

Report of the Auditor General on the Head 101 – Ministry of Buddha Sasana – Year 2015

1. Scope of Audit

The audit of the Appropriation Account and the Reconciliation Statements including the financial records, books, registers and other records of the Head 101-Ministry of Buddha Sasana for the year ended 31 December 2015 was carried out in pursuance of provisions of Article 154(1) of the Constitution of the Democratic Socialist Republic of Sri Lanka. The Management Audit Report for the year under review was issued to the Secretary to the Ministry on 04 July 2016. 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.

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

The Chief Accounting Officer is responsible for the maintenance, preparation and fair presentation of the Accounts and the Reconciliation Statements in accordance with the provisions in Articles 148, 149, 150 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 Account

Total Provision and Expenditure

The total net provision made for the Ministry amounted to Rs.832.3 million and out of that, Rs.799.7 million had been utilized by the end of the year under review. Accordingly, the savings out of the net provision made for the Ministry amounted to Rs.32.6 million or 4 per cent. Details appear below.

<u>Expenditure</u>	<u>As at 31 December 2015</u>			<u>Savings as a Percentage of Net Provision</u>
	<u>Net Provision</u> Rs.Millions	<u>Utilisation</u> Rs.Millions	<u>Savings</u> Rs.Millions	
Recurrent	179.5	159.2	20.3	11.3
Capital	652.8	640.5	12.3	1.9
Total	832.3	799.7	32.6	3.9
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2.2 Advances to Public Officers Account

Limits Authorised by Parliament

The limits authorized by Parliament for the Advances to Public Officers Account Item No.10101 of the Ministry and the actual amounts are given below.

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
6.85	4.46	3.25	3.87	23.00	12.25

2.3 General Deposit Account

The balances of the Deposit Accounts under the Ministry as at 31 December 2015 amounted to Rs.26.95 million.

Deposit Account Number	Balance as at 31 December 2015
	Rs.Millions
6000/0000/00/0002/0058/000	0.17
6000/0000/00/0016/0013/000	24.03
6000/0000/00/0018/0013/000	<u>2.75</u>
Total	<u>26.95</u>

2.4 Audit Observation

The Appropriation Account and the Reconciliation Statement as at 31 December 2015 of the Ministry of Buddha Sasana had been satisfactorily prepared subject to the Audit Observations included in the Management Audit Report referred to in Paragraph 1.1 above. The material and important Audit Observations out of the observations included in the Management Audit Report appear in Paragraph 3.

3. Material and Important Audit Observations

3.1 Non-maintenance of Registers and Books

The Ministry 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 Assets on Computers, Accessories and Software	Treasury Circular No.IAI/2002/02 of 28 November 2002

3.2 Replies to Audit Queries

Replies to 4 Audit Queries issued to the Ministry in the year under review had not been furnished even by 31 March 2016. The value of quantifiable transactions relevant to those audit queries amounted to Rs.10,115,163.

3.3 Appropriation Account

Excess provisions had been made for 16 Objects and as such the savings, after the utilization of provisions, ranged from 24 per cent to 88 per cent of the net provisions.

3.4 General Deposit Accounts

Action in terms of the Financial Regulation 571 had not been taken on 13 deposits totalling Rs.13,456,326 older than 2 years.

3.5 Reconciliation Statement of the Advances to Public Officers Account

According to the Reconciliation Statement of the Advances to Public Officers Account Item No.10101 as at 31 December 2015, the loan balances older than 2 years recoverable from 02 officers vacated posts and released to other services totalled Rs.136,368 and the Ministry had failed to recover those loan balances in terms of Section 4.5 of Chapter XXIV of the Establishments Code.

3.6 Good Governance and Accountability

3.6.1 Internal Audit

The Ministry had prepared Internal Audit Plans covering 19 fields including the Ministry, the Department of Buddhist Affairs and the Buddha Sasana Fund. Five Internal Audits had been carried out during the year under review. An adequate internal audit had not been carried out on the Projects handled by the Ministry, development works and administrative works.

3.6.2 Annual Performance Report

Even though the Ministry should table the Performance Report in the Parliament within 150 days after the close of the financial year in terms of the Public Finance Circular No.402 of 12 September 2002, that report had not been tabled in Parliament even by 30 June 2016.

3.7 Assets Management

Unsettled Liabilities

The unsettled liabilities of the Ministry less than one year old as at 31 December 2015 amounted to Rs.2,126,019.

