

Ambuluwawa Dissanayake Mudiyansele Jayaratne Religious Centre and Bio-diversity Complex Trust Fund - 2020

The audit of the operating activities of the *Ambuluwawa Dissanayake Mudiyansele Jayaratne Religious Centre* and Bio-diversity Complex Trust Fund for the year ended 31 December 2020 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 to be read in conjunction with provisions of Section 10(4) of the *Ambuluwawa Dissanayake Mudiyansele Jayaratne Religious Centre* and Bio-diversity Complex Trust Fund Act, No. 44 of 2009 and provisions of the National Audit Act, No.19 of 2018.

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

As per Section 16 (1) of the National Audit Act No. 19 of 2018, every auditee entity shall maintain proper books and records of all its income, expenditure, assets and liabilities, to enable annual and periodic financial statements to be prepared in respect of such entity. According to Section 16 (2) of that Act, the Annual financial statements of every auditee entity shall be submitted by the Chief Accounting Officer to the Auditor-General along with the annual performance reports, within such period as may be provided by rules. Further, in accordance with Section 38 (1)(d) of the Act, it is required to ensure the timely preparation and submission of annual and other financial statements and in addition the Chief Accounting Officer shall be required to submit annual reports to Parliament pertaining to the auditee entity. However, the financial statements for the year 2020 which should have been presented to audit within 60 days from the close of the year of accounts in accordance with Financial Regulation 877(2) (d) included under Section 15 of the Public Finance Circular No. 01/2020 dated 28 August 2020 and Treasury Circular No. 01/2004 dated 24 February 2004 had not been presented to audit even by the date of this report.

2. Audit Observations

2.1 Lack of Documentary Evidence for Audit

The following observations are made.

Audit Observation	Comment of the Management	Recommendation
a) Certificates of 03 fixed deposits valued at Rs. 4,000,000 maintained at Bank of Ceylon in Gampola under the name of the Fund, had not been furnished to the	Although the Treasurer informed that the copies of certificates certified by the Bank had been	Certificates of fixed deposits should be presented.

Audit.	furnished to the Auditor General, the original certificates were not made available.	The counterfoils of the admissions should be made available for vouching the revenue.
b) A sum of Rs.9,525,575 had been shown in the register of revenue as the income earned through the sale of tickets in the year 2020. However, that income could not be satisfactorily vouched as the counterfoils of the copies of admissions had been destroyed.	Receipts and issuances had been recorded in the register on the daily sale of tickets.	All the financial transactions should be performed with economy as per Financial Regulation 156(7). A loss had been sustained by the Fund due to supply of foods in such a manner to the officers who received salaries and other allowances although no approval had been granted through the annual budget and documents verifying those expenses had not been furnished.
c) Foods worth Rs.558,463 had been provided in 07 instances in the year 2020 for the staff drawing salaries and allowances from the Authority while serving the road development projects, and the Government officers and other persons involved therein.	Not commented.	The Government Procurement Guidelines should be followed. All the information relating to the transactions should be made available.
d) Treasurer of the Fund informed that two vehicles owned by the Fund had been sold to external persons at a value of Rs. 7.5 million during the preceding years based on an assessment made privately by a Government valuer without following the tender procedure properly. However, the documents of assessment and information on the monies received after the sale of vehicles were not made available to the Audit.	Detailed information will be furnished later. Register of assets (2020) had been furnished to the Audit.	

2.2 Non-compliances with Laws, Rules, and Regulations

Instances of non-compliances with provisions of Laws, Rules and Regulations observed in audit test checks are analyzed below.

