

1. Financial Statements

1.1 Disclaimer of Opinion

The audit of the financial statements of the Ambuluwawa Dissanayake Mudiyansele Jayaratne Religious Centre and Bio-diversity Complex Trust Fund for the year ended 31 December 2023 comprising the statement of financial position as at 31 December 2023 and the statement of financial performance, statement of changes in net assets and 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 Article 154 (3) of the Constitution of the Democratic Socialist Republic of Sri Lanka to be read in conjunction with provisions 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. My comments and observations which I consider should be presented in Parliament, appear in this report.

I do not express an opinion on the accompanying financial statements of the Fund. Because of the significance of the matters discussed in the section 1.5 of this report, I have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

1.2 Basis for Disclaimer of Opinion

My opinion on the financial statements is disclaimed based on the matters described in Paragraph 1.5 of this report.

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 Fund's 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 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 Fund.

1.4 Auditor's Responsibility for the Audit of the Financial Statements

My responsibility is to conduct an audit of the Fund's financial statements in accordance with Sri Lanka Auditing Standards and to issue an auditor's report. However because of the matters described in the Basis for Disclaimer of Opinion section, I was not able to obtain sufficient and appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

1.5 Audit Observations on the Preparation of Financial Statements

1.5.1 Accounting Deficiencies

Audit Observation	Comment of the Management	Recommendation
(a) Although the closing balance of the work-in-progress account amounted to Rs.29,766,783 according to the ledger account of the previous year, the opening balance of the same ledger account for the year under review was recorded as Rs.13,173,154 understating by Rs.16,593,629. Furthermore, while the closing balance of the work-in-progress account for the year amounted to Rs.17,015,762 as per the ledger accounts, it was stated in the financial statements as Rs.15,953,517, thus understating by Rs.1,062,245.	This situation has arisen due to the failure to transfer the completed work amount to the Completed Work Account within the year.	Financial statements should be prepared by including accurate information, and the relevant corrections should be made.
(b) A walking path, constructed in 2021 at a cost of Rs.120,000 and completed in the same year, was not accounted for under fixed assets in the year under review. Instead, it had been accounted for under 'work in progress	The walking path has been prepared with soil, and since it is proposed to be properly improved in the future, it has been shown under work-in-progress in the accounts.	Since the construction has been completed, action should be taken to show the value under completed work.
(c) According to the records of the Electricity Board, the accrued electricity expense as of the end of the year under review was Rs.160,233, whereas it was shown Rs.101,830, in the financial statements, thus understating by Rs.58,403.	This situation has arisen due to the carrying forward of opening balances, as indicated in the 2017 Audit Report.	Financial statements should be prepared by including accurate values, and the relevant corrections should be made.
(d) The fixed deposit interest of Rs.978,864, which pertained to the year under review but was received in cash, had been shown as Rs.2,162,317 under investment activities in the cash flow statement.	It will be corrected and presented along with the financial statements for the year 2024.	Items in the cash flow statement should be accurately classified and presented.

1.5.2 Lack of Written Evidence for Audit

Item	Amount	Evidence not provided	Comment of the Management	Recommendation
(a) Inability to verify ticket revenue.	Rs.111,891,649	Lack of access to the required source documents and the computer system.	In order to grant auditors access to the computer system, an authorized officer of our institution who has permission to use the confidential password should be involved.	In order to obtain the information required for the audit without obstruction, access to source documents and systems must be granted.
(b) Inability to verify income recorded under 'other income	Rs.6,115,028	Receipts	Action will be taken to present receipts related to other income	All receipts must be submitted for audit in order to verify the income.
(c) According to sample audit test, payments had been made to temporary laborers on three occasions during the year under review.	Rs.348,750	Roster	When temporarily bringing in laborers from this area for agricultural farm work and assigning tasks as needed, rosters are not prepared.	When employing workers on a temporary basis, rosters must be prepared to confirm this and submitted for audit examination.
(d) Obtaining 2685 linear feet of timber from fallen pine trees within the pine plantation.	Rs.290,000	Documentation of sawn timber and assessment reports of the financial value of that timber.	That sawn pine timber from fallen pine trees was used for the institution's construction.	A formal inspection should be conducted to confirm the quantity of sawn timber and the accuracy of its utilization, and in the future, the cost of sawn timber should be properly documented and an assessment obtained.

