

Ambuluwawa Dissanayake Mudiyansele Jayaratne Religious Centre and Bio-diversity Complex Trust Fund - 2022

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 2022 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.

2. Audit Observations

2.1 Limitation of Audit Scope

Audit Observation	Comment of the Management	the Recommendation
The Board of Trustees had not taken steps to provide accurate, clear and comprehensive information to the audit regarding the transactions carried out in relation to the year under review and the preceding years. Documents and books are not properly maintained in the office in the Ambuluwawa premises and there has been no authorized responsible officer employed in the office.	Action will be taken to employ a responsible officer for this purpose in the future.	Authorized responsible officers should be employed in the office and books and registered should be properly maintained.

2.2. Presentation of Financial Statements

Audit Observation	Comment of the Management	Recommendation
Pursuant to Paragraph 877 (2) (d) of the Financial Regulations included in Paragraph 15.1 of Part I of Public Finance Circular No. 01/2020 dated 28 August 2020, although the performance report together with certified financial statements should be furnished to the Auditor General within 2 months of the end of the year of accounts, the financial statements for the year under review had not been prepared in accordance with Sri Lanka Public Sector Accounting Standards and submitted for audit even by the date of this report.	The financial statements will be submitted in the future.	The financial statements should be prepared in accordance with Sri Lanka Public Sector Accounting Standards and submitted within the due timeline.

2.3 Maintenance of account books, documents and records.

Audit Observation	Comment of the Management	Recommendation
(a) A documents inclusive of the members of the Board of Trustee and the details of its changes had not been maintained.	Action will be taken to maintain such document in the future.	A document inclusive of the details of changes in the Board of Trustees should be maintained.
(b) A common ledger had not been maintained by the Fund for the year under review and the preceding year.	Action will be taken to maintain an updated ledger by rectifying the deficiencies pointed out.	Action should be taken to maintain a common ledger.
(c) In making payments, although the relevant vouchers should be prepared and numbered and they should be recorded in the cash book and expense register, checks had been directly written and paid without preparing the vouchers. A procedure of preparing vouchers based on the details in the counterfoils after recording the transactions on the cash book had been followed.	Action will be taken to rectifying the deficiencies pointed out.	In making payments, vouchers should be prepared and recorded in the cash book and expense ledgers.

(d)	A register on advances had not been maintained.	This matter will be corrected in the future. A petty cash register has been maintained.	Action should be taken to maintain a register on advances.
(e)	A document inclusive of the minutes of the meetings of the Board of Trustees relating to the year under review had not been submitted to the audit.	The minutes of the each meeting of the Board of Trustees will be furnished to the audit in the future.	The minutes of the meetings of the Board of Trustees should be furnished.
(f)	A register of fixed assets had not been prepared.	Action will be taken to correct it in due course.	A register of fixed assets inclusive of all the fixed assets should be prepared.

2.4. Accounting Deficiencies

Audit Observation	Comment of the Management	Recommendation
A sum of Rs. 826,560 spent for the road development activities during the year under review had not been capitalized.	Action will be taken to include them under the assets by obtaining information from the Road Development Authority and related institutions.	The value of the development projects should be accounted for.

2.5. Lack of Documentary Evidence for Audit

Audit Observation	Comment of the Management	Recommendation
(a) Since the bills, bills of quantities, requirement to bear expenses, inventory documents, inspection reports and police complaints, payroll, contracts and estimates, appointment letters and related information had not been furnished related to 50 payment cases totaling Rs. 6,621,322 pertaining to petty cash expenses, rent, fuel, electricity charges, salaries, repairs, purchases etc, they could not be satisfactorily vouched during the audit.	This will be rectified in the future.	The bills, certificates, subsidiary documents and files related to the payments should be furnished.

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| (b) | Despite claims that the relevant extent of land around the founder's statue was concreted for the development, the related procurement activities, cost estimate and bill of quantity were not submitted to the audit. Consequently, the expenditure related to that task could not be identified and the expenditure could not be vouched. | Action will be taken to include them under the assets by obtaining information from the Road Development Authority and related institutions. | The value of the development projects should be accounted for as the assets. |
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2.6. Non- compliance with laws, rules, regulations and Management decisions.

Reference to laws, rules, regulations etc.	Non- compliance	Comment of the Management	Recommendation
Financial Regulations of the Democratic Socialist Republic of Sri Lanka			
(i) Financial Regulations 103 (1) and 104	Although a vehicle owned by the Fund had met with an accident last year, the primary and final inquiries had not been conducted thereon. The accident had not been reported to the police.	Action will be taken as per the Financial Regulations in the future.	Action should be taken as per the Financial Regulations.
(ii) Financial Regulation 115	Although Rs.441,100 had been spent in December 2021 for providing food and beverages to the employees who were engaged in road construction work, and Rs.220,550 of which was paid on 10 September the year under review, approval had not been obtained for this purpose.	Action will be taken as per the Financial Regulations in the future.	Action should be taken as per the Financial Regulations.
(iii) Financial Regulation 135	There was no delegation of authority for approval, certification and payment in respect of expenditure, and two employees who had not been delegated the power had approved and certified payment vouchers in the year under review.	Action will be taken to properly delegate the powers on authorization, certification and payment in the future.	Action should be taken as per the Financial Regulations.

