

## Hindu Cultural Fund – 2012

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### 1. Financial Statements

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#### 1:1 Qualified Opinion

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In my opinion, except for the effects of the matters described in paragraph 1.2 of this report, the financial statements give a true and fair view of the financial position of the Hindu Cultural Fund as at 31 December 2012 and its financial performance and cash flows for the year then ended in accordance with Generally Accepted Accounting Principles.

#### 1:2 Comments on Financial Statements

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##### 1:2:1 Accounting Deficiencies

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The income received from fixed deposits belonging to a Kovil in 2011 amounting to Rs.173,959 had been accounted as income of this Fund. While rectifying this error during the year under review, the income and expenditure account had been debited instead of debiting the prior year adjustment account. As a result, the surplus of the year had been understated by a similar amount.

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

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The following non-compliances were observed in audit.

Reference to Laws, Rules and  
Regulations

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Public Finance Circular No. PF  
423 dated 22 December 2006

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Paragraph 4.1(c)

Paragraph 4.2

Non-compliance

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The expenditure of the year had been incurred without an approved budget.

The Fund had not adopted a satisfactory accounting method by maintaining correct accounting records and registers.

2. Financial Review

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2:1 Financial Results

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According to the financial statements presented, the results of the operating activities of the Fund for the year ended 31 December 2012 was a surplus of Rs.1,623,544 as compared with the surplus of Rs. 1,298,301 for the previous year. The increase in other income by Rs.1,434,071 could be attributed to the improvement in financial results by Rs.325,243 during the year under review compared to that of the previous year.

3. Operating Review

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3:1 Performance

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(a) Performance of the Fund as per Action Plan for the year 2012

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According to the financial statements, a financial progress had occurred compared to the year 2011. However, the position regarding physical performance was weak. According to the Action Plan, it was planned to implement 03 Programmes on an estimated provision of Rs. 4 million. Of this, one programme had not been implemented at all. The progress of another programme was 40 per cent and the other programme had been implemented, as planned. These programmes could not be evaluated as their physical targets had not been fixed.

(b) Overall Performance of the Fund

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According to Section 7 of the Hindu Cultural Fund Act, legal provisions had been made to collect necessary funds locally or abroad for fulfilment of aims and objectives of the Hindu Cultural Fund. This legal provision could be utilized to implement various necessary programmes for developing hindu shrines that require development and to promote hinduism and culture. But, the governing Board of the Fund had not paid proper attention in this regard. 52 Per cent of the total receipts for the year 2012 had been consisted of the benefits derived by investing the idle funds of the Fund without fulfilling the aims and objectives of the Fund. Similarly, a sum of Rs.1,200,000 donated by a Kovil from its fund remained idle as there was no specific procedure to spend it.

3:2 Uneconomic Transactions

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Purchase of Uniforms for teachers of Daham Pasal  
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During the year under review uniforms had been purchased on 02 occasions by spending a total sum of Rs.950,000 for distribution among teachers of daham pasals. Specifications had not been prepared for the sarees purchased and the qualities of sarees had not been taken into consideration while selecting the supplier. Further, the Fund had incurred a loss of Rs.50,000 due to the shortcomings in the procurement procedure.

4. Accountability and Good Governance

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Action Plan  
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A corporate plan had not been prepared in terms of the instructions appearing in Chapter 5 of the Public Finance Circular No. PED 12 of 02 June 2003 and a proper Action Plan to fulfil the aims and objectives described in the Hindu Cultural Fund Act, No. 31 of 1985 too had not been prepared.

5. Systems and Controls

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Deficiencies observed in audit were brought to the notice of the Chairman of the Fund from time to time. Special attention is needed in respect of the following areas of control

- (a) Accounting
- (b) Procurement