

Ambuluwawa Dissanayake Mudiyansele Jayarathne Religious Centre and Bio-diversity Complex Trust Fund - 2010

The audit of financial statements of the Ambuluwawa Dissanayake Mudiyansele Jayarathne religious Centre and Bio-diversity Complex Trust Fund comprising the balance sheet as at 31 December 2010 and the income and expenditure account for the year then ended and a summary of explanatory information 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 read in conjunction with Section 10(4) of the Ambuluwawa Dissanayake Mudiyansele Jayarathne Religious Centre and Bio-diversity Complex Trust Fund Act, No.44 of 2009. My comments and observations on these financial statements appear in this report.

1.2 Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Generally Accepted Accounting Principles and for such internal control as the management determines is necessary to enable the preparation of financial statements that are free from material misstatements whether due to fraud or error.

1.3 Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Sri Lanka Auditing Standards. Those Standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Fund's preparation and fair presentation of the financial statements 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 Fund's internal control. An audit also includes evaluating estimates made by management, as well as evaluating the overall presentation of financial statements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

1.4 Basis for Adverse Opinion

Had the matters described in paragraph 2.2 of this report been adjusted, many elements in the accompanying financial statements would have been materially affected.

2. Financial Statements

2.1 Adverse Opinion

In my opinion because of the significant of the matters described in paragraph 2.2 of this report, the financial statements do not give a true and fair view of the financial position of the Ambuluwawa Dissanayake Mudiyansele Jayarathne Religious Centre and Bio-diversity Complex Trust Fund as at 31 December 2010 and its financial performance for the year then ended in accordance with the Generally Accepted Accounting Principles.

2.2 Comments on Financial Statements

2.2.1 Accounting Policies

The following observations are made.

- (a) The accounting policies adopted for the preparation of the financial statements for the year under review had not been disclosed with the financial statements.
- (b) The assets and liabilities in the balance sheet had not been classified as fixed and current in the preparation of the financial statements.

2.2.2 Accounting Deficiencies

In view of the following matters revealed at the test check carried out due to the non-implementation of a systematic accounting system and the non-maintenance of the basic source documents, specified subsidiary books and records, it was questionable in audit in placing any reliance on the financial statements presented.

- (a) The sum of Rs.3,135,000 given to the Trust Fund by the Department of Public Trustee in 3 instances during the years 2009 and 2010 had not been brought to account.
- (b) The value of 2 buildings belonging to the Trust Fund as at 31 December for the year under review totalling Rs.4,670,000 had been omitted from the fixed assets.
- (c) According to the confirmation received in audit from the Public Trustee, Rs.2,000,000 and Rs.10,288,096 had been spent as the capital and revenue expenditure of the Fund respectively and confirmed that such money is receivable by the Trust Fund of the Department. But that position had not been disclosed in the financial statements of the Trust Fund.

- (d) Capital expenditure amounting to Rs.1,795,813 incurred during the year under review had been brought to account under the revenue expenditure.
- (e) The ground rent receivable on the telephone towers according to the agreements furnished to audit amounting to Rs.993,000 had not been brought to account.
- (f) The interest receivable up to 31 December of the year under review amounting to Rs.875,000 in respect of the sum of Rs.15,000,000 deposited in the Savings Bank of Sri Lanka in the name of the Ambuluwawa Trust Fund by the Public Trustee on 25 October 2009 had not been brought to account.
- (g) The salaries of garden employees amounting to Rs.189,050 payable for December of the year under review and the electricity bill payable amounting to Rs.19,942 had not been brought to account as expenditure of the year under review.
- (h) Garden employees' salaries amounting to Rs.184,150 in request of the preceding year paid in the year under review had been brought to account as expenditure of the year under review.

2.2.3 Lack of Evidence for Audit

The following observations are made.

- (a) The following items of account as at 31 December of the year under review could not be satisfactorily vouched or accepted in audit due to the non-submission of evidence indicated.

Item of Account -----	Value ----- Rs.	Evidence not made available -----
Furniture	1,500,000	i. Schedules ii. Board of Survey Reports
Public Trustee's Fund	15,000,000	Confirmation of Balance
Bank Balance (9837674)	1,246,669	} i. Bank Reconciliations ii. Confirmation of Balances
Bank Balance (6512857)	759,801	
Construction Expenditure	509,470	Estimates
Purchases	163,910	Bills

- (b) A sum of Rs.34,725 had been paid from this Trust Fund for goods valued at Rs.17,000 purchased for the construction of the Govijana Chaityaya. The person or the institution to which the money was paid could not be ascertained in audit.

