

Samastha Lanka Shasanarakshaka Mandala Fund – 2016

The audit of the operating activities of Samastha Lanka Shasanarakshaka Mandala Fund for the year ended 31 December 2016, 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 10(3) of Samastha Lanka Shasanarakshaka Mandala Fund Act No.16 of 2014. The financial statements for the year 2016 that should be furnished in terms of Section 10(3) of Samastha Lanka Shasanarakshaka Mandala Fund Act had not been furnished even by the date of this report. My observations on the operation of the Fund which I consider should be furnished to the Parliament in terms of Article 154(6) of the Constitution of the Democratic Socialist Republic of Sri Lanka appear in this report.

1.2 Management's Responsibility for Financial Statements

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.

2. Financial Statements

2.1 Presentation of Financial Statements

The financial statements for the year 2016 that should be furnished to the Auditor General in terms of Section 10(3) of Samastha Lanka Shasanarakshaka Mandala Act No.16 of 2014 had not been furnished to audit even by 20 December 2017.

2.2 Maintenance of Registers and Books

Even though the activities of the Fund had been continuously maintained, account books and registers relating to the year under review had not been completed.

2.3 Existence of Assets and Liabilities

Details on the assets, income and expenditure stated in the financial statements as at 31 December 2015 finally prepared by the Fund appear below.

Assets, Income and Expenditure	Value
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	Rs.
Fixed Deposits	15,747,770
Trust of the Public Trustee Department	6,488,627
Savings Account	10,377,786
Current Account	203,785
Reserve Fund	31,276,248
Total Income	13,057,766
Total Expenditure	11,516,045
Surplus	1,541,721

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

Instance of non- compliance with laws, rules and regulations observed during the course of audit appear below.

Reference to Laws, Rules and Regulations	Non- compliance
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(a) Financial Regulations 395(c) of Financial Regulations of the Democratic Socialist Republic of Sri Lanka	Even though a Bank Reconciliation Statement relating to transactions of each month should be prepared before the 15 th of the next month by every Department with a Bank Account, Bank Reconciliation Statements had not been prepared by the Fund.
(b) Public Enterprises Circular No.PED/33 of 19 December 2005	Even though investments of all Government Institutions should be made only in State Banks, a sum of Rs.5,495,000 had been invested in a Fixed Deposit Account of a private bank from a long period of time by the Institution.

3. Operating Review

3.1 Operating Activities

The following observations are made.

- (a) A procedure to accurately calculate the number of flags sold and saved out of the flags given for selling to the Divisional Shasanarakshaka Bala Mandala had not been identified in the preceding year as well as in the year under review. As such, the sales income relating to the year 2016 out of the money amounting to Rs.19,185,496 which had been credited to the Savings Account within the year could not be specifically identified.

- (b) Even though a sum of Rs.1,843,000 had been provided for Dhamma School Teachers as medical assistance in the year under review, Grama Seva Certificates to ensure whether the teachers who receive assistance are living and the perennials to ensure whether the assistance are being received had not been obtained.

3.2 Personnel Administration

Distribution of duties had not been carried out in a manner that an internal control occurs due to recruiting only one female Officer for the accounting activities and for maintaining registers of the Fund.

4. Accountability and Good Governance

4.1 Action Plan

An Action Plan had not been prepared for the year under review in a manner that the objectives mentioned in the Samastha Lanka Shasanarakshaka Mandala Act could be achieved.

4.2 Internal Audit

An internal audit relating to the activities of the Fund had not been carried out in terms of the Financial Regulation 133(b) of Financial Regulations of the Democratic Socialist Republic of Sri Lanka and Paragraph 03 of the Management Audit Department Circular No.DMA/2009(1) of 09 June 2009.

4.3 Presentation of Annual Reports

Even though the Annual Report should be prepared and furnished to the Secretary to the Ministry of Buddhasasana and to the Registrar of Voluntary Social Services Organizations in terms of Section 11 of Samastha Lanka Shasanarakshaka Mandala Fund Act No.16 of 2014, it had not been furnished accordingly.

5. Systems and Controls

Deficiencies in systems and controls observed during the course of 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.

Areas of Systems and Controls

(a) Accounting

Observations

- (i) Not clearly, accurately and properly maintaining Ledger Accounts.
- (ii) Not properly preparing a Cash Book and payment vouchers for the expenditure incurred by the Current Account.

- (iii) Not issuing receipts for received income.
- (iv) Not balancing the Cash Book for each specific time period.

(b) Planning

Not preparing an Action Plan for the year in a manner that the objectives of the Act could be achieved.

(c) Printing and selling labels

Serial numbers not being inserted for the printed labels and, not having a proper procedure to accept the labels saved on not being sold out, reporting and to accurately calculate the received and the receivable income.