

Report on the Auditor General on Head 101 – Ministry of Buddha Sasana and Religious Affairs and the Departments under the Ministry – Year 2014

Paragraphs 1 and 2 of this Report contain the general information on the Accounts of the Ministry of Buddha Sasana and the Departments under the Ministry and the Audit Observations on each Head appear in paragraph 3 onwards.

1. Departments under the Ministry

Head	Department
201	Department of Buddhist Affairs
202	Department of Muslim Religious and Cultural Affairs
203	Department of Christian Religious Affairs
204	Department of Hindu Religious and Cultural Affairs
205	Department of Public Trustee

1.1 Scope of Audit

The audit of the Appropriation Accounts and the Reconciliation Statements including the financial records, reconciliation statement, books, registers and other records of the Ministry of Buddha Sasana and the Departments appearing the paragraph 1 above for the year ended 31 December 2014 was carried out in pursuance of provisions in Article 154(1) of the Constitution of the Democratic Socialist Republic of Sri Lanka. The Management Audit Reports for the year under review were issued to the Chief Accounting Officer and the Accounting Officers of the Ministry and the Departments on the undermentioned dates. The audit observations, comments and findings on the accounts and the reconciliation statements were based on a review of the accounts and reconciliation statements presented to audit and tests of samples of transactions. The scope and extent of such review and tests were such as to enable as wide an audit coverage as possible within the limitations of staff, other resources and time available to me.

Head	Ministry/ Department	Date of issue of Management Audit Report
101	Ministry of Buddha Sasana and Religious Affairs	2015.07.17
201	Department of Buddhist Affairs	2015.06.30
202	Department of Muslim Religious and Cultural Affairs	2015.07.14
203	Department of Christian Religious Affairs	2015.07.08
204	Department of Hindu Religious and Cultural Affairs	2015.07.16
205	Department of Public Trustee	2015.07.22

1.2 Responsibility of the Chief Accounting Officer and the Accounting Officer for the Accounts and Reconciliation Statements

The Chief Accounting Officer and the Accounting Officer are responsible for the maintenance, preparation and fair presentation of the Accounts and the Reconciliation Statements in accordance with the provisions in Articles 148, 149 and 152 of the Constitution of the Democratic Socialist Republic of Sri Lanka, other statutory provisions and Public Finance and Administrative Regulations. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of Accounts and Reconciliation Statements that are free from material misstatements whether due to fraud or error.

2. Accounts

2.1 Appropriation Accounts

Total Provisions and Expenditure

The total net provisions made for the Ministry and the five Departments under the Ministry amounted to Rs.2,005.1 million and out of that, Rs.1,942.0 million had been utilized by the end of the year under review. Accordingly, the savings out of the net provisions of the Ministry and the Departments ranged between Rs.0.3 million and Rs.32.4 million or ranged between 0.8 per cent to 15.2 per cent of the net provisions. Details appear below.

Head	As at 31 December 2014			Savings as a Percentage of the Net Provision
	Net Provision	Utilization	Savings	
	Rs.Millions	Rs.Millions	Rs.Millions	
101	665.1	654.9	10.2	1.5
201	846.5	814.1	32.4	3.8
202	91.7	77.8	13.9	15.2
203	148.6	144.9	3.7	2.5
204	214.8	212.2	2.6	1.2
205	38.4	38.1	0.3	0.8
Total	2,005.1	1,942.0	63.1	3.1

2.2 Advance Accounts

2.2.1 Advances to Public Officers Accounts

Limits Authorized by Parliament

The limits authorized by Parliament for the Advances to Public Officers Accounts of the Ministry and the 5 Departments under the Ministry and the actual amounts are given below.

Item Number	Expenditure		Receipts		Debit Balance	
	Maximum Limit	Actual	Minimum Limit	Actual	Maximum Limit	Actual
	Rs.Millions	Rs.Millions	Rs.Millions	Rs.Millions	Rs.Millions	Rs.Millions
10101	8.0	5.9	1.9	4.3	22.0	12.7
20101	20.0	19.9	10.0	12.8	55.0	40.5
20201	2.0	1.8	0.9	1.3	12.0	6.5
20301	1.5	1.2	0.5	0.6	8.5	2.9
20401	4.0	4.0	1.8	3.0	11.5	8.4
20501	3.0	1.7	1.3	1.5	11.0	7.6

2.3 Imprest Accounts

The imprest balances of the Ministry and out of the 3 Departments under the Ministry as at 31 December 2014 totaled Rs.50.363 million. Details appear below.

Ministry/ Department	Imprest Account Number	Balance as at 31 December 2014
		Rs.
Ministry of Buddha Sasana and Religious Affairs	7002/0000/00/0209/0014/000	2,932,293
Department of Muslim Religious and Cultural Affairs	7002/0000/00/0135/0013/000	37,034,714
	7002/0000/00/0135/0014/000	4,204,483
Department of Christian Religious Affairs	7002/0000/00/0404/0014/000	1,191
Department of Hindu Religious and Cultural Affairs	7002/0000/00/0141/0014/000	6,191,253
Total		50,363,934 =====

2.4 General Deposit Accounts

The balances of the General Deposit Accounts of the Ministry and the 5 Departments under the Ministry as at 31 December 2014 totalled Rs.68.9 million. Details appear below.

Ministry/ Department	Deposit Account Number	Balance as at 31 December 2014
		Rs.
Ministry of Buddha Sasana and Religious Affairs	6000/0000/00/0015/0015/000	47,478,818
Department of Buddhist Affairs	6000/0000/00/0015/0083/000	4,890,085

Department of Muslim Religious and Cultural Affairs	6000/0000/00/0015/0084/000	16,422,508
Department of Christian Religious Affairs	6000/0000/00/0015/0085/000	3,150
Department of Hindu Religious and Cultural Affairs	6000/0000/00/0015/0086/000	121,681
Department of Public Trustee	6000/0000/00/0015/0087/00	8,090
Total		68,924,332 =====

2.5 Audit Observation

According to the Financial Records and Books for the year ended 31 December 2014, the Appropriation Accounts and the Reconciliation Statements of the Ministry of Buddha Sasana and Religious Affairs and the Departments under the Ministry had been satisfactorily prepared subject to the Audit Observations included in the Management Audit Reports referred to in paragraph 1.1 above. The material and important observations out of the observations included in those Management Audit Reports appear in paragraph 3 to 8.

3. Ministry of Buddha Sasana and Religious Affairs

3.1 Non- maintenance of Registers and Books

It was observed during the course of audit test checks that the Ministry had not maintained the following registers.

Type of Register	Relevant Regulation
-----	-----
(i) Register of Electrical Equipment	Financial Regulation 454(2)
(ii) Register of Losses	Financial Regulation 110

3.2 Replies to Audit Queries

Reply to an audit query issued to the Ministry in the year under review had not been furnished even by 15 June 2015.

3.3 Budgetary Variance

The following observations are made.

- (a) Excess Provisions had been made for 3 Objects and as such the savings, after the utilization of provisions, ranged between 35 per cent to 82 per cent of the net provisions relating to the respective Objects.
- (b) Out of the net provision amounting to Rs.302,216,478 made for 22 Objects, the savings, after the utilization of Rs.301,884,694, amounted to Rs.331,784. Liabilities amounting Rs.29,855,136 which exceeded the savings by a sum of Rs.29,523,352 had been incurred.

3.4 Advances to Public Officers Account

According to the Reconciliation Statement of the Advances to Public Officers Account Item No.10101 as at 31 December 2014, the balances that remained outstanding as at that date totalled Rs.209,881. Even though those outstanding balances related to periods ranging from 01 to 02 years, the Ministry had failed to recover the outstanding balances.

3.5 Internal Audit

Even though an Internal Audit Plan covering 33 fields had been prepared for the Ministry and the 5 Departments under the Ministry only 2 internal audit checks of the Ministry had been carried out during the year under review. Any internal audits of the projects or development works undertaken by the Ministry had not been carried out.

3.6 Unsettled Liabilities

The unsettled liabilities of the Ministry less than one year old as at 31 December 2014 amounted to Rs.29,862,814.

3.7 Non-compliances

Non-compliance with Laws, Rules and Regulations

Instances of non-compliance with the provision in laws, rules and regulations observed during the course of audit test checks are analyzed below.

