

1. Financial Statements

1.1 Qualified Opinion

The audit of the financial statements of the Mahanuwara Esala Perahera Trust for the year ended 31 December 2023 comprising the balance sheet as at 31 December 2023 and the income and expenditure account, statement of changes in equity and cash flow statement for the year then ended, and notes to the financial statements, including material accounting policy information was carried out under my direction in pursuance of provisions in Section 16 (2) of the Mahanuwara Esala Perahera Trust Act No.34 of 1980 and Article 154(3) 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 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 Trust as at 31 December 2023, 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 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 Trust’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 Trust or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Trust's financial reporting process.

As per Section 16(1) of the National Audit Act No. 19 of 2018, the Trust 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 Trust.

1.4 Auditor's Responsibilities 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 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 Trust's 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 Trust'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 Trust 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 Trust, and whether such systems, procedures, books, records and other documents are in effective operation;
- Whether the Trust has complied with applicable written law, or other general or special directions issued by the governing body of the Trust;
- Whether the Trust has performed according to its powers, functions and duties; and
- Whether the resources of the Trust 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 Accounting Deficiencies

Audit Observation	Comments of the Management	Recommendation
(a) The income for the year had been understated by Rs.118,303 due to not adjusting the interest receivable related to the year under review to the new interest rate for a fixed deposit invested in the Bank of Ceylon.	That the accounts will be corrected in the preparation of the accounts in the year 2024.	The interest for the year should be correctly calculated and accounted.
(b) Although the interest related to the year under review was Rs.3,781,917 for the fixed deposits invested in the Public Trustee Department, the income of the year had been over-accounted by Rs.153,425 due to it was shown as Rs.3,935,342 in the financial statements.	That the accounts will be corrected in the preparation of the accounts in the year 2024.	Interest for the year should be calculated and accounted.

1.5.2 Documentary evidences not made available for the Audit

Audit Observation	Comments of the Management	Recommendation
Although the Perahera Trust stated Rs.14,324,790 in the balance sheet as the payable amount to the Public Trustee Department in the year under review, the balance confirmation was not submitted to the audit.	Confirmation has not been given for the interest receivable and since a confirmation has been given about the interest percentage, the interest has been calculated and accounted for based on that interest percentage.	Actions should be taken to obtain balance confirmations from the Public Trustee Department.

1.6 Non-compliance to Laws, Rules, Regulations and Management decisions etc.

Reference to Laws, Rules, Regulations etc.	Non-compliance	Comments of the Management	Recommendation
Finance Regulations 877(2)(d) contained in paragraph 15.1 of Public Finance Circular No.01/2020 dated 28 August 2020	Although the performance report should be submitted to the Auditor General with the financial statements within 02 months after the end of the accounting year, the financial statements of the year under review were submitted for audit on 21 March 2024 and the performance report had not been submitted with that.	That the submission of the final accounts to the audit of the year 2023 has been delayed due to busy schedule of officers.	Circular instructions should be followed.

2. Financial Review Financial Results

The operating result of the year under review was a surplus of Rs.5,125,760 and correspondingly the surplus of the previous year was Rs.4,034,194. Accordingly, an increase of Rs.1,091,566 was observed in the financial result. This growth was mainly due to the increase in Esala Perahera income and investment income.

**3. Operational Review
Management Inefficiencies**

Audit Observation	Comments of the Management	Recommendation
According to Section 06 of the Mahanuwara Esala Perahera Trust Act No.34 of 1980, which was the objective of establishing the trust, the production of goods to be used in the annual Mahanuwara Esala Perahera was not carried out during the year under review.	Since the goods used in the Esala Perahera are produced by the Sri Dalada Maligawa, that it is useless for the trust to incur additional costs.	Actions should be taken to fulfil the objectives of the trust or to revise those objectives as per the need.

4. Accountability and Good Governance

Audit Observation	Comments of the Management	Recommendation
According to paragraph 4.4 of Public Finance Circular No.PF/423 dated 22 December 2006 and the letter of the Director General of Public Finance dated 16 July 2020, although the Auditor General's report and performance report should be submitted to Parliament within 05 months of the end of the accounting year, the audit reports and performance reports of the previous year had not been submitted to Parliament.	That the matter will be discussed in the next meeting of the trust and the relevant departments will be informed and the necessary actions will be taken in the future.	Circular instructions should be followed.