

Hindu Cultural Fund - 2024

1. Financial Statements

1.1 Opinion

The audit of the financial statements of the Hindu Cultural Fund 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 a summary of significant accounting policies was carried out under my direction in pursuance of provisions in the 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 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 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	Comments of the Management	Recommendation
(a)	Hindu Cultural Fund Act No. 31 of 1985			
(i)	Sub section 2 (a) of paragraph 6	The fund had failed to identify and implement diversified programmes to raise funds from local or foreign sources and only money received from government grants, Thirimurikandy Pillai Kovil donations, fixed deposit interest etc. had been taken as income of the fund.	It had been informed that although discussions had been held regarding fund raising programmes, their implementation was delayed due to staff shortages and unexpected works and that a flag day will be held in future to raise funds.	Action should be taken to raise funds from local and foreign sources.
(ii)	Sub section 2(c) of paragraph 6	The fund should be done activities such as promoting, planning, organizing and conducting exhibitions, lectures, seminars, workshops, classes, debates, conferences, tours, excursions or any other activities for the advancement of Hindu religion and culture, but any such work had not been done.	Action have been taken to make payments through the Hindu Cultural Fund to purchase awards for winners of the National Creativity Programme and National Excellence Awards for teachers. It was also informed that additional expenses for the above programmes will be covered through the Hindu Cultural Fund.	Action should be taken in accordance with the provisions of the Act.
(iii)	Sub section 2(g) of paragraph 6	Rules have not been made regarding the appointment, employment	It had been informed that the Hindu Cultural Fund had not sufficient funds	Action should be taken in accordance

and payment of remuneration to officers and servants of the fund and the appointment, promotion, payment of remuneration to employees and their disciplinary control and the staff had not been recruited. to pay salaries if staff are appointed. with the provisions of the Act.

(b) Financial Regulations published by Public Finance Circular No. 01/2020 dated 28 August 2020

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| (i) | 877 (1) (c) and (d) | Although expenditure cannot be incurred under the Fund (During that financial year) without an approved budget for a particular financial year, expenditures were incurred in the year under review without obtaining the approval of the Director General of the National Budget for the budget. | The Hindu Cultural Fund is regulated by the Act. However, it was informed that a copy of the budget estimate is sent to the National Budget Department annually. | Action should be taken in accordance with Financial Regulations. |
| (ii) | Paragraph 3 of Guidelines 04 under 877 (2) (c) | Quarterly reports on the main functions of the Fund (Quarterly reports on the progress of preparing bank reconciliations, reports on achieving budget targets, quarterly progress reports on the Action Plan) had not been prepared as the progress of the fund can be reviewed at the end of each quarter. | It had been informed that action will be taken. | Action should be taken in accordance with Financial Regulations. |

(iii)	877 (2) (c)	The performance report of the fund for the year under review had not been prepared in accordance with the format specified in the Guideline 05 introduced under the relevant Financial Regulations.	It had been informed that action will be taken in accordance with Financial Regulation 877 (2) (b).	Action should be taken in accordance with Financial Regulations.
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2. Financial Review

2.1 Financial Result

The operating result of the year under review amounted to a deficit of Rs. 2,511,956 and the corresponding surplus in the preceding year amounted to Rs. 6,989,420. Therefore a deterioration amounting to Rs. 9,501,376 of the financial result was observed. This decline was mainly due to increased aids to Hindu Kovils and schools, spending on the national creativity competition and the construction of a training center.

3. Operational Review

3.1 Management Inefficiencies

Audit Observation	Comments of the Management	Recommendation
Although aid payments of Rs. 12,800,000 were done to Hindu Kovils, Dhamma schools and various institutions during the year under review, due to any criterias were not submitted to the audit regarding the selection of beneficiaries, the audit was unable to check the basis on which those beneficiaries were selected and the accuracy of the expenditure.	It had been given an irrelevant comment.	A proper system needs to be developed for the payments of aids.

4. Accountability and Good Governance

4.1 Tabling of the Annual Performance Report in Parliament

Audit Observation	Comments of the Management	Recommendation
(a) Although the annual report of a statutory fund should be published 180 days or earlier after the end of	It had not been commented.	Action should be taken in accordance with the provisions of the Act.

the financial year in terms of sub section 47 (4) of the Public Financial Management Act No. 44 of 2024, the report of the fund for the year 2023 had been submitted to Parliament on 24 January 2025.

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| (b) | The performance indicators and expected completion percentages based on the Action Plan of the fund had not been included in the performance report of the year under review and action had not been taken to prepare a progress report. | It had been informed that action will be taken in accordance with Financial Regulation 877 (2) (b). | Action should be taken in accordance with Financial Regulations. |
| (c) | Information related to the human resource profile and compliance report was not included in the performance report. | It had been informed that action will be taken in accordance with Financial Regulation 877 (2) (b). | Action should be taken in accordance with Financial Regulations. |

4.2 Budget Control

Audit Observation	Comments of the Management	Recommendation
The budget reconciliation (Summarized), which compares the approved budget limits for the relevant accounting year with the reasons for the variances, had not been submitted with the accounts in accordance with section 7 of the Hindu Cultural Fund Act No. 31 of 1985.	It had been informed that the revised budget had already been sent.	Action should be taken in accordance with the provisions of the Act.