Reference to Laws, Rules and Regulations	Value	Non-compliance
	Rs.	
(a) Financial Regulations of the Democratic Socialist Republic of Sri Lanka		
(i) Financial Regulations 103(1) and 104	55,260	Action in terms of the Financial Regulations had not been taken on two accidents to two motor vehicles of the Ministry.
(ii) Financial Regulations 751(1) and 751(2)	18,564,224	The compact disks of documentary films of 32 rural Devalayas produced had not been entered in the stock books. Goods Issue Notes and Goods Received Notes had not been issued for the compact disks. Stocks of 39,000 handbooks on "Dehemi Nivahanai Apekama Rendi Heta Dinai" and 96 DVD disks produced for rural Devalayas had not been recorded in the books.
(iii) Financial Regulation 1647(b)		- Even though the drivers of a motor vehicle had been changed in three instances, the tools of the motor vehicle had not been surveyed at each change.

- | | | | |
|------|-----------------------------|---|--|
| (iv) | Financial Regulation 395(c) | - | The Bank Reconciliation Statements of the year 2014 had been furnished to the Audit on 15 May 2015 after a delay. |
| (v) | Financial Regulation 1646 | - | The Daily Running Charts and the Monthly Performance Summaries of 09 pool motor vehicles of the Ministry had not been furnished to Audit even by 30 July 2015. |

(b) Public Administration Circulars

- | | | | |
|---|---------|---|---|
| Paragraph 3(vii) of the Circular No.11/2006 of 14 July 2006 | 125,690 | - | Even though additional fuel can be issued to motor vehicles in special circumstances with the approval of the Secretary concerned, additional fuel had been supplied monthly to a motor vehicle of the Ministry in 6 months of the year 2014 without such approval. |
|---|---------|---|---|

3.8 Performance

The following observation on the performance of the Ministry is made according to the Annual Budget Estimates and the Action Plan for the year 2014.

Activities Contrary to Key Functions (Deviation from Objectives)

Even though the construction of the Dutugemunu Rest House at Lumbini in Nepal had not been included in the Annual Action Plan for the year 2014, provision of Rs.53,198,264 had been given during the year under review for the completion of the work of that Rest House.

3.9 Transactions of Contentious Nature

Certain transactions executed by the Ministry had been of contentious nature. Several such transactions are given below.

(a) Printing of Handbook “Dehemi Nivahanai – Apekama Rendi Heta Dinai”

The Ministry of Buddha Sasana and Religious Affairs had paid a sum of Rs.4,790,000 to a private printing institution in three instances from the year 2013 up to 10 August 2014, the date of audit for the printing of a handbook for the “Dehemi Nivahanai – Apekama Rendi Heta Dinai” Programme. The following observations were made at the audit of that activity.

- (i) National level competitive bids had not been invited in terms of the Guideline 3.2.2(a) of the Government Procurement Guidelines and a total cost estimate in term of the Guideline 4.3 had not been prepared.
- (ii) A loss of Rs.3,049,000 had been caused to the Government due to the failure to get the handbook on “Dehemi Nivahanai- Apekama Rendi Heta Dinai” printed through the Government Press.

(b) Introducing the “Dehemi Nivahanai- Apekama Rendi Heta Dinai” Programme to the Society through the Media

A sum of Rs.20,670,000 had been paid during the year under review to the Service Suppliers for production work in connection with Guidelines Compact Disk, composing the Theme Song and the production of 35 Telesupplements for the Project. The following deficiencies were observed during the course of the audit test check of the expenditure.

- (i) Approved of the General Treasury in terms of the Financial Regulation 36 had not been obtained.
- (ii) Action had not been taken to make provision from the Annual Budget Estimates for the year 2013. These activities had not been included in the Action Plan and the Procurement Plan for the year 2014.
- (iii) Even though primary objective of the project was to introduce the Programme on ‘Dehemi Nivahanai Apekama Rendi Heta Dinai’ as a National Programme through the Media, the DVD Disks supplied to the Ministry by the Service suppliers had been retained in the Ministry instead of being introduced to the Society through the Media. As such the objectives of the Project had not been fulfilled.

(c) Production of Documentary files on 32 Rural Devalayes

The Ministry had spent a sum of Rs.18,564,224 in the years 2013 and 2014 for the production of 32 Documentary Files on 32 Rural Devalayes. The following observations were had during the course of audit test checks carried out in this connection.

- (i) Provision of Rs.138,000,000 had been made under the Object 101-2-6-1-2502 for the year 2014 for the development of scared areas. A sum of Rs.15,247,224 out of that provision had been spent on the production of a documentary films on 32 rural Devalayas.
- (ii) Advances amounting to Rs.3,317,000 had been paid in this connection in the year 2013 to 3 institutions and in the settlement of the advances during the year under review, those had been brought to account as recurrent expenditure. The expenditure on this work amounting to Rs.14,247,224 incurred during the year under review had been brought to account as capital expenditure.
- (iii) According to the Guideline 3.2.1 of the Government Procurement Guidelines, national level competitive bids should be invited for projects financed by the Government of Sri Lanka. Instead the project had been subdivided into parts and quotations had been obtained only from 07 suppliers.
- (iv) Even though the conversation of the ancient temples and their customs had been stated as the main objective of the production of Compact Disks, no steps whatsoever had been taken in that connection. Those disks had been held in the custody of the Ministry even by 20 January 2015.

3.10 Irregular Transactions

Certain transactions executed by the Ministry had been devoid of regularity. Several such instances observed are given below.

(a) Printing of the Book "2600 Year of Sambuddhatva"

The Ministry and the Buddha Sasana Fund had paid a sum of Rs.4,053,000 for the printing of 2,000 copies of the book "2600 Year of Sambuddhatva" in commemoration of 2600 years Festival of Sambuddhatva. Cost estimates in

terms of the Guideline 4.3 of the Government Procurement Guidelines had not been prepared for printing. The printed books delivered to the Ministry had not been recorded in the stock books in terms of the Financial Regulations 454 and 751. Even though the cost per book amounted to Rs.3,203, price per book had been marked at Rs.5,000. The book had been printed without a formal arrangement for sale and balance stock of 1,615 books costing Rs.5,172,845 had been given to the Buddha Sasana Fund.

(b) Transactions without Authority

An Officer in Grade I of the Courts Registrars Service had been appointed to the post of Director (Development) of the Ministry on the covering approval of the Cabinet of Ministers dated 07 July 2010, valid only up to the date of appointing an Officer in Grade I of the Sri Lanka Administrative Service or 31 December 2012 whichever comes first. Even though the appointment should have been terminated on 31 December 2012, thereafter that officer had been deployed in service and paid salary amounting to Rs.1,094,075 up to 05 December 2014 without formal approval.

3.11 Unresolved Audit Paragraphs

Reference to the paragraphs of the Reports of the Auditor General relating to the Ministry on which follow-up action had not been finalized is given below.

Reference to Auditor General's Report		Subject under Reference
Year	Paragraph Number	
2012	9.1	Closed Circuit Television System costing Rs.1,111,500 had been installed in the Ministry Premises without predetermining the requirement and the number of cameras to be installed.
2012	9.2	Furniture and Office Equipment valued at Rs.27,198,047 had been purchased contrary to the provisions in the Government Procurement Guidelines, for the Dahampaya building and a sum of Rs.1,474,994 had been paid as the Consultancy fees in this connection. Goods valued at Rs.4,561,616 of those did not conform to specifications and were not fit for long term usage.

2012	9.3	The Consultancy Firm appointed for the interior decoration and planning of the Dahampaya Building on the basis of payment of 2.5 per cent of the contract value had been paid a sum of Rs.1,474,994 despite the existence of deficiencies such as the non-discharge of the responsibility properly, irregular execution of work and the breach of conditions of Contract.
2012	10.1	The Ministry had obtained 298 Computers donated by a foreign country by spending a sum of Rs.653,773 and distributed those among various persons, institutions and organizations without a plan and obtaining acknowledgements.
2012	10.3	The Ministry had spent a sum of Rs.15 million for the exhibition of Kapillawasthu Relics brought down to Sri Lanka. LED Screens and Closed Circuit Television Cameras had been installed contrary to the provisions in the Government Procurement Guidelines.
2011	9.1	Five pandals constructed across the approach roads of Anuradhapura concurrently with the 2600 Sambuddatva Festival, constructed by the Ministry at an uneconomic cost of Rs.4,795,416 had not been entered in the books. The Ministry had not taken action to take over the valuable items and remove the other items of the dismantled pandals.
2012	9.4	
2012	10.5	The Ministry had not taken action to obtain trade discount for the purchase of 1,100 exercise books for Rs.110,000 for giving away as presents. As such the Government had incurred a loss of Rs.11,000.
2011	10	The Ministry had minted 2,000 Sambuddhatva Festival Commemoration Coins through the Central Bank of Sri Lanka at a cost of Rs.15,000,000 without any specific objective and unsold stock of 1,051 coins valued at Rs.7,882,500 remained as at 31 March 2014 with the Central Bank of Sri Lanka.
2012	10.6	

3.12 Human Resources Management

Approved Cadre and Actual Cadre

The position of the cadre as at 31 December 2014 had been as follows.