(e)	Property, plant, and equipment purchased during the year under review.	Rs.61,292,185	Procurement plan, estimates, quantity surveying bills, tender files, stock records, board of survey reports.	The purchases were made within the year, and bills were attached along with the relevant payment vouchers on the dates the payments were made.	Disciplinary action should be taken against the officers who did not follow the proper procurement procedures, and steps must be taken to ensure that procurement guidelines are followed for future purchases.
(f)	According to the sample audit inspection, the procurement of goods and services, and constructions during the year under review.	Rs.3,750,520	Procurement documents, agreements, quantity surveying bills, receipt vouchers, invoices	Measures will be taken to correct the deficiencies in the future.	- Do -
(g)	Fixed deposits and interest received.	Rs.13,853,005	Fixed deposit certificates	Relevant documents will be presented for fixed deposits and related interest earnings.	Action should be taken to provide the necessary documents during the audit.
(h)	Bank balance confirmations	Rs..1,646,454	Balance confirmations	Measures will be taken to correct the deficiencies in the future	Action must be taken to obtain the balance confirmation letters.

1.6 Non-compliance with laws, rules, regulations, and management decisions.

	Reference to Laws, Rules, Regulations etc.	Non-compliance	Comment of the Management	Recommendation
(a)	Section 6(2)(1)(f) of the Ambuluwawa Biodiversity Complex Trust Fund Act No. 44 of 2009.	Rules regarding the staff and their recruitment had not been approved, and steps had not been taken to establish a formal organizational structure and recruit a formal staff.	That the staff were recruited based on necessity, according to the agreement of the Board of Trustees. Work has been carried out utilizing a limited staff, in	Approval must be obtained for a scheme of recruitment.

consideration of the financial situation.

- (b) Section 125 of Chapter No. 255 of the Urban Councils Ordinance. The approval of the Gampola Urban Council was not obtained for the offices, tourist bungalow, canteen, religious sites, elderly homes, entrance gate, toilets, pillars, and other constructions built in the Ambuluwawa area. That the Urban Council Ordinance was not in effect during the period when the buildings were constructed. Approval from the Urban Council Planning Committee must be obtained for construction work.
- (c) Section 164 of Chapter No. 255 of the Urban Councils Ordinance. Commercial licenses were not obtained for the business establishments operating on a commercial basis in the Ambuluwawa area. That the businesses operating on a commercial basis within the institution's premises under that rental agreement have obtained trade licenses. The Fund must confirm that all businesses operated on a commercial basis have obtained licenses and are conducting business legally.
- (d) Financial Regulation 371(2)(a) of the Democratic Socialist Republic of Sri Lanka. A total of Rs.17,939,342 exceeding the approved limit had been released to two employees as petty cash imprests. Furthermore, although the maximum amount payable from petty cash for a single requirement at one time was Rs. 5,000, a total of Rs. 18,264,589 had been paid in a non-compliant manner on 355 occasions during the year under review. That the money for payments was obtained for the institution's emergency maintenance work, and that the bills related to the money obtained by those two employees were duly submitted and approved. Disciplinary action should be taken regarding the officers who acted contrary to the Financial Regulations, and in the future, action should be taken in accordance with the Financial Regulations.
- (e) Financial Regulation 381(1) of the Democratic Socialist Republic of Sri Lanka. During the year under review, a current bank account had been opened at Sampath Bank, but Treasury approval for it had not been obtained. That the reason for opening a current account at Sampath Bank was for the online payments of local and foreign tourists visiting the institution, and that although requests were made to the Bank of Ceylon, where the institution's current Action should be taken to obtain Treasury approval.

account is maintained, the requirement was not fulfilled. Therefore, action was taken to get that task done through a bank that agreed to it.

- (f) The Procurement Guidelines, 2006 of the Democratic Socialist Republic of Sri Lanka. During the year under review, purchases and constructions totaling Rs.30,206,782 had been made on 111 occasions without following the provisions of the Procurement Guidelines.
- That the relevant bills were attached to the payment vouchers, and the estimates were also submitted along with them.
- Formal investigations should be conducted regarding the officers who did not follow the Procurement Guidelines and disciplinary action should be taken, and actions should be taken in accordance with the provisions of the Procurement Guidelines in the future.

2. Financial Review

2.1 Financial Results

The operational result during the year under review was a net surplus of Rs. 44,632,225, as compared with the corresponding surplus in the previous year was Rs. 11,955,562. Accordingly, an increase of Rs. 32,676,663 in the financial result was observed. The rise in ticket revenue was the main reason for this increase.

