

Employees Provident Fund of the Buddhist and Pali University of Sri Lanka

1. Financial Statements

1.1 Opinion

In my opinion, the financial statements give a true and fair view of the financial position of the Buddhist and Pali University of Sri Lanka as at 31 December 2012 and its financial performance for the year then ended in accordance with Sri Lanka Public Sector Accounting Standards.

1.2 Comments on Financial Statements

1.2.1 Accounts Receivable

Withholding tax amounting to Rs. 191,095 in excess of the correct amount had been remitted to the Department of Inland Revenue by a Finance Company in which funds of the Employees Provident Fund of the Buddhist and Pali University of Sri Lanka had been invested few years ago. Out of the amount remitted in excess, a sum of Rs. 61,789 had not been settled even by the end of the year under review.

2. Financial Review

2.1 Financial Results

According to the financial statements presented, the operation of the University Provident Fund for the year under review had resulted in a pre-tax surplus of Rs. 6,917,457 as compared with the pre-tax surplus of Rs. 5,038,341 for the preceding year thus increasing the financial results by Rs. 1,879,116. The increase in the interest income on Treasury Bills by Rs. 1,818,142 had been the main reason for this increase.

3. Operating Review

3.1 Performance

The Employees Provident Fund of the Buddhist and Pali University of Sri Lanka consists of 10 per cent contributions recovered from monthly salaries of permanent employees of the University and 15 per cent contribution payable from the earnings of the University. This money is invested in the Treasury Bills and used grant loans to employees. The interest credited to the contributory accounts of Fund during the year under review amounted to Rs. 6,142,288 and the previous year interest credited was Rs. 4,526,821. Accordingly, the interest income of the year had increased by 35.6 per cent.

3.2 **Management Inefficiencies**

The following observations are made.

- (a) Due to delay in the reinvestment of investments totalling Rs. 72,900,000 which had been matured at the end of the year under review, an interest income of Rs. 643,606 had been deprived of.
- (b) Payments of Rs. 2,441,346 for 8 beneficiaries had been delayed by the end of the year under review due to various reasons.
- (c) Although the balance of the Provident Fund amounting to Rs.2,186,834 to be paid to a female officer who retired on 05 December 2012 should be paid within 3 months in terms of section 28(3) of the Provident Fund Act, had not been paid even up to April 2013. According to the Order No.06 of the Board of Control, the account should be closed when the beneficiary is retired but it had not been so done.
- (d) According to the Order No.09 of the Board of Control, a compound interest every year should be determined with consultation of the Minister in charge of the subject of Finance in terms of 28(3) of the Act. Nevertheless the relevant approval had not been obtained for this in the year under review.

4. **Systems and Controls**

Weaknesses in systems and controls observed during the course of audit were brought to the attention of Rev. Mahopadhyaya from time to time. Special attention is needed in respect of those areas of control.