	Category of Employees	Approved Cadre	Actual Cadre	Number of Vacancies
(i)	Senior Level	16	11	05
(ii)	Tertiary Level	02	-	02
(iii)	Secondary Level	139	75	64
(iv)	Primary Level	37	26	11
(v)	Others (Casual/ Temporary/ Contract Basis)	05	02	03
	Total	199	114	85

The following observation is made.

The Ministry had not taken action even by the end of the year under review to fill 85 vacancies.

4. Head 201 – Department of Buddhist Affairs

4.1 Non-maintenance of Registers and Books

It was observed during the course of audit test checks that the Department had not maintained the following registers.

	Type of Register	Relevant Regulations
(a)	Register of Fixed Assets	Treasury Circular No.842 of 19 December 1978
(b)	Register of Fixed Assets on Computers, Accessories and Software	Treasury Circular No.IAI/2002/02 of 28 November 2002

- | | | |
|-----|--|---|
| (c) | Register of Security | Financial Regulation 891(1) |
| (d) | Register of Electrical
Equipment | Financial Regulation 454(2) |
| (e) | Attendance Register of
Procurement Committee
and Technical Evaluation
Committee | Guideline 2.11.2 of the Government
Procurement Guidelines. |

4.2 Appropriation Account

4.2.1 Budgetary Variance

The following observations are made.

- (a) Excess provisions had been made for 04 Objects and as such the savings, after the utilization of provisions, ranged from 27 per cent to 77 per cent of the net provisions relating to the respective Objects.
- (b) The expenditure of the Object 201-2-2-1405 according to the Departmental books amounted to Rs.29,392,924 and according to the Treasury Books that amounted to Rs.28,392,924 and as such a difference of Rs.1,000,000 existed.

4.3 General Deposit Account

Action in terms of the Financial Regulation 571 had not been taken on 5 deposits totalling Rs.323,277 older than 2 years.

4.4 Reconciliation Statement of the Advances to Public Officers Account

According to the Reconciliation Statement of the Advances to Public Officers Account Item No.20101 as at 31 December 2014, a distress loan balance of Rs.42,150 receivable from an officer who had vacated post over one year ago had not been recovered even by 31 December 2014.

4.5 Good Governance and Accountability

4.5.1 Internal Audit

The Department had not taken action even by 30 May 2015 to rectify the deficiencies pointed out by the Internal Audit through the internal audits of the Temples and Devalas administered under the Vihara and Dewalagam Ordinance, carried out in the year 2014. The following matters were revealed at those internal audit examinations.

- (a) The assets of Temples and Dewales could not be correctly established due to the failure to maintain books and registers adequately.
- (b) Even though the parties concerned had been informed to rectify the deficiencies pointed out by the Internal Audit specific instructions as to how those rectifications should be done had not been issued.

4.6 Assets Management

The following observation was made during the course of audit test checks of the assets of the Department.

Annual Board of Survey

Necessary action in terms of the Financial Regulation 772(1) had not been taken by the Department even by 30 May 2015 on the goods for sale and disposal pointed out in the Reports of the Board of Survey for the year 2014.

4.7 Unsettled Liabilities

The unsettled liabilities of the Department less than one year old as at 31 December 2014 amounted to Rs.154,806,824.

4.8 Performance

An observation on the progress of the Department according to the Annual Budget Estimates and the Action Plan for the year 2014 is given below.

Key Functions not executed adequately

Even though the implementation of the Vihara and Dewalagam Ordinance, No.19 of 1931 is shown as a key function of the Department, the Department had failed to recover 7.5 per cent tax recoverable for the Government from the income of the Viharas and Dewalas in term of the regulations made in term of Section 43 of the Ordinance.

4.9 Losses and Damage

The Commissioner General of Buddhist Affairs and the General Manager of a Government Company had entered into an agreement on 23 May 2012 for the purchase of 60,000 locally produced handloom saris for the use of female teachers of Daham Pasal. The following observations are made in that connection.

- (a) According to clause 6 of the above agreement, the purchase of 60,000 local handloom saris for Rs.65,700,000 at Rs.1,095 per sari (exclusive of the Value Added Tax) had been agreed in accordance with a procurement decision of the year 2011. But the Government Company had supplied saris by importing from India through a local supplier. The Department had paid a sum of Rs.73,584,000 to the Salu Sala for 60,000 saris at Rs.1,226.40 per sari. The cost per sari to the local Supplier amounted to Rs.648.45 and the Government Company had paid Rs.1,020 to the local Supplier and an estimated loss of Rs.22,293,000 had been incurred from the 60,000 saris at the rate of Rs.371.55 per sari.
- (b) An order for the supply of 40,000 local handloom saris for the years 2013/2014 had been given to the Government Company. In terms of Clause 6 of that agreement and paragraph 4 of the Report of the Technical Evaluation Committee, the payment of Rs.56,000,000 for 40,000 saris at Rs.1,400 (exclusive of taxes) had been recommended only for locally produced handloom saris. But a sum of Rs.39,767,000 had been paid to the Government Company for imported saris.

Even in connection with this order, it was observed the Government Company had obtained the supplies from a local supplier, cut the saris and supplied for the order. According to paragraph 5 of the report of the Technical Evaluation Committee approved by the Department of Buddhist Affairs dated 01 April 2014, if the saris are cut from the imported material the maximum price should be Rs.1,000 per sari. But, the Government Company had paid Rs.1,305 per sari produced from imported material to the local Supplier. Accordingly an estimated loss of Rs.7,777,500 had resulted from 25,500 saris at Rs.305 per sari.

4.10 Management Weaknesses

The following weaknesses were observed during the course of audit test checks.

(a) Daham Sarasaviya Third Stage – 2013

A sum of Rs.2,116,584 had been paid to the Buddhist and Pali University of Sri Lanka in the years 2013 and 2014 for the Daham Sarasaviya University Third Stage. The following observation were made in that connection.

- (i) The Buddhist and Pali University of Sri Lanka had commenced the Diploma Course in Buddhism under the Third Stage without entering into a formal agreement. Even though the estimated number of students for the Course had been 2,500 the actual number registered had been 1,556. The number of Students had not been taken into consideration in the release of provisions.

- (ii) Instead of conducting seminars for the Course, 200 copies of a thesis had been printed at a cost of Rs.105,000 and distributed among the Students. Arrangements had not been made for the recovery of the cost of the thesis from the students or to collect those for distribution among the future students.

(b) Printing Tamil Medium Daham Pasal Books

The following deficiencies were observed during the course of test checks of printing of Tamil Medium Daham Pasal Books.

- (i) The distribution of 950 copies of the first printing of 1,000 copies of Tamil Medium Books of Grade I had taken 04 years. Even though a further stock of 2,000 copies of Tamil Medium Grade I Book had been printed at a cost of Rs.86,000 and 2,020 copies of that book valued at Rs.86,860 remained without being distributed as at 31 December 2014.
- (ii) An order had been placed with the Government Printer on 05 June 2013, without obtaining an estimate for the printing of 2,000 copies of Daham Pasal Grade 2 and 3 books and deliver to the Daham Pasal Book Store at Veyangoda before 30 September 2013. Despite the elapse of over two years after placing the order, none of the copies of books of that print had been delivered up to 31 December 2014. As such those books for the next Grade could not be given to the children who learned religion in Tamil Language in Grade I.

4.11 Human Resources Management

Approved Cadre and Actual Cadre

The position of the cadre as at 31 December 2014 had been as follows.

Category of Employees	Approved Cadre	Actual Cadre	Number of Vacancies
(i) Senior Level	03	03	-
(ii) Tertiary Level	10	09	01
(iii) Secondary Level	778	651	127
(iv) Primary Level	36	27	09
Total	827	690	137
	===	===	===

The following observation is made.

The Department had failed to fill 137 vacancies even by the end of the year under review.

5. Head 202 – Department of Muslim Religious and Cultural Affairs

5.1 Non-maintenance of Registers and Books

It was observed during the course of audit test checks that the Department had not maintained the following registers.

Type of Register	Relevant Regulation
-----	-----
(a) Register of Fixed Assets	Treasury Circular No.842 of 19 December 1978
(b) Register of Fixed Assets on Computers, Accessories and Software	Treasury Circular No.IAI/2002/02 of 28 November 2002
(c) Register of Personal Emoluments	Financial Regulation 453
(d) Register of Cheques, Money Orders, etc. Received	Financial Regulation 451
(e) Register of Official Telephones	Financial Regulation 845(1)
(f) Register of Electrical Equipment	Financial Regulation 454(2)
(g) Register of Security	Financial Regulation 891(1)
(h) Register of Counterfoil Books	Financial Regulation 341
(i) List of Motor Vehicles	Financial Regulation 1647(e)

5.2 Replies to Audit Queries

Replies to 6 audit queries issued to the Department during the year under review had not been furnished even by 31 March 2015. The value of transaction relating to those audit queries amounted to Rs.1,644,593.

