

Hindu Cultural Fund - 2022

1. Financial Statements

1.1 Opinion

The audit of the financial statements of the Hindu Cultural Fund for the year ended 31 December 2022 comprising the balance sheet as at 31 December 2022 and the income and expenditure account, statement of changes in accumulated 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 the Hindu Cultural Fund Act No. 38 of 1971 and 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 2022, 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.

2. Financial Review

Reference to Laws, Rules Regulations etc.	Non-compliance	Management Comment	Recommendation
Financial Regulations 751 and 763 of the Code of Financial Regulations of the Democratic Socialist Republic of Sri Lanka	Stock books maintained in relation to books retained on sale basis of Rs. 6,330,454 as mentioned in the financial statements.	The main stock register according to Jaffna, the Batticaloa and Colombo branches will be updated and maintained at the head office and immediately submitted for audit.	Should be act as per Financial Regulations in relation to that book stocks.

2.1 Financial Result

The operating result of the year under review amounted to an excess of Rs. 9,097,733 and the corresponding surplus in the preceding year amounted to Rs. 2,221,118. Therefore an improvement amounting to Rs. 6,876,615 of the financial result was observed. The main reasons for the improvement were increasing in grant from Thirumurukandipillayar temple and increasing in fixed deposit interest income.

3. Operational Review

3.1 Management Inefficiencies

Audit Observation	Comments of the Management	Recommendation
Although Rs. 7.75 million had been paid for 14 construction programmes of Hindu Kovils during the year under review, estimates, receipts and completion certificates had not been obtained and no action had been taken to follow up that.	The department has made arrangements to take reports from the relevant divisional secretaries.	A proper programme should be prepared and proper supervision should be done while giving provisions for the programmes.

3.2 Operational Inefficiencies

Audit Observation	Comments of the Management	Recommendation
It was estimated to get Rs. 5 million and Rs. 2.8 million from the sale of flags and books respectively as per the action plan, but only Rs. 1.5 million had been earned from book sales.	According to the action plan, Rs. 03 million and Rs. 05 million have been allocated for the printing of Hindu books and learning aid materials for children in Arinari schools and expected to earn income of Rs. 2.8 million. Although exhibitions were held in Jaffna, Batticaloa areas, only an income of Rs. 1.5 million could be earned from book sales. The expected programmes could not be implemented due to the prevailing conditions in the country.	That targets should be achieved according to the budget and action plan.

3.3 Underutilization of Funds

Audit Observation	Comments of the Management	Recommendation
Although a sum of Rs. 16 million had been allocated in relation to Hindu education and cultural activities and promotion of Hindu religious activities included in the action plan for the year under review, which was prepared in relation to the performance of the functions of the Hindu Cultural Fund, Rs. 3.4 million had been spent only for the printing of Hindu religious books.	All the tasks contained in the 2022 action plan could not be achieved due to the conditions in the country.	The goals should be achieved according to the action plan.

4. Accountability and Good Governance

4.1 Internal Audit

Audit Observation	Comments of the Management	Recommendation
According to National Audit Act No. 19 of 2018,		
(i) Although the Accounting Officer of an entity is being audited under sections 38 (f) and 40 should be ensured that there is an effective	As per circular No. DMA/2009 (1) dated 09 June 2009, a Development Officer has been appointed to carry out	According to the National Audit Act, an effective system should be created for the proper

system for the proper performance independent and efficient execution of internal audit of internal audit functions, action internal audit functions. functions. had not been taken accordingly.

(ii) No arrangements were made Audit and Management The Audit and during the year under review to Committee meetings for the Management Committee appoint Audit and Management first quarter of the year 2023 meetings should be Committees in terms of section 41 have been held on 28 March implemented in (1) to review the operations of the 2023. accordance with the fund accordingly on a going National Audit Act. concern basis.

4.2 Budget Control

Audit Observation	Comments of the Management	Recommendation
<p>As per the Public Finance Circular No. 01/2020 dated 08 August 2020, the budget of the next year should be prepared annually in accordance with the purpose of the fund and the approval of the Secretary of the relevant Ministry and the Hon. Minister should be obtained and referred to the Director General of National Budget to obtain the approval of the General Treasury before 30 September of the current year and a copy of that should be forwarded to the Director General of Public Finance, However, it was not acted accordingly.</p>	<p>According to the circular, the action plan and the budget document have been submitted for the year 2023.</p>	<p>The annual budget should be approved as per the circular.</p>