

## **1990 Suwaseriya Foundation - 2023**

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### **1. Financial Statements**

#### **1.1 Opinion**

The audit of the financial statements of the 1990 Suwaseriya Foundation for the year ended 31 December 2023 comprising the statement of financial position as at 31 December 2023 and statement of comprehensive income, statement of changes in equity 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 (1) of the Constitution of the Democratic Socialist Republic of Sri Lanka read in conjunction with provisions of the National Audit Act, No. 19 of 2018 and Finance Act No.38 of 1971. My comments and observations which I consider should be reported to Parliament, appear in this report.

In my opinion, the accompanying financial statements give a true and fair view of the financial position of the Suwaseriya Foundation as at 31 December 2023, and its financial performance and cash flows for the year then ended in accordance with the Sri Lanka statement of recommended practice for not-for-profit organizations.

#### **1.2 Basis for Opinion**

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 this report. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my 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 the Sri Lanka statement of recommended practice for not-for-profit organizations and for such internal control as management determines 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 Suwaseriya Foundation'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 intends to liquidate the Suwaseriya Foundation or to cease operations, or has no realistic alternative but to do so.

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

As per Section 16(1) of the National Audit Act, No. 19 of 2018, the Suwaseriya Foundation 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 Foundation.

#### **1.4 Auditor's Responsibilities for the Audit of the 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:

- Appropriate audit procedures were designed and performed identify and assess the risks of material misstatement in financial statements whether due to fraud or errors in providing a basis for the expressed audit 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.
- An understanding of internal control relevant to the audit was obtained 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 Foundation's internal control.
- Evaluate the 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.
- 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 Foundation'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 Foundation 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 Foundation, and whether such systems, procedures, books, records and other documents are in effective operation;
- Whether the Foundation has complied with applicable written law, or other general or special directions issued by the governing body of the Foundation;
- Whether the Foundation has performed according to its powers, functions and duties; and
- Whether the resources of the Foundation had been procured and utilized economically, efficiently and effectively within the time frames and in compliance with the applicable laws.

## **1.5 Accounts receivable and payable**

### **1.5.1 Money receivable**

<b>Audit Observations</b>	<b>Comments of the Management</b>	<b>Recommendation of the Auditor General</b>
As per the Memorandum of Understanding signed with the Ministry of Health and GVK EMRI Lanka (Private) Ltd on 24 April 2018 and the Section 26(c) of Suwaseriya Foundation Act No. 18 of 2018, the recurrent expenditure incurred for the operational activities of Suwaseriya Foundation should be reimbursed by the government. However, the amount of Rs. 330,091,526 remained as at 01 January 2023 had not been reimbursed by the treasury even in the year under review.	Ministry of Health has requested the Treasury during the past few years to obtain this amount, and all the files and documents required in that regard have been presented to the Treasury. However, the Treasury has made no response thereto and has verbally informed only at one occasion to come for a discussion and the said discussion was also cancelled later. It is pointed out that any other response has not been made except the said matter.	A specific decision should be taken in respect of this amount by having discussions with the Treasury and the required adjustments in the financial statements should be made accordingly.

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

Reference to Laws, Rules, Regulations etc.	Non-compliance	Comments of the Management	Recommendation of the Auditor General
(a) 1990 Suwaweriya Foundation Act No.18 of 2018	(i) Section 12(1) of the Act Although the Director Board meetings should be held at least once a month, only 06 Director Board meetings has been held by the Foundation in the year under review.	It is informed that the proceedings of the 1990 Suwaseriya Foundation are being carried out without obstacles even amidst many challenges owing to the incessant dedication of the present Board of Directors.	The reasons should be found as to why the proceedings were not made as per the provisions of the Act and the actions should be taken to prevent the occurrence of such situations.
(ii) Sections 18(5) and 25(1) of the Act	The regulations had not been made by the Board on the payment of money from the fund and any matter out of 05 main facts regarding which the regulations can be made.	The section 18 (5) of the Act says that the regulations regarding the payment of money from the fund should be made. Accordingly, the financial regulations have already been made and it is being further studied. It is expected to do further proceedings immediately in respect of the said financial regulations as per the provisions specified in the institutional guidelines for the public enterprises.	The reasons should be found for the delay in making regulations on the matters for which the power has been given to make regulations under the Act, and the regulations should be made and approved immediately.
(b) Operational Manual for State Owned Enterprises issued on 16 November 2021 by the Department of Public Enterprises			

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| (i)  | Paragraph 7.5 of the above Operational Manual | As per the paragraph 7.4 of the above manual, the reports should be checked monthly at the Director Board Meetings, and even if the monthly, quarterly and annual performance reports should be presented to the Ministry and General Treasury as required, such thing had not been done by the Foundation. | All the particulars have been discussed and reviewed at all Director Board Meetings and the further measures to be taken by the Board of Directors have also been taken. However, the said reports have been presented from time to time to the Ministry and the Treasury though not sent monthly and quarterly. | The reason for not proceeding in line with the provisions of the guidelines should be found, and the required actions for the non-occurrence of such circumstances in future should be taken.         |
| (ii) | Paragraph 6.7 of the Operational Manual       | Even though the annual asset verification should be carried out on fixed assets and the stores, said verification had not been performed for 05 asset items out of 07 existing in the Foundation.   | Even though the assets prevailing in the ambulances had not been verified owing to the shortage of staff in the Foundation, the all assets prevailing in all ambulances in Western Province in 2023 and it is expected to be verified the assets in other provinces as well.                                     | The measures should be taken in relation to not taking actions in terms of the provisions of Guidelines and the necessary steps should be executed not to occur this kind of situation in due course. |

## **2. Financial Review**

### **2.1 Financial Results**

The operating result of the year under review had resulted in a surplus of Rs. 269,930,094 and as compared the surplus of the preceding year was Rs. 293,067,249. Accordingly, it was observed a deterioration of Rs. 23,137,155 in the financial result. The decrease of exchange rate of Foreign Currency Account of the Foundation had mainly caused to this deterioration and since the donations received to the Foundation had grown opposite to it, it was observed that the overall deterioration value had gone down.