5.3 Appropriation Account

Budgetary Variance

The following observations are made.

- (a) Excess provisions had been made for two Objects and as such the savings, after the utilization of provisions, amounted to 27 per cent and 92 per cent of the net provisions relating to the respective Objects.
- (b) Even though capital expenditure amounting to Rs.190,430,318 had been incurred from the year 2010 to the year 2013 for the construction of the Cultural Centre, that expenditure had not been brought forward as the opening value of the buildings in the Report on the Movement of Non-current Assets.
- (c) Recurrent expenditure totalling Rs.230,500 incurred in two instances during the year had been brought to account under the Capital Objects.

5.4 General Deposit Account

Action in terms of the Financial Regulation 571, had not been taken on 7 deposits totalling Rs.7,759,116 older than 2 years.

5.5 Reconciliation Statement of the Advances to Public Officers Account

The following deficiencies were observed during the course of the audit test check of the Reconciliation Statement of the Advances to Public Officers Account Item No.20201 as at 31 December 2014.

- (a) According to the Reconciliation Statement presented to audit, the balances that remained outstanding as at that date totalled Rs.475,319. Even though those outstanding balances existed over periods ranging from 1 year to 21 years, the Department had failed to recover the outstanding balances.
- (b) According to the Treasury Computer printouts a sum of Rs. 1,772,545 had been paid during the year under review as salary loans and advances, whereas according to the Register of Members Loans and the Loan Ledger of the Department, that amounted to Rs.1,717,545. As such a difference of Rs.55,000 existed between the Treasury Computer Printouts and the Departmental books.
- (c) According to the Departmental Advances Control Account, the Festival Advances paid during the year 2014 amounted to Rs.243,500 whereas according to the

Departmental Register of Members Loans and the Registers that amounted to Rs.180,000. As such a difference of Rs.63,500 existed.

5.6 Good Governance and Accountability

5.6.1 Internal Audit

An Internal Audit Unit had not been established in the Department.

5.6.2 Audit and Management Committee

The Department had not held meetings of the Audit and Management Committee during the year under review.

5.7 Assets Management

The following observation is made.

Conduct of Annual Boards of Survey

Action in terms of Financial Regulation 772 had not been taken on the excesses and shortages pointed out in the Board of Survey Reports for the year 2014.

5.8 Unsettled Liabilities

The unsettled liabilities of the Department less than one year old as at 31 December 2014 amounted to Rs.6,639,556.

5.9 Non-compliances

Non-compliance with Laws, Rules and Regulations

Instances of non-compliance with the provisions in laws, rules and regulations observed during the course of audit test checks are analyzed below.

Reference to Laws, Rules and Regulations	Value	Non-compliance
-----	-----	-----
(a) Establishments Code of the Democratic Socialist Republic of Sri Lanka.	Rs.	

Section 23.18 of Chapter XXII	196,288	The particulars of overseas leave of an officer who had proceeded abroad had not been reported to the Auditor General.
(b) Financial Regulations of the Democratic Socialist Republic of Sri Lanka		

Financial Regulation 1646		- The Daily Running Charts and the Monthly Performance Summaries of 04 pool motor vehicles of the Department had not been furnished to the Auditor General.
(c) Public Finance Circulars		

Circular No.PF/423 of 26 December 2006		- The quarterly reports of the Bank Accounts operated by the Department had not been prepared and furnished to the Director General of Public Finance even by 30 May 2015.
- Paragraph 3		
- Paragraph 4		- The Budget for the year 2014 in respect of the Haj Fund and the Muslim Charity Fund operated by the Department had not been prepared and furnished to the Director General of the Department of National Budget.

5.10 Deficiencies in the Operation of Bank Accounts

(a) Inordinate Delays in the Preparation of Bank Reconciliation Statements.

The Bank Reconciliation Statements of the Bank Current Account of the Muslim Charity Fund had not been prepared after April 2014 up to May 2015.

(b) Balances for Adjustment

An observation revealed at an analysis of the adjustments in the Bank Reconciliation Statements for December 2014 prepared by the Department of Muslim Religious and Cultural Affairs is given below.

Action in term of the Financial Regulation 396(d) had not been taken on 185 cheques totalling at Rs.1,575,325 comparing Rs.1,275,325 and Rs.300,000 respectively issued but not presented to the Bank payment for more than 6 months as appearing in the Bank Reconciliation Statements for December 2014 prepared for 2 Bank Current Accounts.

5.11 Irregular Transactions

Transactions without Authority

The Department had recovered a fee of Rs.200 per Certificate issued by the Department confirming that the Muslims arriving in Saudi Arabia are Muslims. According to the letter No.PFD/RED/10/03/2014/01 dated 12 May 2014 the Director General of Public Finance had recommended that it is appropriate to credit that revenue to the Revenue Code 20.03.99.00. But contrary to that recommendation, the revenue amounting to Rs.738,000 received during the period June to August 2014 had been irregularly credited to the Muslim Charity Fund.

5.12 Management Weaknesses

The following weaknesses were observed during the course of audit test checks.

(a) Muslim Charity Fund

The following observations are made.

- (i) Even though the collection of income amounting to Rs.10,362,256 to and incurring of expenditure of Rs.9,611,915 from the Muslim Charity Fund had been made in accordance with the decisions made by 07 members of the Wakuf Board including the Director of Muslim Religious Affairs, a

specific policy and a formal methodology had not been followed in this connection

- (ii) The administrative functions of the Fund had been done by a staff of 6 persons including the Director of the Department. There was no formal assignment of duties. A sum of Rs.59,250 had been paid as allowances in the year 2014 without formal approval to 3 permanent officers of the Department who discharged the duties of the Fund.
- (iii) Despite the availability of the officers holding the posts of the Director, the Accountant and the Deputy Director of the Department, three external employees had been deployed without obtaining the formal approval and a formal assignment of duties for the collection of income of the Fund, incurring expenditure and accounting and monthly allowances totalling Rs.38,000 had been paid.

(b) Haj Fund

The following observations are made.

- (i) Incentives totalling Rs.350,000 for 5 officers of the Department who had proceed abroad in the year 2014 for attending to the welfare work of the Haj Pilgrims and sum of Rs.44,500 to two permanent employees of the Department as Haj interview allowance had been paid without formal approval.
- (ii) Proper accounts for the Haj Fund had not been prepared.

5.13 Human Resources Management

Approved Cadre and Actual Cadre

The position of the cadre as at 31 December 2014 had been as follows.

	Category of Employees	Approved Cadre	Actual Cadre	Number of Vacancies	Excess
	-----	-----	-----	-----	-----
(i)	Senior Level	06	03	03	-
(ii)	Tertiary Level	04	-	04	-
(iii)	Secondary Level	91	52	39	-
(iv)	Primary Level	16	18	-	02
		---	---	---	---
	Total	117	73	46	02
		====	====	====	==

The following observations are made.

- (i) The Department had not taken action even by the end of the year under review to fill 46 vacancies.
- (ii) The Department had not taken action to obtain formal approval for the 2 excess employees, from the Department of Management Services. Salaries amounting to Rs.111,843 had been paid to the excess employees during the last 2 months of the year 2014.

6. Head 203 – Department of Christian Religious Affairs

6.1 Non-maintenance of the Registers and Books.

It was observed during the course of audit test checks that the Department had not maintained the following registers.

Type of Register -----	Relevant Regulation -----
Register of Official Telephones	Financial Regulation 845(1)
Register of Electrical Equipment	Financial Regulation 454(2)

6.2 Replies of Audit Queries -----

Replies to 05 audit queries issued to the Department during the year under review had not been furnished even by 30 June 2015. The value of transactions relating to those audit queries amounted to Rs.13,320,360.

6.3 Appropriation Account -----

Budgetary Variance -----

The following observations are made.

- (a) The entire net provision amounting to Rs.286,000 made for 4 Objects had been saved.
- (b) Excess provisions had been made for 13 Objects and as such, the savings, after the utilization of Provisions, ranged from 11 per cent to 77 per cent of the net provisions relating to the respective Objects.
- (c) The value of furniture and office equipment purchased during the year under review had been understated by a sum of Rs.15,937 in the Report on the Movement of Non-current Assets of the Appropriation Account.
- (d) Contrary to the provisions in the Financial Regulation 94(1), the Department had incurred liabilities which exceeded the savings available in 4 Objects after the utilization of the net provision, by a sum of Rs.1,787,371.