Reference to Laws, Rules, and Regulations	Non-compliance	Comment of the Management	Recommendation
a) Employees' Provident Fund Act, No. 15 of 1958, and Employees' Trust Fund Act, No. 46 of 1980.	A sum of Rs. 374,540 comprising sums of Rs.149,816 and Rs. 224,724 being the contributions from the employees and employers respectively along with the contribution to the Employees' Trust Fund amounting to Rs. 56,181 had not been remitted to the relevant Funds in the year under review.	Not commented.	The relevant Acts should be followed.
b) Financial Regulations of the Democratic Socialist Republic of Sri Lanka.			
(i) Financial Regulation 137.	A sum of Rs. 5,493,696 had been paid in respect of 52 vouchers the payments of which had not been approved in terms of Financial Regulations.	Not commented.	The payments should be approved in accordance with the Financial Regulation.
(ii) Financial Regulations 138 and 257.	<ul style="list-style-type: none"> • Payments should be made only for the certified vouchers. However, payments valued at Rs. 15,946,943 had been made relating to 139 uncertified vouchers in the 	Not commented.	The Financial Regulation should be followed.

		year under review.		
		<ul style="list-style-type: none"> Although the names of the payees had not been mentioned on the voucher and all the details had not been furnished, payments valued at Rs. 2,427,180 had been made through 16 vouchers. 	Not commented.	The Financial Regulation should be followed.
	(iii) Financial Regulation 237 (b)	Although construction materials worth Rs. 1,448,546 had been purchased, stock certificates in that connection had not been annexed to the voucher.	Not commented.	The Financial Regulation should be followed.
	(iv) Financial Regulation 264	As for the sum of Rs. 8,589,583 made through 70 vouchers in the year under review, receipts of acknowledgement had not been obtained from the payee.	Not commented.	The Financial Regulation should be followed.
	(v) Financial Regulation 272(3)	The Audit had not been provided with vouchers relating to 03 payments totaling Rs. 553,751 made in the year under review.	Not commented.	The Financial Regulation should be followed.
c)	Government Procurement Guidelines – 2006.	(i) Without following the tender procedure properly, a motor vehicle had been obtained from a private company in the preceding year spending a	Detailed information will be made available in due course.	The Government Procurement Guidelines should be followed.

sum of Rs. 8.9 million from the Fund based on an assessment made by a private institution.

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| (ii) | A sum of Rs. 675,750 had been paid on goods and services deviating from the Procurement procedure. | Not commented. | The Government Procurement Guidelines should be followed. |
| (iii) | Without following the Procurement procedure, a sum totaling Rs. 351,500 had been incurred for purchasing the ticket machine, its software, office curtains and chairs, but action had not been taken to inventorize those items. | Not commented. | The Government Procurement Guidelines and the Financial Regulations should be followed. |

2.3 Non-reconciliations

 The following observations are made.

Audit Observation	Comment of the Management	Recommendation
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a) According to the register of cash furnished to the Audit by the Trust Fund, a difference of Rs. 834,673 existed between the amount deposited in the bank and the sum collected through the sale of tickets.	Not commented.	Action should be taken in terms of Financial Regulation 156 on the shortage of cash.

<p>b) According to the vouchers furnished to the Audit by officers of the Trust Fund, the amount paid totaled Rs. 15,946,943 whereas the value of paid cheques totaled Rs. 15,445,864 as per the bank statements for the year 2020. As such, a difference of Rs. 501,079 existed.</p>	<p>Not commented.</p>	<p>Reasons attributable to the difference should be identified and corrective measures should be taken.</p>
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3. Operating Review

3.1 Failure to Achieve the Objectives

Audit Observation	Comment of the Management	Recommendation
<p>The examination on the operations and transactions performed by the Bio-diversity Trust Fund in the year under review revealed that the Fund had not taken measures adequately to achieve some of the 20 objects mentioned in Section 04 of the Act, No. 44 of 2009, such as, to provide adequate facilities for the improvement of sports and recreation capabilities of people; to encourage the farmers and establishment of youth farmers organizations within the community; develop the area around the mountains of Ambuluwawa; and encouraging people to wisely invest in banks and other financial institutions.</p>	<p>Attention has been brought on the matters such as, helping the livelihood of skilled and unskilled laborers by paying wages adequately to them in order to implement miscellaneous development projects within the Complex spending the revenue earned by the Fund; assisting to uplift the livelihood; training the laborers on miscellaneous skills by improving their economy; and ensuring cooperation relating to social and economic activities.</p>	<p>Adequate measures should be taken to achieve the objects of the Fund.</p>

3.2 Planning

Audit Observation	Comment of the Management	Recommendation
An Action Plan had not been prepared for the year under review in terms of Public Finance Circular, No. 2014/01 dated 17 February 2014.	Not commented.	Action should be taken in accordance with the Circular.

