

Ambuluwawa Dissanayake Mudiyansele Jayaratne Religious Centre and Bio-diversity Complex Trust Fund - 2021

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 2021 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 2021 which should have been presented to the Auditor General 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 Failure to Obtain Formal Information for Audits

Audit Observation	Comment of the Management	Recommendation
Although an Office had been maintained at the premises in Ambuluwawa, books and registers had not been maintained properly, nor had an officer authorized in that connection, been appointed in the office. Furthermore, no any member representing the Board of Trustees, was willing to provide information for the Audit; instead, the Construction Consultant, Manager, and the Accounts Assistant to whom no letter of delegation	Not replied.	<ul style="list-style-type: none">An Authorized and responsible officer should be appointed to the office.Books should be maintained properly.

of power or a letter of appointment had been given, presented information to the Audit. As such, the Audit could not obtain accurate, clear and comprehensive information relating to the transactions performed.

2.2 Lack of 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 Audit.	Not replied.	Certificates of fixed deposits should be made available.
b) The Trust Fund did not possess any cost estimate, expenses or any other information relating to the two projects for road development and renovation of the reservoir & construction of the jogging track implemented at the premises in Ambuluwawa at the expenses of Central Government and the Central Provincial Council. As such, those development projects could not be recognized as development projects and brought to accounts.	Not Replied.	Action should be taken to account for the development projects after being identified as assets.
c) The counterfoils of tickets issued during January - April of the year under review, had been burnt and destroyed. As such, the income generated through the sale of tickets in that period could not be satisfactorily vouched or verified.	Not Replied.	Security of the registers and books should be ensured.
d) A vehicle of the Fund had been sold to an external person at a value of Rs. 3,500,000 without following the tender procedure. No documents	Not replied.	<ul style="list-style-type: none"> • Action should be taken to sell the vehicle by following the

whatsoever in that connection were made available to the Audit.

formal tender procedure.

- All the information relating to the sale should be furnished.

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| e) | Information verifying that the Toyota motor vehicle and the electric motorcycle valued at Rs. 9,130,000 owned by the Fund had physically existed and made use of by the Fund, had not been made available. Nevertheless, a sum of Rs.608,089 had been paid on repairs of the motor vehicle during the year under review. | Not replied. | Documents verifying the physical existence of the vehicle and such vehicles had been used by the Fund, should be made available. |
| f) | The Trust had not obtained the information and registers relating to the funds maintained at banks under the Ambuluwawa Environmental Development and Conservation Trust Fund and the monies of the Ambuluwawa Fund kept under custody of the Public Trustee. | Not replied. | Information relating to all the monies maintained by the Public Trustee under the name of the Fund and the funds maintained at banks under the name of the Ambuluwawa Environmental Development and Conservation Trust Fund, should be made available. |
| g) | As for the reimbursement of petty cash, a sum of Rs. 29,100 had been paid in excess of the bill value in 03 instances whilst payments totalling Rs. 260,000 had been made to 03 staff members in 08 instances without bills; and, information on the payee to whom a sum of Rs. 55,000 had been paid in 02 of those instances, could not be verified. | Not replied. | Bills relating to the reimbursement of petty cash should be presented, and the payee whom such payments had been made to, should be clearly mentioned. |

2.3 Non-compliance with Laws, Rules, and Regulations

Non-compliances with Laws, Rules and Regulations are as follows.

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.	Action had not been taken as per the Employees' Provident Fund Act and Employees' Trust Fund Act in respect of 13-18 employees thus failing to remit the relevant contributions.	Not replied.	Action should be taken in accordance with the Employees' Provident Fund Act and Employees' Trust Fund Act.
b) Financial Regulations of the Democratic Socialist Republic of Sri Lanka.			
(i) Financial Regulations 137, 138, 237 and 257.	A sum of Rs. 35,932,655 had been paid in favor of 231 vouchers the payments of which had not been authorized, approved and certified. Stock certificates for payments therefrom totalling Rs. 2,743,460 had not been presented as well.	Not replied.	Action should be taken in accordance with the Financial Regulations.
(ii) Financial Regulation 264.	As for a sum totalling Rs. 26,548,673 paid in the year under review in favor of 156 vouchers, receipts had not been obtained from the payee.	Not replied.	Receipts relating to the payments should be obtained.
c) Paragraph 3.2 of the Government Procurement Guidelines 2006.	Equipment valued at Rs. 359,561 had been purchased in 04 instances during the year under review by deviating from the procurement procedure.	Not replied.	Instructions of the Government Procurement Guidelines should be followed.

2.4 Management of Funds

The following observations are made.

Audit Observation	Comment of the Management	Recommendation
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a) Bank overdraft facilities had been obtained in the year under review without following provisions of the Financial Regulation 387 , and a sum of Rs. 112,621 had been paid as interest thereon.	Not replied.	Action should be taken in accordance with the Financial Regulation.
b) When payments had been made to a supplier in the months of November and December of the year under review, cheques valued at Rs. 2,522,932 had been issued in 08 instances under the name of a person rather than the institution which had presented bids.	Not replied.	Cheques should be issued under the name of institution which had presented bids.

3. Operating Review

3.1 Apparent Irregularities

The following observations are made.

Audit Observation	Comment of the Management	Recommendation
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a) A sum of Rs. 20,834,871 had been deposited in the bank out of the sum of Rs. 21,466,760 received through the sale of tickets and other income. A deficit of Rs. 143,400 was observed in the amount retained at hand.	Not replied.	Action should be taken on the deficit in terms of Financial Regulation 156.
b) It was found in the examination conducted on the number of visitors who had entered through the main entrance and climbed the Tower in April of the year under	Not replied.	Internal control should be strengthened. Action should be taken on the lost income in terms of Financial

review that the number of visitors who had climbed the Tower was higher than that of the ones who had entered through the main entrance. As such, it was observed that visitors had entered the premises without buying tickets, and according to the audit test check, the Trust Fund had lost an income of Rs. 15,540.