6.4 Reconciliation Statement of the Advances to Public Officers Account

The following deficiencies were observed in the examination of the Reconciliation Statement of the Advances to Public Officers Account Item No.20301 as at 31 December 2014.

- (a) According to the Reconciliation Statement presented to audit, the balances older than 12 years that remained outstanding as at that date totalled Rs.46,178 and the Department had failed to recover those outstanding loan balances.
- (b) The Department had not taken action to settle the unidentified balance of Rs.3,000 brought forward in the Advances to Public Officers Account since the year 2006.

6.5 Good Governance and Accountability

6.5.1 Internal Audit

Even though the internal audit plan had been prepared under 52 subjects relating to the Accounts Division, Development Division and the Administration Division of the Department had been prepared, the internal audit of 3 subject areas only had been carried out. As such an adequate internal audit had not been carried out.

6.5.2 Audit and Management Committee

The Department had not held meetings of the Audit and Management Committee during the year under review.

6.6 Non-compliance

Non-compliance with Laws, Rules and Regulations

Instances of non-compliance with the provisions in laws, rules and regulations observed during the course of audit test checks are analyzed below.

Reference to Laws, Rules and Regulations	Value	Non-compliance
	----- Rs.	-----
(a) Establishments Code of the Democratic Socialist Republic of Sri Lanka		
(i) Section 4.2.3 of Chapter xxiv and Appendix 23	-	In the grant of loans, the irrecoverable undertaking given for commuting the pension had not been obtained.
(ii) Section 10.1 of Chapter xxiv	-	Even though a declaration made in good faith regarding the genuineness of the loan application and of the fact that financial embarrassment to the officer had been caused by circumstances beyond the control should be produced such declaration had not been obtained.
(b) Financial Regulations of the Democratic Socialist Republic of Sri Lanka		
(i) Financial Regulations 751(1), 454 and 763	15,940,600	Even though the uniforms and uniform materials should be recorded in a stock book, it had not been so done.
(ii) Financial Regulation 752	-	Even though every entry in the Inventory Book must be supported by an Inventory voucher, it had not been so done.
(iii) Financial Regulations 753(1) and (2)	-	Issue Order Books and Receipt Order Books had not been used.
(iv) Financial Regulation 264	880,000	Receipts had not been obtained for the gross amounts in respect of payment totalling Rs.880,000 made in 11 instances.

(c) Government Procurement Guidelines

Guideline 2 and 8.12.3	15,940,600	The Government Procurement Guidelines had not been followed in the purchase of saris for Dham Pasal Teachers for the Year 2014 and a Certificate of the officer in charge that the goods were received was not available.

6.7 Performance

The observations on the progress of the Department according to the Annual Budget Estimates and the Action Plan for the year 2014 are given below.

Key Functions not Executed Adequately

The key functions of the Department had not been adequately executed and such instances observed are given below.

- (i) Out of the estimated provision of Rs.1,759,000 made for the National Christian Literary Festival under the Promotion of Christian Religious Literature, Arts and Cultural Activities 77 per cent had been saved.
- (ii) In inviting applications for the conduct of a workshop on short plays for the National Christian Literary Festival, a sum of Rs.135,000 had been paid for an application received after the closing date for applications, disregarding an application received before the closing date.

6.8 Transactions of Contentious Nature

Even though 11,985 saris had been purchased for Daham Pasal Teachers and 7,829 saris had been distributed, the stock of saris in hand had been only 120. As such a shortage of 4,036 saris value at Rs.4,439,600 was observed.

6.9 Uneconomic Transactions

The following observations are made.

- (a) One hundred and twenty six saris costing Rs.138,600 exceeding the requirement had been purchased for Daham Pasal Teachers.
- (b) Packaging Charges amounting to Rs.48,230 had been paid for packaging uniforms though that was not included in the agreement.

6.10 Human Resources Management

Approved Cadre and Actual Cadre

The position of the Cadre as at 31 December 2014 had been as follows.

Category of Employees	Approved Cadre	Actual Cadre	Number of Vacancies
(i) Senior Level	03	02	01
(ii) Tertiary Level	01	-	01
(iii) Secondary Level	56	33	23
(iv) Primary Level	07	04	03
	----	----	----
Total	67	39	28
	==	==	===

The following observations are made.

- (a) The Department had failed to fill 28 vacancies even by the end of the year under review.
- (b) The post of Accountant of the Department remained vacant since the year 2012. An Officer had not been appointed to act in that post from January to August 2015.

7. Head 204 – Department of Hindu Religious and Cultural Affairs

7.1 Non-maintenance of Registers and Books

It was observed during the course of audit test checks that the Department had not maintained the following registers.

Type of Register	Relevant Regulation
Register of Security	Financial Regulation 891(1)
Attendance Register of the Procurement Committee and the Technical Evaluation Committee	Guideline 2.11.2 of the Government Procurement Guidelines.
Minutes of Committee Meetings	Guideline 2.11.3 of the Government Procurement Guidelines

7.2 Appropriation Account

The following observations are made.

- (a) Even though the additions during the year appearing in the Report on the Movement of Non- current Assets of the Appropriation Account should be equal to the amounts in the Format D.G.S.A. 04, The value of Furniture and Office Equipment had been overstated therein by Rs.499,702 and the Machinery and Equipment had been understated by Rs.499,702.
- (b) Liabilities amounting to Rs.70,415 of the year 2014 paid in the year 2015 had not been included in the Format D.G.S.A. 8(1) – Statement of Liabilities.

7.3 Reconciliation Statement of the Advances to Public Officers Account

According to the Reconciliation Statement of the Advances to Public Officers Account Item No.20401 as at 31 December 2014, the Department had failed to recover the outstanding loan balances amounting to Rs.186,930 recovery over periods ranging from 01 year to 22 years.

7.4 Good Governance and Accountability

7.4.1 Internal Audit

The Department had not established an Internal Audit Unit and an officer of the Department had been deployed for that purpose. An adequate internal audit had not been carried out during the year under review.

7.4.2 Audit and Management Committee

The Department had not held meetings of the Audit and Management Committee during the year under review.

7.5 Performance

It was observed that the Department had not taken action in accordance with the Annual Budget Estimates and the Action Plan for the year 2014.

Purchase of Uniforms for Daham Pasal Students

Provision for the supply of uniform for 370 Daham Pasal amounting to Rs.10,000,000 had been made according to the Action Plan and the Revised Budget Estimates for the year 2014. As net provision was inadequate provision amounting to Rs.1,500,000 had been transferred from other Objects under the Financial Regulation 66. Accordingly provision of Rs.11,500,000 and according to the Progress Report a sum of Rs.11,487,000 had been spent for the purchase of uniform materials for 311 Daham Pasal. As such it had not been possible to supply uniforms to 59 targeted Daham Pasal.

7.6 Deficiencies in the Operation of Bank Accounts

Balances for Adjustment

According to the Bank Reconciliation Statement for December 2014 prepared by the Department, action in terms of the Financial Regulation 396(d) had not been taken on 4 cheques totalling Rs.141,843 issued had not presented for payment over a period exceeding 06 months.

7.7 Irregular Transactions

Certain transactions executed by the Department had been devoid of regularity. Such an instance observed is given below.

Construction of the Circuit Bungalow at Katharagama

The following deficiencies were observed in connection with the award of the work on conversion of the dining room of the Circuit Bungalow constructed at Katharagama as a bedroom and the construction of a bathroom to the contractor who constructed the Circuit Bungalow for an estimate of Rs.666,798 obtained from the contractor.

- (a) The Department had not prepared the preliminary bills of quantities and cost estimates for the above construction and the contract had been awarded without the approval of the Procurement Committee and without entering into an agreement.
- (b) A file on the contract was not available in the office.
- (c) Even though contractor had not executed the contract, 04 cheques valued at Rs.624,967 payable to the contracting company had been written at the end of the year in order to enable the payment to the contractor. Even though the Accounting Officer should satisfy and certify, in terms of the provision in the Financial Regulation 136,137,138 and 139 of the Financial Regulations of the Democratic Socialist Republic of Sri Lanka that the work had been properly completed before writing the cheques, that account had been retained in the General Deposit Account after it been pointed out by the Audit that cheques had been written for work not executed.

7.8 Management Weaknesses

The following weaknesses were observed during the course of audit test checks.

- (a) Library Administration
-

Even though the unavailability of 350 books of the library had been revealed at the survey of Library books conducted in the year 2007 a formal inquiry into the books lost had not been held in terms of the Financial Regulations 103 and 104.