3.3 Management Inefficiencies

The following observations are made.

Audit Observation	Comment of the Management	Recommendation
a) No records had been maintained on the arrival of the manager and the driver, but salaries totaling Rs. 725,000 had been paid to them in the year under review. As a letter of appointment had not been given with respect to those posts, the accuracy thereof could not be verified.	Not commented.	Action should be taken as per Financial Regulation 156 and Public Administration Circular, No. 09/2009 dated 16 April 2009.
b) The cafeteria of the Fund (Sanora) had been given on lease to an external person during the period from May to December of the year under review. However, action had not been taken to enter into a lease agreement in that connection and collect revenue.	As the hotel has been maintained as a welfare service thus far, no fees have been charged. However, action will be taken to charge a monthly fee with effect from August 2021.	Action should be taken in terms of Financial Regulation 156.
c) An expenditure on Rs. 271,950 had been incurred in 05 instances during the year under review on repair of vehicles.	Not commented.	Recommendation of the mechanical engineer or motor vehicle examiner should be obtained.

However, action had not been taken to obtain recommendation of the mechanical engineer or motor vehicle examiner before and after the said repairs.

3.4 Management of money

The following observations are made.

Audit Observation -----	Comment of the Management -----	Recommendation -----
a) Monies received daily should be banked without delay. However, a sum of Rs. 406,160 being an income received, had been spent without being banked.	Not commented.	The monies collected should be banked without delay.
b) As per Financial Regulation 387, the paying officer should ensure the adequacy of bank balance for all the payments made through cheques. However, it was observed that a bank overdraft existed over a longer duration at the Fund, and the balance thereof amounted to Rs. 904,108 and Rs. 2,138,192 as at the beginning and end of the year under review.	An overdraft facility had been obtained due to reasons such as, implementation of many development projects in this year, and the level of income was poor.	The Financial Regulations should be followed.

3.5 Operating Inefficiencies

The following observations are made.

Audit Observation -----	Comment of the Management -----	Recommendation -----
a) It was revealed through documents that the Fund owned 04 ponies worth Rs. 80,000, and the treasurer	Action could not be taken in that connection by mistake.	The Financial Regulation 156 should be followed.

informed that 02 of them had died. As a postmortem inquiry had not been conducted on the deceased animals, their death could not be verified.

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| b) An expenditure of Rs. 309,151 comprising sums of Rs. 153,698, Rs. 148,903 and Rs. 6,550 spent in the years 2018, 2019 and 2020 respectively, had been incurred on the circuit bungalows owned by the Trust Fund. No income whatsoever had been earned from those circuit bungalows. | Not commented. | Productive utilization of assets should be ensured. |
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3.6 Transactions of Contentious Nature

 The following matters were observed.

Audit Observation -----	Comment of the Management -----	Recommendation -----
a) Without bills or receipts, fees totaling Rs. 515,000 had been paid in 06 instances to 02 lawyers relating to the Case No. 684/2001 pending at the supreme court.	Withdrawn from this case relating to lands. The lawyers refused to issue receipts.	The supporting documents were not made available.
b) Due to reasons such as, inconsistency of the bills furnished by the payee, presenting the on-approval bills, non-availability of bills, and writing cheques and vouchers in favor of the names of the staff members of the Trust Fund, the payment of Rs. 1,497,053 made in 11 instances could not be accepted in audit.	Not commented.	- Do.

