

Head 203 – Department of Christian Religious Affairs

1. Financial Statements

1.1 Opinion

The audit of the financial statement of the Department of Christian Religious Affairs for the year ended 31 December 2019 comprising the statement of financial position as at 31 December 2019 and the statement of financial performance and cash flow statement for the year then ended, was carried out under my direction in pursuance of provisions in 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. The summary report including my comments and observations on the financial statements of the Department of Christian Religious Affairs was issued to the Accounting Officer on 30 May 2020 in terms of Sub-Section 11(1) of the National Audit Act, No.19 of 2018 and the Detailed Annual Management Audit Report relating to the Department in terms of Section 11(2) of the National Audit Act was issued to the Accounting Officer on 16 September 2020. This report will be tabled in Parliament in pursuance of the provisions in Article 154 (6) of the Constitution of the Democratic Socialist Republic of Sri Lanka to be read in conjunction with Section 10 of the National Audit Act, No.19 of 2018.

In my opinion, the accompanying financial statements prepared in accordance with the State Accounts Circular No 271/2019 dated 03 December 2019, give a true and fair view of the financial position of the Department of Christian Religious Affairs as at 31 December 2019, and of its financial performance and cash flows for the year then ended in accordance with Generally Accepted Accounting Principles.

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 Chief Accounting Officer and Accounting Officer for the Financial Statements

Chief Accounting Officer and Accounting Officer are responsible for the preparation of financial statements that give a true and fair view in accordance with Generally Accepted Accounting Principles and provisions in Section 38 of the National Audit Act, No.19 of 2018 and for such internal control as Accounting Officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

As per Sub-section 16(1) of the National Audit Act, No. 19 of 2018, the Department 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.

As per Sub-section 38 (1) (c) of the National Audit Act, the Accounting Officer shall ensure that effective internal control system for the financial control of the Department exists and carry out periodic reviews to monitor the effectiveness of such systems and accordingly make any alterations as required for such systems to be effectively carried out.

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 the report of the Auditor General 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 Department's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- 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.

I communicate with the Accounting Officer regarding, among other matters, significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

1.5 Report on Other Legal Requirements

I express the following matters in accordance with Section 6 (1) (d) and Section 38 of National Audit Act, No. 19 of 2018.

- (a) The financial statements are consistent with the preceding year.
- (b) The recommendations shown in my report regarding the financial statements furnished for the preceding year had not been implemented as per the observations shown in paragraph 2.2 of this report.

1.6 Comments on the financial statements

1.6.1 Non - Compliance with Laws, Rules and Regulations

The following non-compliances with Laws, Rules and Regulations were observed.

Reference	Observation	Recommendation	Comment of the Accounting officer
to Non – compliance Laws, rules etc.	Non – compliance		
(a) Financial Regulations of the Democratic Socialist Republic of Sri Lanka			
(i) Financial Regulation 109	In the case of a van which was damaged in an accident on 10 January 2011 and could not be repaired, no action had been taken to deduct from the books the value which could not be recovered from the insurance.	Action needs to be taken in terms of Financial Regulations.	Further work is in progress.

(ii) Financial Regulation 751(2)	Although the inventory of all electrical installations and equipment in all government buildings, including government bungalows, had to be prepared and maintained, an electrical installation document had not been prepared for the bungalow owned by the Department.	Action needs to be taken in terms of Financial Regulations.	Kindly inform that steps will be taken to maintain such a document in the future.
(b) Public Administration Circular No.02/2018 of 24 January 2018.	The Department had not signed the Performance Agreements for the year 2019 as per the circular, although it was required to prepare a Human Resource Development Plan for the Human Resource Development of the Department and to sign annual Performance Agreements for the entire staff of the Department.	Annual Performance Agreements need to be signed in accordance with the circular.	Action will be taken to sign Performance Agreements in future.

2. Financial Review

2.1 Expenditure Management

Audit Observation

During the year under review, the Department had made the total allocation required for 14 recurrent objects and 7 capital objects. However, by the end of the year under review, a sum of Rs.193,841,404 from the total provision or 23 per cent to 100 per cent had been saved.

Recommendation

The annual requirement needs to be forecasted appropriately and funds need to be utilised at an optimum Level.

Comments of the Accounting Officer

The savings were due to expenditure control, cancellation of duties due to security situation, non-receipt of imprests and non-occurrence of expected expenses.

2.2 Reconciliation Statement of the Advances to Public Officers Account

Audit Observation	Recommendation	Comments of the Accounting Officer
----- An officer who vacated the service in March 2018 was due to be charged Rs.100,558 as at 31 December 2019 and Rs.80,558 had not been recovered from that balance by 20 May 2020.	----- Action should be taken to recover the relevant amounts from the relevant officer or guarantors.	----- Action is being taken to recover money monthly.