

## Jana Diriya Fund -2012

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### 1. Financial Statements

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#### 1.1 Disclaimer of Opinion

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Because of the significance of the matters described in paragraph 1.2.2 of this report, I have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, I do not express an opinion on these financial statements.

#### 1:2 Comments on Financial Statements

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##### 1:2:1 Accounts Receivable

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Action had not been taken even up to the end of the year under review for the recovery of the balances of 05 Accounts Receivable totalling Rs.337,447 existing from the year 1996 shown under the current assets in the financial statements.

##### 1:2:2 Lack of Evidence for Audit

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The following observations are made.

- (a) The evidence relating to the following items of account had not been furnished to audit.

Item of Account	Value	Evidence not made available
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	Rs.	
(i) Fixed Assets	78,571,052	Detailed Schedules and Verification Reports.
(ii) Petty Cash Imprest	12,141	Petty Cash Book
(iii) Rent Income Receivable	231,553	Rent Agreements
(iv) Security Deposits	10,000	Deposit Certificates

- (b) The Secretary to the Ministry had appointed a Committee including the Senior Assistant Secretary (Control) on 18 September 2008 to look into the fixed assets of the Fund. According to the Report of the Committee dated 30 December 2008, the following observations had been made without specifically identifying the assets.

Particulars	Value According to the Financial Statements for the year 2012	Committee Observations
	Rs.	
Lands	56,912,300	Should be the land on which the Folk Arts Centre is constructed.
Buildings (at cost)	20,502,475	Should be in Folk Arts Centre Building
Furniture and Equipment	746,090	Should be kept in the Folk Arts Centre Building
Office Equipment	333,250	- do -
Hostel and Kitchen Equipment	76,937	- do -

It was revealed in audit during the physical inspection of the above assets carried out on 16 February 2012 that none of the assets belonging to the Fund was in the possession of Folk Arts Centre.

### 1:2:3 **Non-compliance with Laws, Rules, Regulations and Management Decisions**

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According to Section 7(2)(g) of Gramodaya Mandala Act, No. 28 of 1982 as amended by the Gramodaya Mandala (Amendment) Act, No. 68 of 2009, regulations should have been made for the financial control and the accounting procedure relating to that and other matters. But such action had not been taken even up to the end of the year 2012.

**2. Financial Review**  
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**2:1 Financial Results**  
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According to the financial statements presented, the operating of the Fund for the year ended 31 December 2012 had resulted in a deficit of Rs.316,366 as against the surplus of Rs.2,047,514 for the preceding year. As such the financial results for the year under review as compared with the preceding year indicated a deterioration of Rs.2,363,880 or 115 per cent. Except the adjustments of Rs.316,366 for the depreciation of fixed assets, there were no other transactions during the year under review.

**3. Operating Review**  
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**3:1 Dormancy of the Fund**  
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According to Section 6 of the Gramodaya Mandala Fund Act, No. 28 of 1982, in the implementation of any powers vested in the Gramodaya Mandalas, the objective of the Fund was to grant financial and other aid to any Gramodaya Mandala to carry out any work or Project commenced by such Gramodaya Mandala. The Fund had been totally idling for 16 years from the year 1996 to the year 2012 without carrying out any operations. In accordance with the instructions in the letter No. PF/FD/04/21-Vol.- ii dated 07 January 2011 of the Director General of Public Finance with instruction to close down the operations of the Fund and to remit the money of the Fund to the General Treasury, the entire money with the Fund amounting to Rs.165,806,672 had been remitted to the General Treasury during the preceding year.

**4. Systems and Controls**  
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Special attention is needed in respect of the following areas of control observed during the course of audit.

- (a) Assets Control
- (b) Financial Management

