

1. Financial Statements

1.1 Opinion

The audit of the financial statements of the Mahanuwara Esala Perahera Trust for the year ended 31 December 2024 comprising the balance sheet as at 31 December 2024 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, the accompanying financial statements give a true and fair view of the financial position of the Trust Fund as at 31 December 2024, 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 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 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 Non-compliance with Laws, Rules, Regulations, and Management Decisions

	Reference to Laws, Rules, Regulations, etc.	Non-compliance	Comment of the Management	Recommendation
(a)	Paragraph 4.1(a) of State Finance Circular No. PF/423 dated 22 December 2006, and the letter of the Director General of State Finance dated 16 July 2020	Although approval for the annual budget prepared in line with the objectives of the Fund should be obtained from the relevant Hon. Minister before 15 September of the preceding year by the governing authority and the Secretary to the Ministry and submitted to the Director General of National Budget and the Director General of State Finance before 30 September, contrary to these requirements, expenses amounting to Rs. 15,999,014 had been incurred during the year under review.	As no annual provisions are allocated to the Perahera Fund by any Ministry or Department, the annual estimate of the Perahera Fund has been approved by the Fund itself and the relevant expenses have been incurred accordingly.	Action should be taken in compliance with the circular instructions.
(b)	Section 6(d) of the Mahanuware Esala Perahera Trust Act, No. 34 of 1980.	Although the Fund should make an arrangement for the production of items	The production of items required for the Esala Perahera	Action should be taken either to fulfill the

required for use during the Esala Perahera, no such action had been taken.	is carried out by the Sri Dalada Maligawa under the supervision of the Diyawadana Nilame. Accordingly, the said objective of the Fund is achieved, and incurring additional expenditure by the Fund for this purpose would be ineffective.	objectives of the Fund or to revise them timely in line with the prevailing circumstances.
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2. Financial Review

2.1 Financial Results

The operations of the Trust for the year under review was a surplus of Rs. 4,622,410, compared to the corresponding surplus of Rs. 5,125,760 in the preceding year. Accordingly, a deterioration of Rs. 503,350 in the financial results was observed. The increase in Esala Perahera expenses and the decrease in investment income were the main reasons for this deterioration.

3. Operational Review

3.1 Managerial Inefficiencies

	Audit Observation	Comment of the Management	Recommendation
(a)	Out of the drugs purchased in 2023 at a cost of Rs. 60,000 by the Perahera Trust to anesthetize the elephants participating in the Perahera, three bottles of 50 ml Xylazine had expired in March 2025, as they were not issued to the Department of Wildlife Conservation or any other institution in need.	Since no shortage of the relevant drug had been reported by the Department of Wildlife Conservation, the drug could not be used until it expired. However, at a future meeting of the Trust, the matter of providing such anaesthetic drugs to other institutions before their expiry will be discussed, and necessary measures will be taken after relevant authorities is informed.	Formal action should be taken against the responsible officers for the failure to adopt a procedure for utilizing such drugs before their expiry, and measures should be introduced to ensure the proper utilization of such items before expiration in the future.

4. Accountability and Good Governance
4.1 Tabling of the Annual Performance Report in Parliament

Audit Observation	Comment of the Management	Recommendation
In terms of Financial Regulation 877(2)(d) included under paragraph 15.1 of State Finance Circular No. 01/2020 dated 28 August 2020, the performance report together with the financial statements should be submitted to the Auditor General within two months after the close of the year of account. However, the performance report for the year under review had not been submitted along with the financial statements. Further, according to Financial Regulation 877(2)(e), the annual performance report including the Auditor General's report should be submitted to Parliament within five months after the end of the year of account. Nevertheless, the report relating to the preceding year had not been tabled in Parliament even by 25 March 2025.	Arrangements will be made to submit the accounts and the performance report on the due dates in the future, and the final accounts relating to the preceding year had been prepared and submitted to audit on 21.03.2024.	Action should be taken to submit the financial statements and performance reports to the Auditor General and to table them in Parliament within the stipulated dates as required by law.