

## **Hindu Cultural Fund - 2019**

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### **1.1 Opinion**

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The audit of the financial statements of the Hindu Cultural Fund for the year ended 31 December 2019 comprising the Balance sheet as at 31 December 2019 and the income and expenditure account, statement of changes in equity and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, 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 and the National Audit Act No.19 of 2018 read in conjunction with the paragraph 10(4) of the Hindu Cultural Fund Act No.31 of 1985. My comments and observations which I consider should be reported to Parliament appear in this report.

In my opinion, the financial statements give a true and fair view of the financial position of the Fund as at 31 December 2019 and its financial performance and its cash flows for the year then ended in accordance with Sri Lanka Public Sector Accounting Standards.

### **1.2 Basis for Opinion**

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I conducted my audit in accordance with Sri Lanka Auditing Standards (SLAuSs).

My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of Financial Statements Section of my report. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

### **1.3 Responsibility of the Management and Those Charged with Governance for the Financial Statements**

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Management is responsible for the preparation of financial statements that give a true and fair view in accordance with Sri Lanka Public Sector Accounting Standards and for such internal control as management determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intend to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

As per section 16 (1) of the National Audit Act, No.19 of 2018, the Fund is required to maintain proper books and records of all its income, expenditure, assets and liabilities, to enable annual and periodic financial statements to be prepared of the Fund.

## 1.4 Auditor's Responsibility for the Financial Statements

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My objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but it is not a guarantee that an audit conducted in accordance with Sri Lanka Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Sri Lanka Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of the management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to exists or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statement or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

The scope of the audit also extended to examine as far as possible and as far as necessary the following:

- Whether the organization, systems, procedures, books, records and other documents have been properly and adequately designed from the point of view of the presentation of information to enable a continuous evaluation of the activities of the Fund and whether such systems, procedures, books, records and other documents are in effective operation,

- Whether the Fund has complied with applicable written law, or other general or special directions issued by the governing body of the Fund,
- Whether the Fund has performed according to its powers, functions and duties;
- Whether the resources of the Fund had been procured and utilized economically, efficiently and effectively within the time frames and in compliance with the applicable laws.

## **1.5 Financial Statements**

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### **1.5.1 Internal Control over the Preparation of Financial Statements**

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The Fund is required to “devise and maintain” a system of internal accounting controls, sufficient to provide reasonable assurance that, transactions are executed in accordance with management’s general or specific authorization, transactions are recorded as necessary to permit preparation of financial statements in conformity with the applicable reporting standards, and to maintain accountability for assets, access to assets is permitted only in accordance with management’s general or specific authorization, and the recorded accountability for assets is compared with the existing assets at reasonable intervals and appropriate action is taken with respect to any differences.

## **1.6 Non-compliance with Laws, Rules and Regulations**

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<b>Reference to Laws, Rules, Regulations etc.</b>	<b>Non-compliance</b>	<b>Comment of the Management</b>	<b>Recommendation</b>
Financial Regulations of the Democratic Socialist Republic of Sri Lanka- F.R 264	Even though, every payment should be supported by a receipt from the payee, in acknowledgement of the gross amount of the voucher, receipts from the payees for 18 payments totalling Rs.9,235,000 had not been obtained.	Actions will be taken to obtain the receipts.	Receipt should be obtained from the payee to confirm that the money has been received.

## **2. Financial Review**

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### **2.1. Financial Results**

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The financial result of the fund for the year under review had resulted in a surplus of Rs.1,474,141 as compared with the surplus of Rs.983,663 for the preceding year. Accordingly, an improvement of Rs.490,478 was observed in the financial result. Although the financial assistance provided to Aranery Schools and temples increased by Rs.9,000,000 compared to the preceding year, the increase in Grants received from temples by Rs.11,800,000 had mainly attributed this improvement.

## 2.2 Trend analysis of main revenue and expenditure items.

Item	2019	2018	Revenue (Decrease)/ increase Expenditure (increase)/decrease	Percentage
	Rs.000	Rs.000	Rs.000	
<b>Income</b>				
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Grants from Temples	12,400	600	11,800	1,966.7
Till Box income	1,983	2,246	(263)	(11.7)
Donations for Hindu Education	922	3,796	(2,874)	(75.7)
Sale of books	48	212	(164)	(77.4)
Interest from Fixed Deposits	2,885	2,629	256	9.7
<b>Expenditure</b>				
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Purchase of sarees for teachers	782	1,150	368	32
Financial assistance to Aranery Schools	3,500	2,000	(1,500)	(75)
Financial assistance to Hindu Temples	7,500	-	(7,500)	(100)
Flag Day expenses	238	203	35	17.2
Printing of Religious books	1,942	1,586	(356)	(22.4)
Gift voucher expenses	69	497	428	86.1
Purchasing of Exercise books	1,077	919	(158)	(17.2)
Purchase of Bicycles	-	247	247	100
Fabrication of Awards	1,721	2,001	280	14
Depreciation	200	143	(57)	(39.9)