

Hindu Cultural Fund – 2016

The audit of financial statements of the Hindu Cultural Fund for the year ended 31 December 2016 comprising the balance sheet as at 31 December 2016 and the income and expenditure account , Receipts and payment account, statement of changes in equity and 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 10(4) of the Hindu Cultural Fund Act, No.31 of 1985. My comments and observations on the above financial statements are appear in this report.

1.2 Management’s Responsibility for the 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.

1.3 Auditor’s Responsibility

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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

2. Financial Statements

2.1 Opinion

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 2016 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

2.2.1 Sri Lanka Public Sector Accounting Standards

According to the Sri Lanka Public Sector Accounting Standard 03, the accounting policy used for accounting of the Government grants and donations made for the Fund had not been disclosed in the financial statements by the Fund in the preparation of the financial statements.

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

Even though according to the paragraph 4.1(c) of the Public Finance Circular No.PF/423 dated 22 December 2006, no expenditure whatsoever should be incurred in the relevant financial year without an approved budget, the Fund had incurred expenditure of Rs.5,166,716 without an approved budget for the activities such as granting financial assistance for Kovils ,purchase of uniforms for Dhamma school teachers, Hindu religious festival expenses and purchase of Hindu religious books during the year 2016 .

3. Financial Review

3.1 Financial Results

According to the financial statements presented, the result of the operating activities of the Fund for the year ended 31 December 2016 had been a surplus of Rs.1,428,489 as compared with the corresponding surplus of Rs.786,656 for the preceding year thus indicating a improvement of Rs.641,833 in the financial result in the year under review. The increase in interest income from investments by Rs.334,545 and receiving of Rs.709,019 as net income of collecting money from devotees Project had mainly attributed to the above improvement.

4. Operating Review

4.1 Performance

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. As such, sufficient action had not been planned and implemented by the Fund to fulfill the said objectives and goals.

5 Accountability and Good Governance

5.1 Action Plan

According to the Action Plan of the Hindu Cultural Fund, plans had been made to fulfill 12 activities under 2 main programmes such as promotion of Hindu religious activities and development of Hindu Dhamma Schools . The following observations are presented in this connection.

- (a) Plans had been made to distribute religious books for Hindu community , exercise books and supplementary books for the students of the Dhamma Schools and a sum of Rs.1,408,550 had been spent for the purchasing of books in the year under review. However, the expected objectives had not been fulfilled due to failure to distribute books valued at Rs.772,417 out of that stock of books.
- (b) The Project of collecting money received from the devotees which was the main income of the Fund in the year under review had not been included in the Action Plan.
- (c) Even though 1200 saries had been purchased by spending Rs.1,268,840 during the year under review for the distribution of uniforms for the teachers of the Dhamma Schools,1148 saries had not been distributed even as at May 2017.

6. Systems and Controls

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

Areas of Systems and Controls

(a) Stock Control

(b) Planning

Observations

Failure to maintain records relating to the beneficiaries in the inventorying of the goods purchased by the Fund and distribution of that goods.

In the preparation of the Action Plan, all income expected and activities had not been included and necessary revisions had not been carried out .