- c) A mechanism had not been put in place to measure the amount of rubble removed for making a Buddha statue. Action had not been taken either to sell those granite or use on any other useful purpose; and, 2,185.14 cubic meters of removed rubble with a market value of Rs. 9,833,130 did not exist at the site, but action taken in that connection was not disclosed as well.
- The pieces of stones thrown away while quarrying land on the nearby cliff. The stones remaining on the road are measured thrown down the cliff.
- Do.

3.7 Weaknesses in Contract Administration

 The following observations are made.

Audit Observation -----	Comment of the Management -----	Recommendation -----
a) An advance of Rs. 500,000 had been paid to a private institution in January 2020 to carve a sculpture of the founder of the Complex without following a proper procedure or entering into an agreement. However, the work had not been executed properly.	Lakpriya Traders had been entrusted to carve a stone sculpture, and an advance amount of Rs. 500,000 had been paid in that connection. However, due to failure in executing the work as expected, the work was halted. Thereafter, the advance paid had been given to Nandana Constructions.	The Government Procurement Guidelines should be followed.
b) A private institution had been entrusted to carve a rock for making a Buddha statue. Including the advance of Rs. 500,000 paid to another private institution in the year under review, a sum totaling Rs. 2.3 million had been paid in 04 instances	Had to do so due to spread of Corona around the country.	A formal methodology should be followed to award contracts. Projects identified as being productive through a feasibility study, should be implemented.

during the year under review in that connection. Although a sum of Rs. 3,421,250 had been paid in 11 instances during the preceding year and the year under review for carving the rock and removal of stones using a backhoe, that work had been abandoned halfway.

3.8 Idle and Underutilized Assets

The following observations are made.

Audit Observation -----	Comment of the Management -----	Recommendation -----
a) Five buildings comprising the library, cafeteria two, conference hall and the circuit bungalow No 01 and 02 the book value of which amounted to Rs. 33,400,000 as at the date of audit, along with the theatre and manager's house of which the value had not been revealed to the audit, had not been made use of for any activity even in the year under review.	Not commented.	Assets should be utilized productively.
b) The electric motorcycle purchased in the year under review for tourists at the value of Rs.230,000 without following the tender procedure contrary to Government Procurement Guidelines, had not been used for the intended purpose due to not being in running condition. Recommendation, approval, and expense had not been	Not commented.	Action should be taken in accordance with the Government Procurement Guidelines. The asset should be made use of for intended purpose.

certified, and the bills and receipts had not been made available to the Audit. The Motorcycle had not been presented for physical inspection as well.

3.9 Activities Contrary to the Objectives of the Fund

Audit Observation	Comment of the Management	Recommendation
<p>The Board of Trustees should have carried out development activities with emphasis on the development of bio-diversity and environmental conservation in the premises of Ambuluwawa. However, an adverse impact on the bio-diversity and environment of the premises had been observed due to mining of soil done at an expenditure of Rs. 1,132,500 during the year under review. Recommendations and approvals of the Central Environmental Authority and Geological Survey and Mines Bureau had not been obtained in that connection.</p>	<p>Not commented.</p>	<p>Further action should be taken relating to the damage caused to the bio-diversity without Recommendations and approvals of the Central Environmental Authority and Geological Survey and Mines Bureau.</p>

4. Accountability and Good Governance

Budgetary Control

Audit Observation	Comment of the Management	Recommendation
<p>An annual budget should have been prepared for the Trust Fund in terms of Financial Regulation 877(1) included</p>	<p>Corrective measures will be taken on this inefficiency.</p>	<p>Further action should be taken on incurring expenses without following the Circular</p>

through Section 15.1 of the Public Finance Circular, No. 01/2020 dated 28 August 2020. The budget so prepared, should be presented to the Board of Trustees for approval, and the budget should be controlled accordingly thereby operating the Fund. However, it had not been so done.

instructions.