

## **Hindu Cultural Fund - 2015**

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The audit of financial statements of the Hindu Cultural Fund for the year ended 31 December 2015 comprising the statement of financial position as at 31 December 2015 and the income and expenditure statement, the statement of changes in equity and the cash flow statement for the year then ended and a summary of significant accounting policies and other explanatory information, 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 read in conjunction with Section 13(1) of the Finance Act No.38 of 1971 and Section 10 (4) of the Hindu Cultural Fund Act, No.31 of 1985. My comments and observations which I consider should be published with the Annual Report of the Fund in terms of Section 14(2) (c) of the Finance Act appear in this report.

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

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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 Auditing 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 judgement, 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 the Section 13 of the Finance Act, No.38 of 1971 give discretionary powers to the Auditor General to determine the scope and 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.

## **2. Financial Statements**

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### **2.1 Opinion**

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In my opinion, the financial statements give a true and fair view of the financial position of the Hindu Cultural Fund as at 31 December 2015 and its financial performance and cash flows for the year then ended in accordance with Sri Lanka Public Sector Accounting Standards.

### **2.2 Non-compliance with Laws, Rules, Regulations and Management Decisions**

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The Fund had incurred expenditure amounting to Rs.1,528,732 in the year under review without preparing the budget and obtaining approval in terms of paragraph 4.1(c) of Public Finance Circular No.PF423 of 22 December 2006.

## **3. Financial Review**

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### **3.1 Financial Results**

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According to the financial statements presented, the financial result of the Fund for the year ended 31 December 2015 had been a surplus of Rs.786,656 as compared with the corresponding surplus of Rs. 1,366,697 for the preceding year thus indicating a deterioration of Rs.580,041 in the financial result in the year under review as compared with the preceding year. The decrease of income generated by Investment Interest and by the sale of compact disks by Rs.746,537 had mainly attributed to the decrease of the financial result.

## **4. Operating Review**

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### **4.1 Performance**

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Development of Hindu Holy places, taking necessary action to promote Hindu culture and religion, launching research and publications with regard to Hinduism and provision of financial and other support services for translation activities, had been set out as the main objectives and goals of the Fund in terms of Section 5 of the Hindu Cultural Fund Act.

However, according to the Action Plan of the Fund, only 3 programmes such as grant of aid for Hindu kovils, grant of aid for maintenance of cattle and purchase of sarees for teachers of Dhamma Schools had been planned to be implemented. As such, sufficient action had not been taken by the Fund to fulfill the purposes mentioned in the Act.

### **4.2 Management Inefficiencies**

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Even though the income of the Fund for the year under review amounted to Rs.2,315,388 only a sum of Rs.1,528,732 or, 66 per cent out of that income had been spent to achieve the objectives of the Fund. Seventy six per cent out of that expenditure or, a sum of Rs.1,156,344 had been utilized for the purchase of uniforms for teachers of Dhamma Schools and, those had not been received even by 31 December 2015. It was observed that income of the Fund had been utilized to invest in fixed deposits instead of utilizing that money to achieve the

objectives of the Fund. Investment in fixed deposits by 31 December in the year under review had been Rs.21,830,473.

#### **4.3 Operating Inefficiencies**

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Payment had been made by cheque in the year under review to the Divisional Secretary at Thelippalai to grant a sum of Rs.60,000 to maintain a cow in Naguleswaran Kovil in Keeramale in terms of a decision taken at the 7th session of the Board of Governors of the Fund. Follow up action had not been taken to ensure whether the money had been utilized to achieve the intended purposes of the Fund.

### **5. Accountability and Good Governance**

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#### **5.1 Corporate Plan**

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A Corporate Plan depicting the long- term targets of the Fund had not been prepared.

#### **5.2 Action Plan**

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Even though Action Plans had been presented depicting similar functions in the past three years, they had been prepared without identifying the timely needs and including the physical and financial targets, for the achievement of the objectives of the Fund.

### **6. Systems and Controls**

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Special attention is needed in respect of the following areas, related to the administration of the Fund.

- (a) Procurement- Complying with the provisions of the Government Procurement Guidelines in purchasing uniforms.
- (b) Planning - Preparing and taking action according to an Action Plan in such manner to achieve the objectives of the Fund.