

1. Financial Statement

1.1 Qualified Opinion

The audit of the financial statements of the Samastha Lanka Sasanarakshaka Fund for the year ended 31 December 2020 comprising the balance sheet as at 31 December 2020 and the statement of income, statement of changes in accumulated income, and cash flow statement for the year then ended, and notes to financial statements, including a summary of significant accounting policies, 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 provisions of the National Audit Act, No. 19 of 2018. My comments and observations which I consider should be tabled in Parliament appear in this report.

In my opinion, except for the effects of the matters described in paragraph 1.5 of this report, the financial statements of the Fund give a true and fair view of the financial position of the Fund as at 31 December 2020, and its financial performance and cash flows for the year then ended in accordance with Sri Lanka Public Sector Accounting Standards.

1.2 Basiss for the qualified Opinion

My opinion is qualified based on the matters described in paragraph 1.5 of this report.

I conducted my audit in accordance with Sri Lanka Auditing Standards (SLAuS). My responsibilities, under those standards are further described in the Auditor’s Responsibilities for the Audit of the 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 qualified opinion.

1.3 Responsibilities of Management and Those Charged with Governance for the Financial Statements

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 determines 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 Sub-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 Audit of the Financial Statements

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 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 judgment 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 events 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 statements 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; and
- 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 Audit Observations on the Preparation of Financial Statements

1.5.1 Non-compliance with Sri Lanka Public Sector Accounting Standards

Non-compliance with Reference to the Relevant Standard	Comments of the Management	Recommendation
<p>As per chapter 79 of Sri Lanka Public Sector Accounting Standard No 1, Current assets that are either realized, consumed or sold, as part of the normal operating cycle even when they are not expected to be realised within twelve months, should be revealed as current assets. However, Rs.179,500 and Rs.34,750, the value of flags and stickers respectively, and which have been mentioned in inventory and Rs.741,300 the value of flags made of cloths which has not been mentioned in inventory, had not been revealed in financial statements as per the standard.</p>	<p>The values Rs.179,500, Rs.34,750 and Rs.741,300 respectively of remaining flags, stickers and printed flags made of cloths, were noted to be included in the books.</p>	<p>That the relevant values should be mentioned in financial statements</p>

1.5.2 Accounting Deficiencies

Audit Observation	Comments of the Management	Recommendation
Due to the non-calculation of fixed deposit interest on accrual basis, the fixed deposit value of the year under review had been overstated by Rs.1,001,458 while receivable interest was understated by Rs.1,070,491 in the balance sheet. As such, the net reduction of Rs.63,033 of assets, had been adjusted to the interest income of the year under review, amounting to Rs.300,397 received relating to the year 2019 and to the Accumulated Fund through the value of interest of Rs.231,364 which was overstated in accounts of the year under review.	It was noted to account the interest income correctly in future.	Adjustments should be made suitably regarding interest

1.6 Non-compliance with Laws, Rules, Regulations and Management Decisions etc.

Reference to Non-compliance Laws, Rules and Regulations	Comments of the Management	Recommendation
Internal Circular No ୧୧୭/୧୩/୧୨/୦୪/୦୧/୨୦୧୯ dated 03 April 2019 of the Commissioner General of Buddhist Affairs No 45 dated 03 April 2019.	Although summery reorts on collection of money and depositing in banks related to sale of flags should have been prepared ,such reports had not been prepared and presented.	That the relevant summery reports should be prepared.

2. Financial Review

2.1 Financial Results

The operational result of the year under review was a deficit of Rs.2,651,735 as against the surplus of Rs.12,491,335 for the preceding year. Accordingly, deterioration of Rs.15,143,070 was observed in the financial result. The decrease in income from sale of flags and donations by Rs.4,145.363 and Rs.10,000,000 respectively and increase in expenditure by Rs.1,426,306 had mainly attributed to this deterioration.

3. Operating Review

3.1 Management Inefficiencies

Audit observation	Comments of the Management	Recommendation
(a) By the year 2017, 748 applications had been sent to the Ministry of Buddhasasana for obtaining Buduputh Mapiya Suraksha benefits and although they were referred to the Ministry of Housing and Construction with the recommendation of Commissioner General of Buddhist Affairs, no follow up action had been initiated regarding their current situation. Further, although 50 applications had been received from the start of the year 2018 to the end of 2020, no action had been initiated regarding them. This programme is conducted in parallel to the State Wesak festival and it could not be conducted due to the Corona pandemic prevailed in 2020 and 2021,	This programme is conducted in parallel with the State Wesak festival and this programme was not conducted owing to the Corona pandemic prevailed in 2020 and 2021.	That Follow up action had not been initiated regarding obtaining of Buduputh Suraksha Benefits.

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| <p>(b) As per the sub para (F) of paragraph 6 of the Samastha Lanka Sasanarakshaka Mandalaya (In-cooperation) Act No16 of 2014, required actions had not been taken to appoint and employ sufficient number of officers and employees to achieve the objectives of the Fund.</p> | <p>Since there is no money and procedure in the Samastha Lanka Sasanarakshaka Mandalaya Fund to pay salaries and employees provident fund monies to an additional staff, two officers have been recruited on casual basis and it was noted to prepare a procedure in future.</p> | <p>That the actions should be taken as per the Act.</p> |
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3.2 Underutilization of the Fund

Audit Observation	Comments of the Management	Recommendation
<p>(a) Although Rs. 48,456,720 was available in saving and current accounts and fixed deposits of the Fund as at 31 December of the year under review, the amount expended to achieve the objectives of the Fund was Rs. 7,504,130. Accordingly, as per sub para-A to N of Paragraph 3 of the Samastha Lanka Sasanarakshaka Mandalaya (In-cooperation) Act No16 of 2014, attention had not been paid to efficiently utilize the Fund to achieve the objectives of the Fund.</p>	<p>Due to the pandemic situation prevailed in the country, the planned programmes were not implemented. Action will be taken to efficiently utilize the Fund to achieve the objectives.</p>	<p>That the attention should be paid to efficiently utilize the Fund to achieve the objectives of the Fund.</p>
<p>(b) Even though a sum of Rs.8,791,275 was available by 31, December 2020 in the B. S. U Trust which was initiated with an initial capital of Rs. 5,000,000,in the year 2012,no action had been taken to utilize funds to achieve the objectives of the Fund.</p>	<p>It was not possible achieve the objectives of the fund due to the pandemic prevailed in the country and action will be taken regarding that in future.</p>	<p>That actions should be taken to achieve the objectives of the Fund.</p>

4. Accountability and Good Governance

4.1 Internal Audit

Audit Observation

Although an internal audit should have been conducted as per the Financial Regulation 133 (b) of the 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, no internal audit had been conducted by the Ministry in the year under review.

Comments of the Management

Not commented.

Recommendation

That an internal audit should be conducted.