Regulation 156.

3.2 Management Inefficiencies

Audit Observation -----	Comment of the Management -----	Recommendation -----
a) Adequate measures had not been taken in the year under review to achieve the objectives mentioned in Section 04 of the Trust Fund Act, 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.	Not replied.	Adequate measures should be taken to achieve the objectives of the Fund.
b) Despite being stated that the lands belonging to this Complex had been surveyed in the year 1998 and the extent thereof was 400 acres, the Trust Fund had not acquired the survey reports in that connection.	Not replied.	Action should be taken by the Trust Fund to promptly obtain the survey reports.
c) A cafeteria owned by the Trust Fund had been provided for an external person for business activities without recovering lease rents or entering into a lease agreement relating to the period from May 2020 to September of the year	Not replied.	The cafeteria should be given on lease under a formal lease agreement by following the tender procedure thereby recovering lease rents.

under review. Having entered into an agreement on 05 January 2022, that cafeteria had been given on lease at a monthly lease rent of Rs. 10,000 with effect from October of the year under review under an unspecified period of agreement to the same person who had maintained his business without following the tender procedure.

d)	Four private telecommunication companies had been allowed to maintain communication kiosks at the premises in Ambuluwawa, but no agreements whatsoever entered into in that connection, were made available to the Audit. Furthermore, a sum totalling Rs. 1,033,000, being the rental income relating to those kiosks, had not been recovered from 03 telecommunication companies as at 31 December of the year under review. Due to failure in adhering to the approval given by the Trust Fund on 16 October of the year under review to revise the said rental income, an income of Rs. 64,000 had been lost.	Not replied.	Decisions taken at the meetings should be implemented by the Trust Fund and action should be taken to recover the receivable income.
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3.3 Operating Inefficiencies

The following observations are made.

Audit Observation -----	Comment of the Management -----	Recommendation -----
The Ambuluwawa circuit bungalow owned by the Trust Fund had been provided for an external person to maintain a lodge during January – September of the year under review without entering into an agreement or levying any charges. Although it was later decided that a monthly rental of Rs. 55,000 be recovered with effect from October of the year	Not replied.	Should be given under a formal lease agreement by following the procurement procedure. Lease rents should be recovered properly.

under review, a rental totalling Rs. 165,000 remained due by the end of the year under review.

3.4 Management of Contracts

The following observations are made.

Audit Observation -----	Comment of the Management -----	Recommendation -----
a) The activities under the project to develop the area where the statue of the founder had been located, such as, supplying, polishing and laying of granite at the area of the Ambuluwawa park, supply and installation of water fountains at the ponds of new park, and lighting and landscaping had been assigned to 09 persons without calling for quotations and entering into an agreement, thus paying a sum of Rs. 9,805,074 in the year under review. The estimates on total costs relating to those constructions, were not made available, and the bills on payments had not been certified by an engineer or a technical officer.	Not replied.	The constructions should be assigned after entering into agreements by calling for quotations. Payments should be made in accordance with reports of the engineer / technical officer.
b) A sum totalling Rs. 5,831,681 had been spent during the year under review in order to implement 03 projects under direct labor basis. However, estimates on total cost and job sheets in that connection had not been prepared. Furthermore, the materials purchased had not been recorded in the stock books.	Not replied.	As for the implementation of construction projects under direct labor basis, estimates on total costs and job sheets should be maintained. The materials purchased should be issued after being recorded in the stock books.

3.5 Idle and Underutilized Assets

The following observations are made.

Audit Observation -----	Comment of the Management -----	Recommendation -----
a) The management bungalow of the Trust Fund had been repaired incurring a sum of Rs. 121,505, and with a view to using the library building as the official quarters of the Chairman, an expenditure of Rs. 1,646,906 had been incurred on repairs during the year under review. However, they had not been made use of even by the date of audit on 31 August 2022.	Not replied.	Action should be taken to utilize the assets of the Trust Fund.
b) Four buildings including the library, Cafeteria number 02, conference hall and Circuit Bungalow number 02, the book value of which amounted to Rs. 25,400,000 as at the date of audit, along with the theatre, management house, proposed rest house and 02 trade stalls the cost of which had not been disclosed, were not made use of for any activity during the year under review.	Not replied.	Action should be taken to effectively utilize the assets.

3.6 Transactions of Contentious Nature

The following observation is made.

Audit Observation -----	Comment of the Management -----	Recommendation -----
According to the ticket income register maintained at the main entrance and monthly reports obtained through the ticket machine, a sum totaling Rs. 127,140 had been understated in the income register as against the income collected daily in 06 instances during the year under review.	Not replied.	Income earned daily should be correctly recorded.

3.7 Irregular Transactions

The following observations are made.

Audit Observation	Comment of the Management	Recommendation
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a) Environment and bio-diversity of Ambuluwawa had been damaged due to soil mining and quarrying at hilly areas done at an expenditure of Rs. 3,726,540 during the year under review. Recommendations and approval of the Geological Survey and Mines Bureau and Central Environmental Authority had not been obtained thereon.	Not replied.	Further action should be taken on the damages caused to the bio-diversity without obtaining recommendations and approval of the Geological Survey and Mines Bureau and Central Environmental Authority.
b) The conference hall belonging to the Trust Fund, had been provided for a private company for business affairs without following the tender procedure and entering into a formal agreement.	Not replied.	Action should be taken in accordance with tender procedure of the Government.