(b) Examination of Motor Vehicles

Even though a double cab motor vehicles repaired at a cost of Rs.49,260 in August 2013 had been taken from running in September 2013, action the disposal of that had not been taken even by 30 June 2015. The Motor Vehicles remained deteriorating in the Department premises.

7.9 Human Resources Management**Approved Cadre and Actual Cadre**

The position of the cadre as at 31 December 2014 had been as follows.

	Category of Employees	of Approved Cadre	Actual Cadre	Number of Vacancies
(i)	Senior Level	06	05	01
(ii)	Tertiary Level	01	-	01
(iii)	Secondary Level	157	114	43
(iv)	Primary Level	24	17	07
	Total	188	136	52

The following observations are made.

- (i) The Department had failed to fill 52 vacancies even by the end of the year under review.
- (ii) An officer had been recruited on contract basis on 12 September 2013, on the term of payment of a monthly allowance of Rs.23,506 to fill the vacancy in the post of the Administrative Officer exciting since 12 September 2013.

8. Head 205 – Department of Public Trustee

8.1 Non-maintenance of Registers and Books

It was observed during the course of audit test checks that the Department had not maintained this following registers.

Type of Registers	Relevant Regulation
-----	-----
Register of Losses	Financial Regulation 110
List of Motor Vehicles	Financial Regulation 1647(e)

8.2 Lack of Audit Evidence

Three transactions totalling Rs.16,669,375 could not be satisfactorily vouched in audit due to the unavailability of the required evidence such as receipts, fixed deposit certificates, etc. with the Department.

8.3 Appropriation Account

Budgetary Variance

Excess provisions had been made for 3 Objects and as such the savings, after the utilization of provisions, ranged from 20 per cent to 71 per cent relating to those objects.

8.4 Reconciliation Statement of the Advances to Public Officers Account

According to the Reconciliation Statement of the Advances to Public Officers Account Item No.20501, the balances that remained outstanding as at that date totaled Rs.657,194. Those outstanding balances related to a period less than one year and the Department had failed to recover those outstanding loan balances.

8.5 Good Governance and Accountability

8.5.1 Annual Procurement Plan

The Annual Procurement Plan in terms of the National Budgets Circular No.128 of 24 March 2006 had been prepared on 26 May 2015, that is, after the close of the financial year.

8.5.2 Internal Audit

Even though an Internal Audit Unit had been established an adequate internal audit of the Trusts and Estates had not been carried out.

8.5.3 Assets Management

The audit test check of the assets of the Department revealed that a Jeep belonging to the Department had being parked in the Department premises without being used over a period of about 3 years.

8.6 Non – compliances

Non-compliance with Laws, Rules and Regulations

Instances of non-compliance with the provisions in laws, rules and regulations observed during the course of audit test checks are analyzed below.

Reference to Laws, Rules and Regulations	Value	Non-compliance
	-----	-----
	Rs.	
(a) Financial Regulations of the Democratic Socialist Republic of Sri Lanka		

(i) Financial Regulation 264	159,625	Even though payment totally Rs.159,625 had been paid for 14 instances of repairs done, receipts had not been obtained from the parties in acknowledgement of the payments.
(ii) Financial Regulations 454 and 751	50,100	Goods totalling Rs.50,100 purchased in 5 instances had not been recovered in a stock book in terms of the Financial Regulation.
(iii) Financial Regulation 752	-	Even though every entry in the Inventory Book should be supported by a voucher, the voucher number had not been recovered in the Inventory Book.

- (iv) Financial Regulation 1641 - Two Motor Vehicles belonging to the Trust Estates of the Department had been leapt without security instead of keeping than under security until they are handed over to the owners.

(b) Public Administration Circulars

- Paragraph 02 of the Public Administration Circular No.14/90 of 10 October 1990 - The fuel consumption of 11 motor vehicles of the Department had not been tested even by 31 December 2014.
- Paragraph 03.14 - Even though action on motor vehicles in Colombo should be taken to invite quotations from the garages in the Municipal Council limits of Colombo and Dehiwala-Mount Lavinia and in the limits of the Kotte Urban Council, select the garages proficient the carrying out repairs to motor vehicles, prepare a list of such garages and invite them for carrying out repairs, the repairs to motor vehicles had been carried out by inviting quotations from garages at Kadawatha and Veyangoda.

8.7 Performance

The observations on the progress of the Department according to the Annual Budget Estimates and Action Plan for the year 2014 are given below.

8.7.1 Actions Contrary to the Key Functions

Instances of action taken by the Department contrary to the objectives were observed. Several such instances revealed during the course of audit test checks are given below.

(a) Expenditure incurred from the Religious and Social Services General Trust Fund

The Department had established a Trust called the Religious and Social Service General Trust Fund by making a preliminary investment of Rs.10 million. Irrespective of the debit balance of Rs.81,606,870 in the account of this Trust as at the beginning of the year 2014, the audit test check of the payments made under the name of this Trust amounting to Rs.33,857,136 by utilizing the money belonging to other Trusts and Estates, unclaimed foreign compensation and the money received as Vihara compensation revealed the following observations.

- (i) The expenditure incurred in excess of the provisions made for general administration purposes had been made from the Religious and Social Services Trust Fund. Accordingly the excess expenditure of Rs.1,571,848 relating to 6 Objects had been incurred from this Fund by the end of the year under review.
- (ii) Irrespective of the debit balance of the Trust as at the beginning of the year amounting to Rs.81,606,870, a sum of Rs.31,969,288 relating to 7 Objects of the year under review had been paid from the Trust.
- (iii) Even though the expenditure on air travel tickets in connection with signing the deeds of the properties owned by the Trusts and Estates in foreign countries should be met from the respective Trusts and Estates a sum of Rs.360,000 in the connection had been paid from the Religious and Social Services Trust Fund in 2 instances.

(b) Key Functions not Executed Adequately

According to the information made available to audit, the Department had failed to adequately execute the objectives of 1,019 Trusts and 130 Estates controlled by the Department. Several such instances revealed during the course of audit test checks are given below.

Weerasinghe Abeynayake Estate

The following observations are made.

- (i) Even though the power of administrator for the execution of the objectives of the last will had been given on 30 March 1982, a period of 28 years had been taken to prepare a Deed of Trust.
- (ii) According to the last will of the owners of the Estate, a Fund should be established by utilizing the income of the Estate and execute the objectives of the Trust. The Public Trustee had interpreted that the money received from the sale of immovable properties of the Estate should be deposited in the Trust and the sum of Rs.2,500,000 received from the sale of the divided land No.6 of 35 perches from Block B of the Punchi Pathhe watta, Gabada Vidiya, Matara, was deposited in the Bank under Weerasinghe Abenayake Fund and established such Fund.
- (iii) Any evidence whatsoever relating to the lease of divided land No.3 of 32 perches from Block B of the Punchi Pathahe Watta, Gabada Vidiya, Matara and the building thereon at the lease rent of Rs.360 per month to the previous lessee was not available. The lessee had sub-leased the property and earned income at Rs.8,000 per month as the Public Trustee had not discharged his duties properly.
- (iv) The Lessee had drawn an illegal Deed of Declaration No.32 on 15 June 2012 and an illegal Deed of Gift No.34 of 27 June 2012 and registered in the Land Registry Matara. But the Department had not taken legal action in the connection.
- (v) Even though the Department of Public Trustee had leased out the property under the Lease Deed No.312 dated 05 December 2013 for a monthly lease rent of Rs.8,000, a valuation of the lease rent had not been obtained from the Department of Valuation.
- (vi) Even though the above Lease agreement had expired on 31 December 2013, action had not been taken to renew the lease or to enter into a new agreement even by 10 March 2015, the date of audit. The Department had not taken action for the recovery of the lease rent from March 2014 to 10 March 2015 amounting to Rs.88,000 defaulted by the lessee.
- (vii) After the dismissal of the appeal case filed for the inadequacy of the compensation of Rs.16,500,000 received for the acquisition of 31.0287 hectares of the Modaramuneyaya land belonging to the above Estate by the Government had been credited to the General Deposit Account instead of being credited to the Modaramuneyaya Land Account.

- (viii) Any records of the portion of 0.1837 hectares or 72 perches of the Modaramuneyaya Land not acquired by the Government had not been furnished to Audit.
- (ix) According to the above matters, the Department of Public Trustee had failed to fulfil the expectations of the owners of the Estate in accordance with the Last Will and Testament No.19047 of 09 May 1956 and the power of Administrator of 3 March 1982. Even up to 10 March 2015, the date of audit.

(c) Deficiencies of Estates and Trusts

Deficiencies totalling Rs.296,023 of Estates and Trusts in the year 2013 were observed during the course of audit test checks.