2.3 Non-compliance with Laws, Rules, Regulations and Management Decisions

The following non-compliances with laws, rules, regulations and management decisions were observed during the course of audit.

Reference to Laws, Rules, Regulations and Management Decisions	Non-compliance
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(a) Decision No.I of the Minutes of the meeting dated 02 October 2009 of the Board of Governors of the Ambuluwawa Bio-diversity Complex Trust Fund.	Even though 12 meeting of the Board of Governors should be held annually, only 2 meetings had been held during the year 2010.
(b) Paragraph 04.3(a) to (e) of the Circular No.PF/423 dated 22 December 2006 of the Deputy Secretary to the Treasury.	The Performance Report, the cash flow statement, the statement of changes in the Accumulated Fund, the basic accounting policies and the detailed. Notes of the financial statements which should be presented to the Auditor General along with the financial statements had not been presented.
(c) Financial Regulations of the Democratic Socialist Republic of Sri Lanka	

(i) Financial Regulation 395	Monthly Bank Reconciliation Statements had not been prepared
(ii) Financial Regulation 756	An annual Board of Survey had not been conducted.
(d) Management Audit Circular No.DMA/2009/01 of 09 June 2009.	An adequate internal audit had not been carried out.

3. Financial Review

3.1 Financial Results

According to the financial statements presented, the net income of the Trust Fund for the year ended 31 December 2010 amounted to Rs.1,330,750 as compared with the corresponding net income of Rs.731,418 for the preceding year thus indicating an improvement of Rs.599,332 in the financial result.

3.2 Income Administration

Even though the Trust Fund owned two fully equipped Circuit Bungalows constructed utilizing Government grants amounting to Rs.10,500,000, the income earned during the year under review amounted only to Rs.185,500.

4. Operating Review

4.1 Performance

The following observations are made.

- (a) The Trust Fund had not taken any action whatsoever for the achievement of the 20 objects set out Section 4 from (a) to (t) of the Ambuluwawa Bio-diversity Trust Fund Act, No.44 of 2009 of the except 3 objects.
- (b) Even though Ambuluwawa with very attractive scenery is situated bordering the Kandy-Nuwara Eliya Road only 620 foreign tourists had visited during the year under review.

4.2 Identified Losses

The following observations are made.

- (a) Even though the Cafeteria constructed by utilizing a Government Grants amounting to Rs.1,800,000, had been given along with the furniture to external parties for running businesses the Trust Fund had not received any income from that.
- (b) Even though the sum of Rs.107,745 should have been paid for the bill produced by the contractor who had added artistic features to the columns of the Ambuluwawa Students Rest, the Trust Fund had paid a sum of Rs.130,785. As such a payments of Rs.23,040 had been made for unidentifiable item of work.
- (c) In addition to the advance of Rs.20,000 on the bill of Rs.54,250 on the entertainment expenses of the Ambuluwawa Book Evaluation and Author Evaluation ceremony, a sum of Rs.46,250 had been paid, thus resulting in an overpayment of Rs.12,000.

4.3 Idle and Underutilized Assets

The following observations are made.

- (a) Three trade stalls constructed at a cost of Rs.1,270,000 near the entrance gate of Ambuluwawa remained closed down. Attention had not been paid for earning an income from those trade stalls.
- (b) Even though the Trust Fund owned a fully equipped Conference Hall constructed by utilizing a Government grants of Rs.10,000,000 had not been received any income.

5. Accountability and Good Governance

5.1 Presentation of Financial Statements

According to paragraph 4.3 of the Public Finance Circular No.PF/423 of 22 December 2006, the financial statements of the Funds should be presented to the Auditor General within 60 days after the close of the year of accounts. Nevertheless, the financial statements for the year under review had been presented only on 27 March 2014, that is, after a delay of 3 years.

5.2 Budgetary Control

A budget for the year under review had not been prepared.

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5.3 Procurement Plan

A Procurement Plan covering the purchases and construction work of the Trust Fund had not been prepared.

6. Systems and Controls

Special attention is needed in respect of the following areas of control.

- (a) Income Administration
- (b) Internal Control
- (c) Accounting