

Ambuluwawa Dissanayake Mudiyansele Jayaratne Religious Centre and Bio-diversity Complex Trust Fund - 2012

The audit of financial statements of the Ambuluwawa Dissanayake Mudiyansele Jayaratne Religious Centre and Bio-diversity Complex Trust Fund comprising the balance sheet as at 31 December 2012 and the income and expenditure account for the year then ended and a summary of other 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 the Section 10(4) of the Ambuluwawa Dissanayake Mudiyansele Jayaratne 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 Trust 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 Trust Fund's internal control. An audit also includes 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 significance 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 Jayaratne Religious Centre and Bio-diversity Complex Trust Fund as at 31 December 2012 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 accounting policies adopted for the preparation of the financial statements had not been disclosed with the financial statements of the Ambuluwawa Trust Fund presented for the year under review.

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.13,619,222 given to the Fund by cheques by the Department of Public Trustee during the years 2009 to 2012 had been omitted in the financial statements and the manner of spending that money had not been disclosed.
- (b) Expenditure of Capital nature amounting to Rs.13,049,811 incurred during the year for construction of buildings had been brought to account as revenue expenditure.
- (c) According to the agreement entered into with a private telecommunications company in connection with providing facilities in the premises for the construction of telephone towers, a lease rent at the rate of Rs.54,000 had been granted for the period June 2010 to June 2015. Nevertheless, the accounts do not disclose any lease rent received or receivable in respect of the period concerned.
- (d) Even though facilities for telephone towers had been provided to another private telecommunications company, it was not possible to ascertain whether the money in that connection had been received or had been misused due to the failure to produce the related agreement to audit and the non-disclosure of the income received in the accounts.

- (e) According to the confirmation of balances received in audit from the Public Trustee, sums of Rs.2,000,000 and Rs.20,109,170 had been spent as the capital expenditure and revenue expenditure of the Fund respectively and confirmed that such money is receivable by the Trust Fund of the Department. But such position had not been disclosed in the financial statements of the Fund.
- (f) The expenditure amounting to Rs.4,251,044 on the medical facilities, air travel tickets and accommodation of the Chairman of the Trust Fund and the purchase of Singapore Dollars 13,112 met from the money received from the Public Trustee to the Trust Fund, instead of crediting to the Trust Fund and had not been included in the financial statements of the Trust Fund.
- (g) Even though the Public Trustee had purchased a motor vehicle from a private company in the year under review for Rs.4,000,000 and given to the Trust Fund, it was observed that such motor vehicle is not available with the Trust Fund.
- (h) Three buildings constructed by the Bio-Diversity Trust Fund in the preceding years at a cost of Rs.6,670,000 had not been brought to account.
- (i) The interest receivable in respect of the year under review amounting to Rs.2,375,000 on 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.
- (j) The salaries of garden employees, Construction salaries and landscaping expenses amounting to Rs.1,213,336 had been omitted from the financial statements.
- (k) The contributions to the Employees Provident Fund and the Employees Trust Fund for the year under review totaling Rs.274,168 had not been brought to account.
- (l) The value of four water motors, a hand tractor engine and a generator received as donations to the Ambuluwawa Bio-diversity Complex had not been computed and brought to account.

2.2.3 Lack of Evidence for Audit

The following items of account appearing in the balance sheet as at 31 December of the year under review and the income and expenditure account for the year could not be satisfactorily vouched and accepted in audit due to the non-submission of the evidence indicated against them.

Item of Account	Value	Evidence not made available
	Rs.	
Furniture	1,500,000	i. Schedules ii. Reports of Board of Survey
Cash at Bank	2,825,869	Bank Certificate
Fixed Assets	333,679,802	Registers of Fixed Assets
Telephone Tower Income	5,802,000	i. Receipts ii. Register of Income

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

Non-compliance with the following 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 dated 02 October 2009. | Even though 12 meetings of the Board of Governors should have been held in the year under review, only one meeting had been held in the year under review. |
| (b) 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 operations of the Trust Fund for the year ended 31 December 2012 had resulted in a deficit of Rs.1,474,810 as against the surplus of Rs.2,445,389 for the preceding year, thus indicating a deterioration of Rs.3,920,199 in the financial result for the year under review compared with the preceding year.

3.2 Income Administration

The following observations are made.

- (a) Even though Ambuluwawa with highly attractive scenery is situated bordering the Kandy-Nuwara Eliya Road only 1,225 foreign tourists had visited during the year under review and the income earned amounted to Rs.367,500. It is observed in audit that any benefit had not accrued from the attractive surroundings.
- (b) Even though the Trust Fund owns two fully furnished Circuit Bungalows constructed at a cost of Rs.10,500,000 met from Government Grants, the income earned during the year under review amounted to Rs.54,000.

4. Operating Review

4.1 Transactions of Contentious Nature

Sale of Toyota Land Cruiser Jeep No.JM 2770

In response to a request made by a Co-ordinating Secretary to the Prime Minister on 20 January 2012 for the sale of this Toyota Land Cruiser Jeep purchased by the Ambuluwawa Trust Fund in the year 2011 from the National Water Supply and Drainage Board for Rs.3,431,400 as it was not fit for running, sale by inviting quotations had been approved. Nevertheless the Jeep had been sold for Rs.3,400,000 on 26 January 2012 without obtaining a valuation or the recognized Procurement Procedure.

4.2 Management Inefficiencies

The contract for the widening of Jayawewa had been awarded without opening it for wider public competition. On the completion of the contract work, a sum of Rs.1,206,159 had been paid without measurement report from a Technical Officer and the contractor's bill.

4.3 Operating Inefficiencies

The receipt and issue of goods valued at Rs.1,761,920 purchased during the year under review had not been recorded in the stock books.

4.4 Identified Losses

Even though the Cafeteria constructed by utilizing 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.

4.5 Idle and Underutilized Assets

The following observations are made.

- (a) Three trade stalls constructed near the entrance gate of Ambuluwawa at a cost of Rs.1,270,000 had been closed down. Attention had not been paid to earn an income from those.
- (b) Even though the Trust Fund owns a fully equipped Hall constructed by utilizing a Government grants amounting to Rs.10,000,000 it is dilapidating due to underutilization.

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 one year.

5.2 Performance

The Trust Fund had not taken any action for the achievement of the 20 objects set out in Section 4(a) to (t) of the Ambuluwawa Dissanayake Mudiyansele Jayaratne Religious Centre and Bio-diversity Complex Trust Fund Act, No.44 of 2009, except 3 objects.

5.3 Budgetary Control

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

5.4 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