

## **Provident Fund of the Buddhist and Pali University of Sri Lanka - 2013**

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The audit of financial statements of the Provident Fund of the Buddhist and Pali University of Sri Lanka for the year ended 31 December 2013 comprising the statement of financial position as at 31 December 2013 and the statement of financial performance and a summary of significant accounting policies and other explanatory notes was carried out under my direction in pursuance of provisions in Article 154(1) of the Constitution of the Democratic Socialist Republic of Sri Lanka and Section 13(1) of the Finance Act, No. 38 of 1971 and Section 38 of the Buddhist and Pali University of Sri Lanka Act, No. 74 of 1981.

### **1.2 Management's Responsibility for Financial Statements**

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The management is responsible for the preparation and fair presentation of these financial statements in accordance with Sri Lanka Public Sector Accounting Standards 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**

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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 consistent with International Standards of Supreme Audit Institutions (ISSAI 1000-1810). 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 misstatements 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 the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of financial statements. Sub - sections (3) and (4) of Section 13 of the Finance Act, No. 38 of 1971 give discretionary powers to the Auditor General to determine the scope and the extent of the audit.

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 Qualified Opinion**

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My opinion is qualified based on the matters described in paragraph 2.2 of this report.

## **2. Financial Statements**

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### **2.1 Qualified Opinion**

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In my opinion, except for the effects of the matters described in paragraph 2:2 of this report, the financial statements give a true and fair view of the financial position of the Provident Fund of the Buddhist and Pali University of Sri Lanka as at 31 December 2013 and its financial performance and cash flows for the year then ended in accordance with Sri Lanka Public Sector Accounting Standards.

### **2.2 Comments on Financial Statements**

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#### **2.2.1 Sri Lanka Public Sector Accounting Standards**

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Cash Flow Statements had not been presented in terms of Sri Lanka Public Sector Accounting Standard No.2.

#### **2.2.2 Accounting Deficiencies**

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Interest receivable for the year under review had been understated by a sum of Rs.253,186.

## **3. Financial Review**

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### **3.1 Financial Results**

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According to the financial statements presented, the working of the Provident Fund of the University during the year under review had resulted in a pre-income tax surplus of Rs.10,077,969 as compared with the corresponding surplus of Rs.6,917,457 for the preceding year, thus indicating an increase of Rs.3,160,512 in the financial result. Increase in the interest income on Treasury Bills amounting to Rs.3,247,755 had mainly attributed to the increase in the financial result.

## **4. Operating Review**

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### **4.1 Management Inefficiencies**

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The following observations are made.

- (a) Payments amounting to Rs.1,059,488 in respect of 03 beneficiaries who had resigned from the service in the year 2009 on various reasons had been delayed as at the end of the year under review.

- (b) According to the Order No. 09 made by the Board of Control, a compound interest should be fixed by the Board of Control for the credit balance of a contributor of the Provident Fund in terms of Section 28(3) of the Act at the end of each year after consulting the Minister in charge of the subject of Finance. Nevertheless, the relevant approval had not been obtained in this connection in the year under review.

## **5. Systems and Controls**

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Deficiencies in systems and controls observed during the course of audit were brought to the notice of the Reverend Mahopadyaya from time to time. Special attention is needed in respect of the following areas of control.

- (a) Investment
- (b) Loans and Advances