(iv)	Financial Regulation 138	Vouchers pertaining to the payments of Rs. 5,390,189 in December of the year under review had not been certified.	Action will be taken to prevent such defects in the future.	Action should be taken to certify payment vouchers
(v)	Financial Regulation 168	Receipts had not been issued on the revenue of Rs. 242,400 received for the communication towers in the year under review.	Action will be taken to rectify this in the future and since this money is directly credited to the bank, receipts had not been issued in this regard.	Receipts should be issued in respect of receiving.
(vi)	Financial Regulation 262(2)	All vouchers paid and their supporting documents should be stamped with the "PAID" stamp, action had not been taken accordingly.	This will be corrected in the future.	The relevant stamp should be placed on all the documents related to the payments.
(vii)	Financial Regulation 341	A register of counterfoil books had not been maintained to keep records in the issuance and acceptance of the books and receipts with tickets.	A register will be maintained in the future.	A register of counterfoil books should be maintained.
(viii)	Financial Regulation 386(3)	Although the number of the voucher should be quoted on the counterfoil of each cheque drawn, action had not been taken accordingly.	This will be corrected in the future.	The number of the voucher should be quoted on the counterfoil of each cheque.
(ix)	Financial Regulation 392	Despite remaining uncashed a cheque paid to the Employee Provident Fund in May of the year under review, a cheque had been issued again in December of the year under review without following the relevant provisions.	This will be corrected in the future.	Action should be taken as per the Financial Regulations.
(x)	Financial Regulation 395 (1)	Bank reconciliation statements had not been prepared for the year under review.	This will be corrected in the future.	Bank reconciliation statements should be prepared as per the Financial Regulations.

3. Operating Review

3.1 Management Inefficiencies

Audit Observation	Comment of the Management	Recommendation
(a) The Board of Trustees had not taken adequate measures to achieve 16 of the 20 objectives specified in Section 4 of the Trust Fund Act No. 44 of 2009.	Action will be taken to achieve the objectives in the year 2023.	Action should be taken to achieve the objectives of the establishment of the Trust Fund.
(b) An action plan, procurement plan and progress reports had not been prepared for the year under review as required by the Public Finance Circular No. 02/2020 dated 28 August 2020.	Action will be taken to prepare them in the future.	Action plan, procurement plan and progress reports should be prepared in accordance with the circular.
(c) Although it is stated that there are 400 acres of land belonging to this complex, action had not been taken to survey those lands and obtain relevant survey records to the Trust.	Action will be taken to obtain relevant survey records in the future.	Action should be taken to survey the lands owned by the Trust and obtain their records.
(d) The Trust had not obtained particulars on all the money remaining under the Public Trustee under the name of Ambuluawa Fund and the information and documents about the money available in the banks under the name of Ambuluawa Environmental Development and Conservation Trust Fund.	We do not have any information regarding the funds held by the Public Trustee.	Action should be taken to obtain all the information about the assets held by the Public Trustee in relation to the Trust Fund.

3.2 Operating Inefficiencies.

Audit Observation	Comment of the Management	Recommendation
Action had not been taken to obtain the daily income reports and monthly summary reports related to the sale of tickets issued using computers to enter the Ambuluawa Biodiversity Complex and filed under the supervision of a responsible person.	Action will be taken to correct this in the future.	Daily income reports and monthly summary reports should be maintained under the supervision of a responsible officer.

3.3 Transactions of Contentious Nature

Audit Observation	Comment of Management	the Recommendation
(a) Although 26 employees were working in the Trust Fund in April of the year under review, 37 employees had been paid a total of Rs.697,500 New Year's gratuity allowances without a decision of the Board of Trustees. Among them, 11 individuals who were not working in the Trust Fund had been informally paid gratuities of Rs.137,500 at Rs.12,500 each. Further, a document with signatures had not been submitted to the audit stating that the sum of Rs.602,500 paid to 33 persons related to that payment was received.	These overpayments have been made to the families of police officers working in the Ambuluawa premises. Action will be taken to rectify these defects in the future.	After obtaining the decisions of the Board of Trustees, necessary action should be taken regarding the staff working, according to a system.
(b) Without being used for the intended purpose, the auditorium of the Trust Fund had been given to a private company on lease basis without following the procurement process from March 10 of the year under review for another business purpose.	Advertisements have been published on the website in this regard.	Assets should be used for the intended purpose.
(c) Even though a private company had submitted a bill of Rs. 159,745 after repairing the water motor installed in the Biodiversity Complex, subsequent to the payment of Rs. 60,000 to the relevant cliental institution on 02 December 2022, a sum of Rs. 100,000 had been informally paid to another external party on 26 November 2022.	The particulars on the payment of 100,000 will be ascertained and replies will be given accordingly.	Service should be obtained by following a formal methodology.
(d) Within the payment of total amount of Rs.2,214,825 related to 16 payment vouchers, payment of Rs. 609,845 had been made for non-submitted bills, leading to an irregularity.	This matter will be looked into and replies will be given subsequently.	Relevant payments should be supported by the bills.