3. Operating Review

3.1 Management Inefficiencies

Audit Observation	Comment of the Management	Recommendation
(a) The receivable communication tower revenue of Rs.542,350, which has continued to exist since year 2021, had not been recovered during the year under review either.	According to the 2017 audit report, the communication tower income receivable brought forward has been shown in the accounts as communication tower income payable after making the relevant adjustments.	Expeditious action should be taken to recover outstanding revenue.

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| (b) | Feasibility reports, plans, and estimates had not been prepared for the stone Buddha statue, the parking lot, and the Tree Top project, for which expenditures of Rs.3,646,278, Rs.2,932,310, and Rs.3,717,829, respectively, were recorded as 'work in progress' in the financial statements, despite the projects being halted in 2020 and 2022. Furthermore, no action was taken to complete these projects during the year under review. | Due to the continuation of work in unfinished phases from the years 2020 to 2022, it had not been completed by the end of 2023. | The reasons affecting the delay of projects should be identified, and appropriate action should be taken accordingly to complete construction work quickly. |
| (c) | During the year under review and the first three months of 2024, funds ranging from Rs.300,272 to Rs.18,764,456 circulated in the Lanka Bank current account. However, instead of retaining sufficient funds for daily expenses and investing the surplus in a short-term investment avenue, no such action was taken. | The money in the current accounts during the first 03 financial months of 2023 has been invested in the cable car project. | Arrangements should be made to invest surplus funds for a short-term under proper approval. |
| (d) | During the year under review, a total of Rs.205,275 was paid as welfare expenses and Rs.150,000 as New Year bonuses to government police officers who performed police duties within the Ambuluwawa complex. | That the payments were made with the approval of the Management Board because the police officers had served at this location for a long time. | Payment of such unauthorized allowances for public officials should be stopped. |
| (e) | A sum of Rs.744,000 had been paid for the construction of a small pond in the Ambuluwawa complex. Out of this, Rs.344,000 was paid for 118.7 machine hours of earth excavation for soil testing, at a rate of Rs.2,900 per hour. The procurement documents related to the contractor selection and the soil test reports were not presented for audit. | These activities were carried out for the construction of a water pond for the cultivation land. | Actions should be taken in accordance with the provisions of the Procurement Guidelines, and appropriate disciplinary measures should be taken against the officers who have failed to comply. |

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| <p>(f) In 2019, stones were broken for the construction of a stone statue, but these stones were not used for any purpose and were neither sold.</p> <p>During the year under review, a total of Rs.157,500 was paid for the supply of 16 cubic meters of stones for the Trust Fund's requirements.</p> | <p>The site could not be used due to falling rocks into the lower slope, as the area was sloped, and also because the remaining rock fragments were too large to be utilized.</p> | <p>The removed stones should be either utilized for other construction activities within the premises or properly disposed of or sold in a regulated manner.</p> |
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3.2 Transactions of Contentious Nature

Audit Observation	Comment of the Management	Recommendation
<p>A cable car project was initiated within the Ambuluwawa Biodiversity Complex without obtaining the consent of the Public Trustee, who is the custodian of the Trust Fund. Furthermore, during the year under review, a total of Rs.4,395,500 was spent on this project, but the supporting schedules were not presented along with payment vouchers for audit to verify the purpose of these expenditures.</p>	<p>Approval from the Public Trustee for the cable car project has now been obtained, and every amount of money spent on it is an expenditure made for investment.</p>	<p>Approval and permission from the security trustee must be obtained before commencing construction or other investment activities carried out within the premises.</p>

4. Accountability and Good Governance

4.1 Presentation of Financial Statements

Audit Observation	Comment of the Management	Recommendation
<p>According to Financial Regulation 877(2)(d) included in Section 15.1 of the Public Financial Circular No. 01/2020 dated 28 August 2020, the performance report should have been submitted to the Auditor General within two months of the end of the accounting year along with the financial statements. However, the financial statements for the year under review were submitted with an eight-month delay on 21 October 2024, and the performance reports were not submitted with them.</p>	<p>Documents related to the income and expenditure for the year 2023 (payment vouchers, cash book, bank account income and expenditure) have been handed over to you. The submission of the financial statements was delayed due to the Corona pandemic and the economic and political crisis that existed in the country in 2022.</p>	<p>Performance reports must be prepared and submitted according to the circular.</p>