3.8 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 analysed below.

Reference to Laws, Rules and Regulations	Value	Non-compliance
	Rs.	
(a) Financial Regulations 94(1)	451,021	The liabilities incurred had exceeded the savings after the utilisation of provisions made for 5 Objects, by a sum of Rs.451,021.
(b) Financial Regulations 371	292,000	Even though the Ad hoc Sub-imprest can be paid only to the Staff Officers Ad hoc sub-imprests totalling Rs. 292,000 had been granted in 2 instances to an external person recruited as a Consultant.

3.9 Performance

3.9.1 Activities Contrary to Key Functions

Instances of action taken by the Ministry deviating from its objectives were observed. Several such instances observed during the course of Audit test checks are given below.

(a) Sponsorship Payment made for “Buddhist Devotional Song”

According to a proposal made by a private group of persons, the Ministry had made a sponsorship payment of Rs.1 million for the launch of the “Buddhist Devotional Song” concurrently with the National Vesak Festival 2015. Even though that group had furnished to the Ministry the arrangements made for the recovery of the estimated cost of producing the Buddhist Devotional Song amounting to Rs.8,050,000, the Ministry had not reached an agreement with regard to the copyrights to the song or for crediting the income from the song to the Public Revenue. As such the Ministry had spent public funds for an activity launched by a private group with the intention of earning income. Even though it was stated that the song will be launched in connection with the Vasak Festival 2015, the production of the song had not been finalised even by 31 May 2016.

(b) Printing and Distribution of Buddhist Diaries 2015

The Ministry of Buddha Sasana had spent a sum of Rs.6,590,500 for the printing of 26,500 Buddhist Diaries and 12,500 Call up Diaries for the year 2015 and a sum of Rs.613,000 approximately for the Island-wide distribution of those diaries. The entire provision of Rs.2,250,000 made for the conduct of exhibitions depicting the Buddhist

Cultural Values had been used for this purpose. As such it was observed that the provision made for a specific Objective had been utilized for totally different activities at the beginning of the year itself.

3.9.2 Key Functions not executed adequately

The Ministry had not executed the Key Functions adequately and such an instance observed is given below.

Providing Assistance to Daham Pasal

The following deficiencies were observed during the course of audit test checks of several temples in the area of authority of the Divisional Secretariat Minuwangoda.

- (a) An examination of the Priority Register of Daham Pasal suitable for the grant of Daham Pasal assistance and the Register of Daham Pasal assistance granted revealed that the assistance had not been given to the temples in the Priority Register while assistance had been given to temples which were not in the Priority Register.
- (b) In dealing with the Buddhist Affairs Co-ordinating Officers attached to Divisional Secretariats the progress review meetings had not been held in the timely manner and as required. In view of this reason, difficulties had arisen in the settlement of problems relating to their duties. Further it was observed that due to the delays in the settlement of problems, further problems had arisen.

3.10 Transactions of Contentious Nature

3.10.1 State Vesak Festival - 2015

The Ministry of Buddha Sasana had received Rs.34,071,000 from Sponsors and as Treasury Grants for the State Vesak Festival of the year 2015. The following observations are made in this connection.

- (a) Provision amounting to Rs.21,071,000 had been given to the Ministry of Buddha Sasana from the Supplementary Estimates Allocation dated 15 April 2015 for incurring expenditure on a State Vesak Festival. Out of that a sum of Rs.7,935 236 had been saved by the date of audit and all expenditure on the Vesak Festival had been incurred by that time. As such it was observed that in the preparation of estimates for the State Vesak Festival and making application for the Supplementary Estimates Allocation excessive estimates had been prepared.
- (b) Further, on the written requests made by the then Minister in charge of the subject, financial assistance for the State Vesak Festival 2015 amounting to Rs.13,000,000 had been received from 4 Government Institutions. These grants had not been spent as the provision for the State Vesak Festival received from the Government had been adequate. Those receipts had been given to the Buddha Sasana Fund instead of being credited to the Public Revenue.

3.10.2 Creation of a Web Site for the Ministry

Sums totalling Rs.3,807,000 had been paid in the years 2013 and 2014, for the Creation of a Web Site for the Ministry and the five Departments, then existed under the Ministry. The following observations are made in connection with those payments.

