

Hindu Cultural Fund - 2021

1. Financial Statements

1.1 Opinion

The audit of the financial statements of the Hindu Cultural Fund for the year ended 31 December 2021 comprising the balance sheet as at 31 December 2021 and the income and expenditure account, statement of changes in funds 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(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 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, the accompanying financial statements give a true and fair view of the financial position of the fund as at 31 December 2021, and of 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

I conducted my audit in accordance with Sri Lanka Auditing Standards (SLAuSs). My responsibilities, under those standards are further described in the Auditor's responsibility for the audit of the financial statements section in my report. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my 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 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 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,
- 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 Non-compliance with Laws, Rules, Regulations and Management Decisions etc.

Reference to Laws, Rules Regulations etc.	Non-compliance	Management Comment	Recommendation
(a) Section 10(2) of the Hindu Cultural Fund Act No. 31 of 1985	According to the Act, the financial statements should be prepared before the 31 March of the following accounting year, but the financial statements were prepared and submitted to the Auditor General on 30 September 2022.	Due to the staff of the department worked in shifts, the financial statements have not been submitted on time, but I will submit them on due date.	The financial statements should be submitted on due date as per the Act.
(b) Code of Financial Regulations of the Democratic Socialist Republic of Sri Lanka			
(i) Financial Regulation 507	Board of survey reports from 2017 to 2021 were not submitted for audit.	Action will be taken to submit the survey report.	Should be act as per the Financial Regulations.
(ii) Financial Regulation 754	The inventory book was not balanced as the end of each financial year from 2018 to 2021.	The inventory books will be corrected from 2018 to 2021 as per Financial Regulation 754.	Should be act as per the Financial Regulations.

2. Financial Review

2.1 Financial Result

The operating result of the year under review amounted to an excess of Rs. 2,221,118 and the corresponding surplus in the preceding year amounted to Rs. 204,738. Therefore an improvement amounting to Rs. 2,016,380 of the financial result was observed. The main reason for the improvement was a non-allocation of funds for the financial assistance given to Sunday schools and for the printing of book publications.

3. Operational Review
3.1 Deficiencies in Contract Administration

Audit Observation -----	Comments of the Management -----	Recommendation -----
Although Rs. 4.9 million were paid for 08 construction programmes of Hindu Kovils, action were not taken to obtain and follow up on related estimates, receipts and completion certificates.	Receipts/ acknowledgements of cheque payments, estimates and completion certificates from relevant divisional secretariat offices were delayed due to delay in completion of work. However, the department has received 3 payments for acknowledgement/ receipt and completion of work certificate. Action have been arranged to receive the remaining payment of receipts/ acknowledgements, estimates and completion certificate	After the provision is given, follow-up should be done to check if the relevant project is implemented as scheduled.