**3. Operating Review**  
**3.1 Operating Inefficiencies**

Audit Observation	Comment of the Management	Auditor General's Recommendation
<p>The powers had been empowered to the Foundation for obtaining the gifts or donations in terms of Section 4(c) of Suwaseriya Foundation Act No.18 of 2018.As per the letter No. FP/01/01/05/09-2022 dated 30 March 2022 of the Secretary to the Treasury addressed to the Chairman of the Foundation, the donations provided to the Foundation should be firstly remitted to the Department of Treasury Operations in order to transfer to the official account of the Deputy Secretary to the Treasury in accordance with the guideline No. SA/MAA/GRG/01 and dated 08 July 2022 issued by Director General of Department of State Accounts on the way of accounting the gifts /grants received to the Foundation and subsequently, the necessary provisions should be obtained from Department of National Budget for that and even though the specified imprset should be requested from the Department of Treasury Operations, a donation of Rs. 38,198,485 received within 2023 had not been remitted to the Department of Treasury Operations as per aforesaid guideline.</p>	<p>Certain donors had not trust the prevailed situation in the country and the financial sector of the government at that time, as a result of that, they had refused to directly remit the money to the General Treasury, due to that, they had directly written their cheques in the name of the Foundation, small donations had been received to the Foundation before commencement of this project, therefore, those had been directly obtained to the Foundation and deposited in the bank and properly accounted, the provisions for accounting these donations had been inserted in the financial rules already prepared and it is expected to take a decision having discussed on this matter when obtaining the approval of the Department of Public Enterprises for said financial rules.</p>	<p>The necessary action should be taken having found out the reasons for not executing as per the instructions of Department of State Accounts and the necessary steps should be taken not to occur this kind of situation again in due course.</p>

**3.2 Human Resource Management**

Audit Observation	Comments from the Management	Recommendation of the Auditor General
<p>(a) As on 31 December 2023, the approved cadre of the foundation was 1,992 and the actual cadre on that date was 1,189. Accordingly, the staff shortage was 803 and among them 363 were ambulance drivers.</p>	<p>that although this recruitment did not take place due to the fact that the Treasury did not approve and there was no proper atmosphere in the country to conduct interviews for the recruitment and finally that through a letter from the Department of Management</p>	<p>Efforts should be made to recruit essential employees, suppress non-essential posts and revise the sanctioned cadre.</p>

Services dated 04.10.2023, the final approval had been received to recruit only 283 Emergency Medical Technical Officers and 174 Ambulance Controllers. After that, these interviews are being conducted and the relevant recruitments are currently being carried out.

- (b) The salary structure related to the staff of Suwaseriya Foundation had been approved from 01 August 2019. However, an annual salary increment structure had not been approved.
- That the cadre of officers will leave, that the treasury has not yet approved a salary increase or salary increment for them, that every officer receives the same amount of salary for a long time, which is not the case in any public Institution and that the recruited employees will leave in a short time, that even though we have applied for this on several occasions from the Treasury, we have not yet received a proper response, and because of this even now, even if suitable officers come to be recruited, the officers who are being recruited are leaving and going abroad.
- An appropriate salary increment structure should be approved and implemented for staff retention.
- (c) An interview had been conducted to recruit an officer for the position of Head of Finance, which was a high management position. Based on the recommendations of the interview panel, an officer who was not included in the approved cadre had been recruited as a financial consultant for a period of 06 months on 02 September 2021 on contract basis and the approval of the Department of Management Service had not been obtained for that.. According to the terms of appointment, the contract period can be extended for another 06 months only, but his contract period had been extended by another 25 months
- That the appointment of the concerned financial adviser was due to the inability to hire a qualified person for the position of chief financial officer at that time. That this situation further worsened due to the resignation of the then Financial Management Officer during the year 2023. The contract period of the officer recruited for the post of financial advisor is scheduled to end in April 2024 and based on the observations made in the Auditor General's reports for the years 2022 and 2023, the said officer has requested the foundation to terminate his service but that if the
- Actions should be taken to make all appointments only under formal approvals.

till 19 April 2024. However, the preparation of Financial Regulations unique to the foundation, which is considered to be his main duty, had not been done by the date of the audit. Therefore, it was problematic to recruit a financial advisor on a contract basis outside of the approved staff, not to terminate his service as per the agreement, and to appoint a permanent officer for the position of chief financial officer, which had been vacant for more than three years, by 15 March 2024. officer leaves the position, there will be a vacancy for financial advisory work required by the foundation and it will be a great loss to the foundation, that it is not acceptable to say that the work of the Financial Regulation has not been completed, that the officer has completed the said work by the due date and handed it over to the foundation and the further work should be done with the approval of the Department of Public Enterprises.