

Buddhasasana fund – 2020

1. Financial Statements

1.1 Qualified Opinion

The audit of the financial statements of the Buddhasasana fund for the year ended 31 December 2020 comprising the balance sheet as at 31 December 2020 and the income and expenditure account, statement of changes in funds, 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 154(1) constitution of the Constitution of Democratic Socialist Republic of Sri Lanka read in conjunction with provisions of the National Audit Act No. 19 of 2018 and the Finance Act No. 38 of 1971. My comments and observations which I consider should be report to Parliament appear in this report.

In my opinion, except for the effects of the matters described in paragraph 1.5 of this report, the accompanying financial statements give a true and fair view of the financial position of the fund as at 31 December 2020, 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 Qualified Opinion

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

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 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 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 funds' 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 corps.

1.4 Auditor's Responsibility for the Audit of 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 skepticism 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 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 institute'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 institute has complied with applicable written law, or other general or special directions issued by the governing body of the fund ;
- Whether it has performed according to its powers, functions and duties,
- Whether the resources 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 Lack of written Evidences for Audit

	Subject	Amount Rs.	Audit Evidences not provided	Comments of the Management	Recommendation
(a)	Buddhist scriptures	6,578,146	Board of survey reports	A stock survey of scriptures has been carried out as at 31/12/2022 and the adjustments to be made accordingly to the accounts of the year 2023 are being made.	The survey should be carried out and submitted reports immediately.
(b)	Tsunami aids	1,348,796	Detailed information	It is a donation to support for the temples near to beach that were damaged by the tsunami. This is currently being carried forward in a ledger account. It is planned to add to the Buddhasasana funds account after being submitted to the upcoming 89 th board of council and getting approval.	Should be submitted detailed information.

(c)	Advances and other receivables	13,031,828	Balance verifications and age analysis	The necessary activities to recover the relevant balances are to be done in the year 2023.	Should be submitted the information and age analysis as prove the balance.
(d)	Current Liabilities	1,712,435	Balance verifications and age analysis	Those balances will be settled or credited to the accumulated fund during the year 2023.	Should be submitted the information and age analysis as prove the balance.
(e)	Payment Vouchers	1,903,671	Receipts	The necessary instructions have been given to the officers to obtain receipts/ signatures from the payee for all further payments.	As per the Financial Regulations, receipts obtained from the payee should be submitted along with the relevant voucher to prove the receiving of payment.

1.6 Receivable and Payable Accounts

1.6.1 Receivable Money

Audit Observation	Comments of the Management	Recommendation
Out of Rs. 13,031,828 from the balance of advances and other receivables for which age analysis has not been submitted, Rs. 1,087,447 for 08 years and Rs. 11,944,381 for more than 05 years old balances (according to previous year's financial statements) and recovery has not been made as at the date of this report.	The necessary activities to recover the relevant balances are to be done in the year 2023.	The relevant balances should be recovered immediately.

1.6.2 Payable Money

Audit Observation	Comments of the Management	Recommendation
Out of current liability balance of Rs. 1,712,435 for which age analysis was not submitted, Rs. 544,409 were for 06 years and Rs. 1,168,025 for more than 05 years and that balance has not yet been settled.	The relevant balances will be settled or credited to the accumulated fund during the year 2023.	The related balances that have been coming from long time should be settled.

1.7 Non- compliance with Laws, Rules and Regulations etc.

Reference to Laws, Rules and Regulations	Non-compliance	Comments of the Management	Recommendation
Code of Financial regulations of the Democratic Socialist Republic of Sri Lanka			
(i) Financial Regulation 396	Actions were not taken to act in accordance with Financial Regulations regarding 09 cheques issued by the fund amounting to Rs. 154,363 during the period from 2013 to 31 December 2020.	These cheques have been credited to the Buddhasana fund account in May 2023.	Should be act in accordance with Financial Regulations regarding the cheques.
(ii) Financial Regulation 757	A board of survey should be conducted at the end of the accounting year and that report submitted to the Auditor General, but it was not done accordingly.	Noted to be done board of survey and submit the report to the Auditor General immediately.	The board of survey should be done in accordance with Financial Regulations.

2. Financial Review

2.1 Financial Result

The operating result of the year under review amounted to an excess of Rs. 48,920,642 and the corresponding surplus in the preceding year amounted to Rs. 47,513,190. Therefore an improvement amounting to Rs. 1,407,452 of the financial result was observed. The main reason for the improvement was increasing the investment income.

