

Samastha Lanka Sasanarakshaka Mandala Fund – 2016

The audit of financial statements of the Samastha Lanka Sasanarakshaka Mandala Fund for the year ended 31 December 2016 comprising the balance sheet as at 31 December 2016 and a summary of income and expenditure account and cash flow statement and other explanatory information for the year then ended was carried out under my direction in pursuance of provisions in Article 154(3) of the Constitution of the Democratic Socialist Republic of Sri Lanka read in conjunction with Section 10(3) of the Samastha Lanka Sasanarakshaka Mandala Act, No.16 of 2014. The Report of the Auditor General on the transactions of the Fund was issued to the Chairman of the Mandala Fund on 08 February 2018 due to the delay in the presentation of financial statements for the year ended 31 December 2016. My comments and observations which I consider should be published with the Annual Report of the Fund in terms of Section 10(3) of the Samastha Lanka Sasanarakshaka Mandala Act, No.16 of 2014 appear in this report.

1.2 Management's Responsibility for Financial Statements

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

My responsibility is to express an opinion on these financial statements based on my audit conducted in accordance with Sri Lanka Auditing Standards consistent with International Auditing Standards of Supreme Audit Institutions (ISSAI 1000-1810).

1.4 Basis for Disclaimer of Opinion

As a result of the matters described in paragraphs 2.2 of this report, I am unable to determine whether any adjustments might have been found necessary in respect of recorded or unrecorded items, and the elements making up the balance sheet, income and expenditure account, cash flow statement and statement of changes in the Accumulated Fund.

2. Financial Statements

2.1 Disclaimer of Opinion

Because of the significance of the matters described in paragraph 2.2 of this report, I have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, I do not express an opinion on these financial statements.

2.2 Comments on Financial Statements

2.2.1 Lack of Evidence for Audit

The income from the sale of flags amounting to Rs.9,935,435 equivalent to 56 per cent of the total income could not be satisfactorily vouched or verified the balance stock in audit due to the lack of any documentary evidence to ascertain the number of flags printed, number of flags distributed for sale, number of flags remained unsold and the place where the unsold flags were stored. As such, the accuracy of the income could not be satisfied.

3. Financial Review

3.1 Financial Results

According to the financial statements presented, the surplus of the Fund for the year ended 31 December 2016 had been Rs.9,644,078 as compared with the corresponding surplus of Rs. 1,541,720 for the preceding year, thus indicating an improvement of Rs.8,102,358 in the financial result of the year under review as compared with the preceding year. Even though the income from the sale of flags had decreased by Rs.2,046,244 , the receipt of a donation of Rs.6,000,000 and the decrease in the expenditure on Sisu Saviya bursaries and miscellaneous expenditure by Rs.2,050,500 and Rs.1,380,488 respectively as compared with the preceding year, had been the main reasons for the said improvement.

4. Accountability and Good Governance

4.1 Presentation of Financial Statements

Even though the financial statements should be presented to the Auditor General within 02 months after close of the year of accounts in terms of Paragraph 4.3 of the Public Finance Circular No.PF/423 of 22 December 2006, the financial statements of the year under review had been presented to the Auditor General only on 15 March 2018.