Name of Estate/ Trust	Year 2013		Nature of Expenditure	Deficiency
	Income	Expenditure		
	Rs.	Rs.		Rs.
Estate of Heenatiya Palliyage Seelawathee de Silva	16,088	32,400	Fulfilling objectives and other expenses	16,312
Estate of T.T. de Silva	567,999	656,352	Fulfilling the objectives of the Trust and Fees of the Public Trustee.	88,353
Amaradeva Foundation Trust	43,240	234,598	Fulfilling the objectives and Fees of the Public Trustee	191,358
Total				296,023

(d) Action not taken to Fulfill Objectives

Audit test checks revealed that action had not been taken for the fulfilment of the objectives of the following Funds and Trusts.

Name of Estate/Trust	As at 31 December 2014		Objectives
	Value of Investment	Bank Balance	
	Rs.	Rs.	
Sri Lanka Intensive Care Unit Foundation Trust	1,310,000	148,768	Supply of materials for the Intensive Care Unit of the National Hospital of Sri Lanka.
Kandyan Sports, Arts, Industries and Cultural Trust	1,114,171	304,528	Providing assistance to the cultural activities of Kandyan Cultural Center.
Cultural Centers Trust	12,241,584	219,563	Providing assistance for the advancement and development of all Cultural Centers.
Lokuge Tudor Weerasinghe Sahana Udaya Elders Rest Room Trust Fund	2,540,392	363,366	Payments made at the request of Board of Trustees.

(e) D.B. Jayatilaka Estate

The Ledger Account of the Estate relating to the D.B. Jayathilaka controlled under the Department of Public Trustee had a debit balance of Rs.5,819,882 as at the end of the year 2013. The audit test check of the expenditure of Rs.3,219,165 incurred in the year 2013 irrespective of the debit balances of this Estate brought forward over a member of years revealed the following deficiencies.

- (i) Even though Section 14(1) of the D.B.Jayatilaka Deed of Trust specially states the manner in which the educational aid should be granted, payments contrary to that amounting to Rs.110,000 had been made in 2 instances.
- (ii) Even though religious aid can be granted in terms of Section 10 of this Deed of Trust, a test check revealed that religious aid and Students aid had been paid without any control and methodology. Details are given below.

Year	Opening Debit Balance of the Year	Value of Religious Aid Paid	Students Aid
-----	-----	-----	-----
		Rs.	Rs.
2013	8,798,294	1,206,550	109,900
2014	5,819,882	493,000	290,000

- (iii) A detailed Schedule of Properties of the Trust had not been furnished to audit.

(f) Presentation of Accounts Trusts/Estates

The following observations are made.

- (i) The final accounts of Trust Estates for the year 2014 had not been presented for audit even by 30 June 2015.
- (ii) The Account of the Irahandayawa Estates and the account of the Religious and Social Service General Trust had been omitted in the final accounts of Trusts prepared for the years 2012 and 2013. Accordingly, the final accounts of those years did not show the accurate and the true position of all the Trusts.
- (iv) When certain Trust have several properties, several such accounts had been maintained instead of maintaining a single Account. All those accounts had not been furnished by summarizing as one account.

8.10 Irregular Transactions

Certain transactions executed by the Department were devoid of regularity. Several such instances observed are given below.

(a) Deviation from the Government Procurement Procedures

The Department of Public Trustee had not maintained a list of registered names of supplier institutions in connection with the repairs to computer printers or the supply of services and the purchase of office stationery and equipment and it was observed in Audit, that service agreements had not been entered into for the supply of services. As such action had not been taken in terms of Guideline 3.4.3 of the Government Procurement Guidelines. The Department had been deprived of the economic benefits under the competitive bids as bids had not been invited in terms of Guideline 3.4.1

(b) Ambuluwawa Bio-diversity Trust Fund

According to the balance sheet as at 31 July 2014, the date of audit, the Bank Overdraft of the Trust amounted to Rs.22,771,316. Even though payments amounting to Rs.18,966,869 had been made from this Trust from the year 2013 to 31 July 2014, it was observed that such payments had been made contrary to the objectives of the Trust.

8.11 Losses and Damage

A loss of Rs.254,038 had been caused due to an accident to a motor vehicle of the Department on 27 January 2007. Even though a period of 8 years had elapsed after the loss was caused, the Department had failed to recover the Loss from the parties concerned.

8.12 Unresolved Audit Paragraphs

The reference to the Audit paragraphs relating to the Department included in the Auditor General's Report, on which follow up action is not finalized is given below.

Reference to Auditor General's Report		Item under Reference
Year	Paragraph Number	
2012	5.1	<p>Investment of Money in the Pramuka Bank</p> <p>According to a Notification in the Gasette Extraordinary dated 23 April 2008, a sum of Rs.129,052,032 belonging to 40 Trusts and Estates under the Department of Public Trustee invested in a Bank, had been treated, after the closing down of that Bank, as the deposit liabilities receivable by the Government and invested as share capital owned by the Government in a Saving Bank of the Government. The internet receivable at the average interest rates on the sum of Rs.129,052,032 invested in the years 2001 and 2002 in the closed down Bank receivable amounting to Rs.160 million approximately could not be obtained even by the end of the year 2014.</p>
2012	9	<p>General Investments Interest Account</p> <p>(i) The approval for spending the money of the Trust, in terms of Section 6(a) of the Deed of Trust, at the direction of the Public Trustee without following any methodology had been obtained through decisions of Courts. In view of the making use of this position to make payments without evidence to show the manner of earning in the year 2012, the deficiencies in the Account as at 31 December 2014 amounted to Rs.40,876,742. Even though the value of investments had been shown as Rs.15,000,000, the value of investments according to the Deed of Trust could amount only to Rs.10,000,000.</p> <p>(ii) Permission has been obtained from the Courts for the recruitment of officers and pay salaries from this Trust. As such, it was observed that the situation in ultra vires the powers conferred on the Public Trustee under Sections 2, 4(12) and 44</p>

of the Public Trustee Ordinance (Amended) Act, No.61 of 1988 Accordingly, the Public Trustee had recruited 28 officers by the year 2012 and the recruitment and deployment of those officers in service had been done in a highly irregular manner.

2012

10.1

Irregular Control of the Ambuluwawa Environment Development and Conservation Trust

- (i) The balance of the account of this Trust established on 01 September 2000 with a capital of Rs.100,000 with the objective of the development and conservation of the environment and the bio-diversity of the Ambuluwawa area, amounted to an overdraft balance of Rs.22,709,170 as at 11 September 2015, the date of audit.
- (ii) Irregular payments contrary to this Trust consisting of Rs.2,802,352 paid in two instances for settlement of Private Medical Bills, Rs.1,296,352 for purchase of air travel tickets, a sum of Rs.314,731 for repair and insurance of motor vehicles, totaling Rs.4,413,899 had been paid irregularly from the Trust.
- (iii) Further, sum totalling Rs.2,300,000 had been paid in 04 instances irregularly without the approval of the Board of Management and contrary to the objectives of this Trust.
- (iv) A Jeep purchased for Rs.3,431,400 in December 2010 had been sold for Rs.3,400,000 in January 2012 without the approval of the Board of Management of the Trust and contrary to the laws, rules and regulations.
- (v) Even though a sum of Rs.4,000,000 had been paid in January 2012 for the purchase of a motor vehicle, the evidence in support of the purchase of the Motor Vehicle had not been furnished to Audit.
- (vi) The interest of Rs.15,000,000 invested in a Bank had not been recovered. A sum of Rs.10,754,399 had been released in 14 instances without the approval of the creator. Accounts had not been

prepared and presented to the Auditor General. As such the terms 8,16 and 18 of the Deed of Trust had been breached.

2012

10.3

Takeover of an Estate

The following observations are made in connection with the takeover of an Estate.

- (i) Even though there were experienced and qualified officers in the Department for attending to the preliminary work for the takeover of the assets of the Trust when the relevant Trust was brought into the custody of the Department on 19 April 2010, that work had been carried out through an outside person without following a formal methodology and a sum of Rs.1,003,955 had been spent out of the money of the Estate in the years 2010,2011 and 2012. The documents in support of the expenditure had not been furnished to Audit.
- (ii) The particulars of 80 gold ornaments and other valuable items belonging to the Estate deposited in a safe in a Government Bank had not been recorded in the Departmental files and the Register of Assets submitted to the Court.
- (iii) According to the information submitted to the Court, the Value of Bank balances of the owner of the Estate amounted to Rs.45,324,443, whereas according to the information received by Audit, that balance amounted to Rs.51,906,005. Further in the submission of information to the Court of the owner of the Estate, the balance had on another Bank Account been understated by Rs.304,445.
- (iv) In addition to the above Bank balances the Bank records containing the information on the sum of Rs.53,646,470 available in other Bank Accounts had not been included in the Estates files. As such it was not possible for Audit to ascertain the accuracy of those values.
- (v) Even though a period of 2 years 08 months had elapsed after the demise of the Estate owners as at the date of audit, that is, 20 December 2012,

action had not been taken in collaboration with the Colombo Mahabodhi Society to start a Sil Matha Aramaya in the house in Bandarawela owned by him and to start a Meditation Centre in that building. In addition, action had not been taken to appoint a Board of Directors of 6 persons including a representative of the Sri Lanka Mahabodhi Society to administer the Trust.

