

Buddha Sasana Fund -2017

The audit of financial statements of the Buddha Sasana Fund for the year ended 31 December 2017 comprising the balance sheet as at 31 December 2017 and the income and expenditure account, statement of changes in funds and cash flow statement and notes to financial statements 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(3) of the Constitution of the Democratic Socialist Republic of Sri Lanka read in conjunction with Section 12 of the Buddha Sasana Fund Act, No.35 of 1990. My comments and observations on the aforesaid financial statements appear in this report.

As the financial statements for the year under review had not been submitted for audit by 26 October 2018, a transaction report pertaining to the year under review was submitted to Parliament on 28 January 2019 in terms of Section 154(6) of the Constitution of the Democratic Socialist Republic of Sri Lanka. However, since the financial statements of the year under review had been submitted on 07 October 2020, my observations on the financial statements of the year under review, which I consider should be presented to Parliament, in terms of Section 154(6) of the Constitution of the Democratic Socialist Republic of Sri Lanka, 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 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 the audit conducted 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 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 preparation and fair presentation of financial statements of the Fund in order to design audit procedures that are appropriate in the circumstances; however, 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.

1.4 Basis for Qualified Opinion

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

2. Financial Statements

2.1 Qualified Opinion

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 Buddha Sasana Fund as at 31 December 2017 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 Lack of Evidence for Audit

Evidence indicated against each of the following items of accounts was not made available to the audit, thus it could not be satisfactorily vouched or accepted in audit.

Item	Amount Rs.	Evidences not made available
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(i) Buddhism Books	10,372,740	Board of Survey reports
(ii) Tsunami Aid	1,348,796	Detailed information

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

The following non-compliance with laws, rules regulations etc. were observed.

Reference to Laws, Rules and Regulations	Non-Compliance
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Financial Regulations of the Democratic Socialist Republic of Sri Lanka	
(a) Financial Regulations 396	Action had not been taken according to the Financial Regulations to settle 7 cheques valued at Rs.59,363 issued by the Fund from 2013 to 2016.
(b) Financial Regulations 502(2)	The Fund had not maintained a Fixed Assets register with respect to fixed assets of Rs.10,332,645 owned by the Fund.

2.4 Accounts Receivable and Payable

2.4.1 Amounts Receivable

It was observed that out of the advance and other receivable balances presented without age analysis Rs.13,031,828 (According to the Financial Statements of the past few years) a sum of Rs.1,087,447 and a sum of Rs.11,944,381 had remained outstanding over a period of 5 years and 2 years action had not been taken as at the end of the year under review these outstanding loan balances.

2.4.2 Amounts Payable

It was observed that out of the current liability balances presented without age analysis Rs. 1,712,435 (According to the Financial Statements of the past few years) a sum of Rs. 544,409 and a sum of Rs. 1,168,025 had remained outstanding over a period of 3 years and 2 years action had not been taken as at the end of the year under review these outstanding loan balances.

3. Financial Review

3.1 Financial Result

According to the financial statements presented, the financial result of the Fund for the year ended 31 December of the year under review had been a surplus of Rs. 41,905,243 as compared with the corresponding surplus of Rs. 25,852,041 for the preceding year, thus indicating a improvement of Rs. 16,053,202 in the financial result as compared with the preceding year. The increase of investment interest income by Rs. 17,087,108 had mainly attributed to this improvement.

4. Operating Review

4.1 Operating Inefficiencies

The following observations are made.

- (a) Even though an amount of Rs. 52,058,913 had been received as investment interest and other income of the Fund during the year under review, only an amount of Rs. 10,153,670 out of it representing 19 percent had been spent for the objectives of the Fund. Further, excess money had been invested annually, and the total investment value as at 31 December of the year under review had been Rs. 503,954,295. Even though the role of the Fund is to apply money for most suitable functions of such consideration with regard to protecting and fostering the Buddha Sasana, the Fund had failed to implement programmes commensurate with the annual income of the Fund.
- (b) Even though an amount of Rs. 47,910,000 had been estimated for projects expected to be implemented by the Fund only an amount Rs. 9,773,279 had been spent for the Projects. A sum of Rs.10,000,000 and a sum of Rs. 5,000,000 estimated for construction of Sangavasa for

difficult temples and providing sanitary facilities for difficult temples without deploying any amount in the intended projects.

5. Accountability and Good Governance

5.1 Presentation of Financial Statements

According to Public Finance Circular No. PF 423 dated 22 December 2006 and paragraph 15 of the Public Finance Circular No. 01/2020 dated 28 August 2020 and Financial Regulations 877(2)(d) the Financial Statements should be submitted to the Auditor General within 02 months from the expiry of the Financial year, and the financial Statements for the year under review had been submitted after 2 years and 7 months to the Auditor General.

6. Systems and Controls

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

- (a) Presentation of journal vouches
- (b) Level of Performance according to the objectives
- (c) Balances Receivable and payable
- (d) Investment and Utilization of funds