Mandala (Incorporation) Act No. 16 of 2014, it was observed that the non-working about the necessary activities for	Noted to inform the new executive board again about this.	Action should be taken to appoint and employ sufficient officers and employees required to implement the objectives of the fund.

appointment and also employment of the necessary officers and employees had been affected negatively for the implementation of the objectives of the fund.

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| (b) | Although 15 programmes included in the action plan of the year under review were planned to be implemented through donations, it was not possible to implement those programmes due to the non-implementation of any programme to receive donations and the situation was like this in the previous years as well. | As the expenses mentioned in the observations have been incurred based on the current requests, the programmes included in the action plan were noted for future implementation. | Action should be taken to implement the programmes as per the action plan. |
| (c) | Although the Buduputh Mapiya Upahara trust was established in the year 2010 by investing Rs. 5 million and maintained under the Department of Public Trustee with the aim of providing the welfare of the members of the families of the Venerable Theros, there was not effort to identify the objectives that could be achieved with the interest from the invested money and to inform the Public Trustee about that in writing. | As the amount of interest received was little bit, attention was not paid to other purposes. | It should be done according to the purpose of establishing the trust. |
| (d) | Although it was planned to provide Rs. 2 million for the heart surgery of Dhamma school teachers and Rs. 3 million for the implementation of the Buduputh Mapiya upahara housing project with a donation of 02 lakhs, the amount spent for that was Rs. 925,000 and Rs. 500,000 respectively and its progress was 46.25 percent and 16.67 percent respectively. | As the expenses motioned in the observations have been incurred based on the current requests, the programmes included in the action plan were noted for future implementation. | The programmes included in the action plan should be implemented. |

3.2 Underutilization of Funds

Audit Observation	Comments of the Management	Recommendation
Although the fixed deposit value of the fund was Rs. 57,183,750 and the interest in the year under review was Rs. 10,265,513, according to paragraph 03 of the Samastha Lanka Sasanarakshaka Mandala Fund	I will discuss this matter in the executive council and the general meeting in future and prepare a suitable work plan for the efficient use of the fund to	Action should be taken to fulfill the objectives of the fund by using the funds efficiently.

(Incorporation) Act No. 16 of 2014, the amount spent in the year under review was only Rs. 2,600,179 to achieve the objectives related to the fund. It was observed that the reason for this was that the funds were being used efficiently and investments were being made without given attention on achieving the objectives of the fund.

achieve the objectives of the fund. Based on the requests received at now in accordance with the objectives of the fund, activities such as providing medical aids, providing Buduputh housing aids etc. are carried out.

4. Accountability and Good Governance

4.1 Internal Audit

Audit Observation	Comments of the Management	Recommendation
According to sections 38(f) and 40 of the National Audit Act No. 19 of 2018, although the Accounting Officer of an audited entity shall ensure that there is an effective system for the proper execution of internal audit functions, the internal Audit Division of the Department of Buddhist Affairs had not conducted an audit of the affairs of the fund.	The new executive board was informed and it is noted to discuss with the Commissioner General of Buddhist Affairs to conduct an audit by the Chief internal Auditor of the Department of Buddhist Affairs.	Action should be taken as per the provisions of the National Audit Act.

4.2 Budget Control

Audit Observation	Comments of the Management	Recommendation
Although it cannot be incurred any expense under the fund without an approved budget for any financial year in accordance with the Financial Regulations 877(1) (d), the budget of the year under review was not approved by the Director General of National Budget.	The budget approved by the Minister has been submitted to the Director General of National Budget on 01.12.2022 and it will be inquired through the Director General of National Budget.	Since the expenditure cannot be incurred under the fund without an approved budget, action should be taken to approve the budget.