3. Operational Review

3.1 Management Inefficiencies

Audit Observation	Comments of the Management	Recommendation
(a) Although every payment should be supported by a receipt (duly stamped where necessary) from the payee that the gross amount mentioned in the voucher has been received in accordance with the Financial Regulation 264 of the Democratic Socialist Republic of Sri Lanka, receipts related to other payments were attached to relevant payment vouchers without verification.	The necessary instructions have been given to the officers to obtain receipts/ signatures from the payee for all future payments.	As per the Financial Regulations, receipts obtained from the payee should be submitted along with the relevant voucher to prove the receiving of payment.
(b) It was observed that in case of payments such as allowances and aid from the fund in many cases and the payments are made after a few months after the expiry of the relevant period. Accordingly, there were 18 cases of delays from 04 months to 24 months related to the sum of Rs. 4,160,656.	The actions to be followed in making payments for projects are to make payments in the next month after receiving the receipt related to the payments made in the previous month. Accordingly, the payment is delayed due to the delay in receiving the receipt. Now, the Coordinators of Buddhist Affairs have made arrangements to bring receipts immediately.	Payments should be made immediately.
(c) As progress report was not prepared in relation to the approved action plan for the year 2020, it was not possible to check whether the intended objectives of the fund have been fulfilling during the audit.	The progress report related to the year 2020 has been submitted to the governing body held on 25.02.2021.	The progress reports should be submitted as per the action plan.

(d)	The financial statement for the year ended 31 December 2020 was not included in the performance report presented by the fund and performance and performance indicators related to utilization of allocated provisions, reporting of donation and other receivings and non-financial assets were not included.	Noted the relevant facts to be included in the annual performance report.	The relevant matters should be completed and the annual performance report submitted in full.
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4. Accountability and Good Governance

4.1 Submission of Financial Statements

Audit Observation	Comments of the Management	Recommendation
According to Financial Regulation 877 (2) (d) of the Code of Financial Regulations of the Democratic Socialist Republic of Sri Lanka, the certified financial statements of the fund along with the performance report should be forwarded to the Auditor General with a copy to the public Finance Department within 2 months of the end of the financial year, but the financial statements and performance report for the year 2020 had been submitted to the Auditor General on 20 June 2023 after a delay of two years.	The 2019 financial statements and performance reports have been handed over to the audit on 30.11.2022 and the related audit report has been given on 31.01.2023. The final accounts up to 31.12.2022 have been prepared and approved by the governing council and the reports have been submitted to the audit on 02.06.2023.	Financial statements should be submitted within the relevant period according to the Financial Regulations.

4.2 Tabling of Annual Performance Report in Parliament

Audit Observation	Comments of the Management	Recommendation
According to Financial Regulation 877 (2) (e) of the Code of Financial Regulations of the Democratic Socialist Republic of Sri Lanka, the annual performance report including the audited financial reports, performance reports and audit reports of the fund should be prepared in three languages under the prescribed arrangements and submitted for	The Governing Council has approved the annual report for the year 2019 and necessary arrangements are being made to submit it to the Parliament as soon as possible.	That annual reports should be tabled in Parliament in accordance with the Financial Regulations.

tabling in Parliament before 150 days for the end of financial year, but the annual performance reports for the years 2018 and 2019 had not been submitted for tabling in Parliament as at the date of this report.

4.3 Internal Audit

Audit Observation	Comments of the Management	Recommendation
<p>Although an internal audit should be done regarding the fund according to section 38 of the National Audit Act No. 19 of 2018, Financial Regulation 133 (b) of the Code of Financial Regulations of the Democratic Socialist Republic of Sri Lanka and paragraph 03 of the Management Audit Department Circular No. DMA/2009 (1) dated 09 June 2009, an internal audit was not conducted during the year under review.</p>	<p>Internal audit queries have not been received for the year 2020.</p>	<p>An internal audit should be conducted on the affairs of the fund.</p>

4.4 Budget Control

Audit Observation	Comments of the Management	Recommendation
<p>Although the budget document for the next year should be submitted before 30 September of the current year for treasury approval according to Financial Regulation 877 (1) (c) of the Code of Financial Regulations of the Democratic Socialist Republic of Sri Lanka, it was observed that the budget document related to the financial year 2020 was submitted for the approval of the governing council on 07 September 2020. Further, the information regarding the granting treasury approval for the budget document related to the financial year 2020 was not submitted to the audit.</p>	<p>As it was difficult to convene the Governing council after 27 August 2019 due to the corona epidemic situation, it was submitted to the first Governing council held on 07 September 2020 and taken the approval. It will be further submitted to the general treasury and action will be taken to get the approval.</p>	<p>The treasury approval should be taken by the budget for incurring expenses.</p>