2012

13.2

Irregular Appointments and Assignment of Duties

Twenty eight officers outside the staff approved for the administrative functions of the Department of Public Trustee had been appointed in the year 2012 without formal approval and a Scheme of Resentment. An acceptable methodology had not been followed for these recruitments. Those offices had been paid from a Fund called Religious, and Social Service General Trust Fund maintained by collecting money irregularly from Trusts and Estates. The following matters were observed in connection with two officers so appointed.

- (i) A Lawyer had been appointed on contract basis by the letter dated 01 May 2012 of the Public Trustee of Sri Lanka without examining qualifications, stipulating that he should report for during only on 3 days per week. He had been paid a monthly allowance of Rs.35,000. According to the Letter of assignment of duties, all duties of the permanent post of the Deputy Public Trustee of the Department had been assigned to that officer.
- (ii) A person had been appointed as the Authorized Officer of the Department without a Scheme of Recruitment. Subsequently he had been given the post of Investigating Officer and appointed him as the officer in charge of the Investigation Division of the Department. He had been paid at the rate of Rs.20,000 per Estate for attending to the duties of 2 Estates.

2013	4.4	<p>Failure to Execute Properly the Payment of Foreign Compensation</p> <p>-----</p> <p>It was observed that the payment of compensation received from foreign countries in connection with the sudden death or disabling of Sri Lankans while being employed in foreign countries, to their heirs had not been done with due care and efficiency.</p> <p>(i) Accordingly, the foreign compensation payable as at 31 December 2013 amounted to Rs.41,623,427 and that money had been retained in the Departmental Bank Account over periods ranging from 06 months to 10 years.</p> <p>(ii) The Department had not followed a methodology to make available to the beneficiaries the interest that accrues on the compensation due to the delays in the payment of foreign compensation. As such the possibility of the interest realized on the compensation collected in the General Cash Account being used for making irregular payments was observed.</p>
2013	4.8(b)	<p>Suspense Account</p> <p>-----</p> <p>The interest received by the Department in connection with Trusts/Estates had been credited to a Suspense Account until the receipt of information due to the difficulty in the specific identification of the manner in which the interest received by the Department for Trusts/Estates due to the absence of a methodology in respect of the Trusts/Estates. In view of the failure to identify the information specifically, a balance of Rs.8,353,407 existed in that account as at 31 December 2014.</p>
2013	4.8(d)	<p>Kadawatha – Mahara Town Development Trust</p> <p>-----</p> <p>The following deficiencies were observed in the examination of the “Kadawatha- Mahara Town Development Project Trust” established with the objective of contribution to the Improvement and Maintenance of Project implemented under the Urban Development Project of the Mahara Electorate and</p>

providing financial contribution where possible for the activities of the Lasantha Alagiyawanna Foundation.

- (i) According to paragraph 08 of the Deed of Trust, the interest income received on the capital, less the Government charges should be deployed on the objectives of the creator while according to paragraph 09(b) such interest should be released on a written request made by the Creator on the concurrence of the members of the Board of Control of Trustees. But, contrary to that, a sum of Rs.1,500,000 received from a private Telecommunication Company for capital improved had been released by recovering the capital charges, without investing the money.
- (ii) According to paragraph 9(b) before the release of the next installment of interest, a detailed report on the projects executed from the money released earlier should be submitted. But, contrary to that sum totalling Rs.3,128,250 had been released in two instances.

2013

6.9(a)

Purchase of Offerings

The Department had spent a sum of Rs.19,838,920 in the year 2013 for the purchase of Eight Requisites (Ata Pirikara) and other offerings. The following deficiencies were observed in this connection.

- (a) Sum totalling Rs.19,838,920 had been paid in the year 2013 to five institutions for the purchase of Eight Requisites and other offerings without following the Procurement Procedure.
- (b) Even though a sum of Rs.112,500 had been paid to the Okewela Divisional Secretariat for the purchase of 150 robes, the bill for purchase had not been attached to the Voucher. It is not possible to be satisfied in Audit with regard to the accuracy and transparency of the payments. Further, the Okewela Divisional Secretariat had not issued a receipt in acknowledgement of cash.
- (c) The Department had not formally taken over or recorded the goods in a register, in the distribution of offerings for religious ceremonies

or for Temples. As such the provisions in the Financial Regulation 137(5) had been ignored in making payment for the offerings.

- (d) There were instances in which the offering had been given to religious institutions or a representative or person without a written request.
- (e) Even though the Department had used a permit for the purchase of goods as a written evidence for the purchase of offerings, those had not been printed with consecutive numbering or in duplicate. As such it was not possible to ascertain whether the permits issued had actually been received by the Department. The payments for offering, had been made only in the invoices furnished by the institutions concerned without reconciling the goods permits and offering issued as recorded in the invoices.
- (f) The following weaknesses were observed during the course of examination of the goods issuance permits.
 - (i) There were instances in which the private institutions issued goods to the bearer of the permit without the approval of an authorized officer of the Department.
 - (ii) Instances in which offerings had been issued to individuals or institutions, without ensuring that the correct quantities have been taken over were observed. Accordingly, it could not be established that the relevant parties had actually received the goods.
 - (iii) In instances in which the Department of Public Trustee had received the offerings direct, the Department had not maintained the formal registers for the receipt and issue of those goods.

8.13 Management Weaknesses

The following observations are made.

Irahandayawa Watta

The following deficiencies were observed during the course of audit test checks of the Irahandayawa Watta belonging to the "Silva Wijesekara" Estate controlled by the Department.

- (a) Instances of non-achievement of the expected targets according to the Action Plan for the year 2014 were observed. Details appear below.
 - (i) According to the Action Plan of the Estates Division, the expected profit for the year amounted to Rs.7,391,966, whereas the actual profit had been only Rs.1,394,457. As such the actual profit had been 19 per cent of the expected profit.
 - (ii) According to the estimate prepared for the year 2014, income amounting to Rs.57,500 from 2 kinds of subsidiary crops had been estimated. The actual income amounted to Rs.7,600. But, income amounting to Rs.28,944 had been earned from 3 kinds of Subsidiary Crops not estimated.
 - (iii) Even though a crop of 260,000 coconuts had been estimated for the year 2014, a crop of 169,074 coconuts only had been reported. Accordingly, 65 per cent of the estimated number of coconuts had been obtained.
- (b) The other income and the subsidiary crops cultivation of the Irahandayawa Watta after March 2012 had not been updated. As such none of the documented information on the cultivation of the subsidiary crops was available in the Head Office. In view of the above situation, it was not possible to be satisfied in Audit with regard to the particulars the subsidiary crops cultivated, the harvest during the year, the quantity out of the harvest received sold by the Welfare Society and the accounting for those transactions.
- (c) The attention of the authorities concerned had not been paid properly to the Cinnamon Cultivation, grown in 8 acres as an under-cultivation capable of generating income.
- (d) An income of Rs.3,014,600 had been earned during the year 2014 by giving 71,000 coconuts to the Coconut Development Board for use as Seed coconut. Nevertheless, it was observed that the quantity of coconuts supplied to the Coconut Development Board had decreased by the end of the year 2014 while

Coconuts from the first crop plucking of the year 2015 had not been supplied to the Coconut Development Board.

- (e) Even though a sum of Rs.114,702 should have been credited to the income of the Trust, as the income from the sale of coconuts by the Welfare Society in the year 2014, a sum of Rs.85,298 only had been credited to the income. As such action had not been taken to recover income amounting to Rs.29,404.

8.15 Human Resources Management

Approved Cadre and Actual Cadre

The position of the Cadre as at 31 December 2014 had been as follows.

Category of Employees	Approved Cadre	Actual Cadre	Number of Vacancies
(i) Senior Level	06	05	01
(ii) Tertiary Level	02	02	-
(iii) Secondary Level	46	27	19
Total	54	34	20
	==	==	==

The Department had failed to fill 20 vacancies even by the end of the year under review.