3.4 Contract Administration

Audit Observation	Comment of Management	the Recommendation
<p>The following matters were observed regarding the payment of Rs.1,063,080 for constructing stone ridges for agricultural farm and soil conservation in Ambuluawa Biodiversity Complex.</p>		
(a) Engineering estimates related to the project had not been prepared and approved.	Engineering estimates have not been prepared.	Estimates should be prepared and approved in the implementation of projects.
(b) The contract had been awarded to an outside party without calling for competitive bidding in terms of Guideline 3.4 of the Government Procurement Guidelines 2006.	Accepted.	Procurement Guidelines should be adhered to.
(c) Although the both parties have agreed by an undated agreement to pay Rs.90 per square feet for constructing stone ridges, the manner in which the rate of Rs.90 per square feet was calculated was not revealed to the audit. Although Rs.90 per square feet should be paid and as per the agreement, in preparing the bills, Rs. Rs. 616,410 had been overpaid due to the payment Rs.90 each per cubic feet.	An error has taken place in entering into agreements.	Action should be taken to prepare agreements accurately.
(d) The construction consultant of Ambuluawa Biodiversity Fund, who signed on behalf of the first party of the agreement signed by the two parties for the implementation of the project, had taken the measurements of the project, prepared the bills, and recommended the payment of the payment voucher.	Action will be taken to prevent these types of defects in the future.	Internal control system should be established.

3.5 Asset Management

Audit Observation	Comment of the Management	Recommendation
(a) No board of survey had been conducted in relation to the year under review and preceding years in accordance with the Financial Regulation 756 of the Democratic Socialist Republic of Sri Lanka.	Action will be taken to correct this in the future.	Action should be taken in accordance with Financial Regulations.
(b) Information was not submitted to confirm that the Toyota car and the electric motorcycle worth totalling Rs. 9,130,000 owned by the Fund were physically present and used for the purposes of the Trust.	The battery of the electric motorcycle has been taken to Colombo to attend to repairs. The motor vehicle is being used as a pool vehicle. Running charts, log books and documents pertaining to the repair will be submitted in due course.	The assets owned by the Fund should be used for the activities of the Fund.
(c) Three buildings, the value of which was not disclosed, remained idle for a period of 2 years as at the end of the year under review.	The three buildings, of which the value was not specified, will be used in the future.	The assets owned by the Trust should be used in productive purposes.
(d) The values of the projects relating to the carpeting of 6 km of the internal road from the main entrance to the Ambuluawa premises with ABC by the Road Development Authority during the last 02 years, and repairing the sluice and bund of the lake in the Ambuluawa premises and laying the both sides of the walking path with paving blocks by the Provincial Irrigation Department in the year 2021 had not been identified and accounted for.	Accepted. Action will be taken to include these under the assets by obtaining information from the Road Development Authority and other relevant institutions.	The value of the development projects should be accounted for as the assets.

3.6 Staff Management

Audit Observation	Comment of the Management	Recommendation
(a) Without being prepared and approved a scheme of recruitment in terms of Section 6 (2) (f) of the Trust Fund Act, 23 employees had been employed in the Biodiversity Complex.	This will be corrected in the future.	Action should be taken to prepare a scheme of recruitment.
(b) There was no formal letter of appointment for the staff employed by the Trust Fund and service agreements had not been signed in respect of employing the staff.	This will be corrected in the future.	Formal letters of appointment and service agreements should be maintained in respect of the employees.
(c) When employees are employed in the filed by the Fund, a monthly or daily roster had not been prepared for that purpose.	This will be corrected in the future.	A monthly or daily roster should be maintained.

4. Accountability and Good Governance

4.1 Internal Control

Audit Observation	Comment of the Management	Recommendation
Although the office activities of the Trust Fund are carried out by the Construction Consultant and Accounts Assistant, a letter of delegation of authority for that purpose or a letter of appointment had not been given. Similarly, works had not been assigned so as to ensure internal supervision and the internal control remained weak.	Action will be taken to formalize this matter in the future.	A formal internal control system should be introduced.

4.2 Budgetary Control

Audit Observation	Comment of the Management	Recommendation
In terms of Financial Regulation 877(1) (c) included in Paragraph 15.1 of the Part 1 of the Public Finance Circular No.01/2020 dated 28 August 2020, an annual budget had not been prepared and approved in relation to the year under review.	Action will be taken to correct this in the future.	A budget should be prepared and approved in terms of circulars.