- (a) Quotations had been invited from three suppliers selected without preparing the required technical specifications by appointing a Technical Evaluation Committee and without obtaining the approval of the Ministry Procurement Committee and a supplier had been selected by the Secretary to the Ministry.
- (b) A sum of Rs.804,000 had been paid for the Web Site Creator and the Software provided by the supplier without those been subjected to supervision by a Technical Officer or a Specialist in the field. The development of the Web Sites for the five Departments under the Ministry had been awarded to the same supplier and a further sum of Rs.3,003,000 had been paid. Nevertheless, the Web Sites had not been created and handed over. The Web Site created for the Ministry had become inoperative after the elapse of 06 months.

3.11 Irregular Transactions

3.11.1 Grant of Assistance for Development Work of Daham Pasal and Temples. Construction of a Multipurpose Building for the Premises of the Ranwala Pahan Devalaya, Puwakpitiya

The Ministry had given provision of Rs.1,000,000 to the Divisional Secretary, Hanwella in October 2015 for the construction of the above building. The following deficiencies were observed in this connection.

- (a) Construction Work had been commenced without obtaining the approval for the building plan from the relevant Pradeshiya Sabha.
- (b) The building had been constructed within the Railway Reservation, which should have been left out in constructing buildings. In view of a plan being implemented for the construction of double lines for the Railway and the location of the Land in a Low-lying area the approval of the Sri Lanka Land Reclamation and Development Corporation had not been obtained. As such an construction work commenced had been illegal.
- (c) An access road had not been constructed for the land and money for construction had been given without ensuring that the basis requirements have been accomplished.

3.11.2 Appointment of a Consultant for the Information Technology Unit and the Punya Grama Programme

The following observations are made in this connection.

- (a) Despite the availability of Staff Grade Officers in the Ministry who can co-ordinate the programmes operated by the Ministry, all the activities of the Punya Grama Project had been assigned to a Priest who had been irregularly appointed as a Consultant. The bills and claims furnished the Consultant Priest had been accepted and a sum of Rs.3,424,404 had

been credited to a Bank Account in the name of the Consultant Priest and another sum of Rs.761,277 had been released to a private company in which the above consultant is the Chairman. But the Ministry had not exercised a formal supervision of those activities.

- (b) An irregular payment of Rs.1,505,202 had been made to the Consultant referred to at (a) above, contrary to the provisions in the Government Procurement Guidelines to create and maintain a Web Site called Punya Grama Web Portal. The database for the Web Site had not been handed over to the Ministry and the Web Site was not in working order.

3.11.3 Commemoration of 150 Birth Anniversary of Anagarika Dharmapala – 2015

Provision amounting to Rs.10,000,000 had been made for the above purpose in the Annual Budget Estimates. The following deficiencies were observed during the course of audit test checks of the expenditure out of that provision made during the year 2015.

- (a) The Ministry had paid a sum of Rs.2,000,000 on a statement of expenditure of Rs.3,189,858 forwarded by the All Ceylon Buddhist Congress in connection with the Commemoration Birth Anniversary of Anagarika Dharmapala and the Buddhist Literary Festival held in the year 2014. Even though bills for expenditure amounting to Rs.1,561,264 had been formally furnished, the bills for expenditure amounting to Rs.438,736 had not been obtained.
- (b) Even though Rs.129,000 had been paid as Resource Person Allowances to this Lecturers of the Anagarika Dharmapala Lecturer Training Project and a sum of Rs.60,000 for dubbing Tamil Language to the Biographical Documentary Film on Anagarika Dharmapala and a sum of Rs.1,000,000 for the expenditure on the Discourse on his 150 Birth Anniversary 2015 totalling Rs.1,060,000 had been paid to the collection account of a Priest, the bills for the services rendered had not been obtained from the relevant service supplier institution. The follow-up action on these activities had not been carried out.
- (c) The Ministry of Buddha Sasana and a Government University had jointly organized a Research Paper Contest under 4 Sub-heads. “Vision of Anagarika Dharmapala for the future” based on the National Discourse on Anagarika Dharmapala 150 years Anniversary Celebrations. It was stated that the Mass Communication Division of the said University will be collecting fees for registration for the Contest at U S \$100 per Researcher from the SAARC Countries U S \$ 200 per Researcher from other countries and Rs.2,000 per Researcher from the Local Researchers. The Ministry of Buddha Sasana had made a financial contribution for the programme. Any report on the money collected based on that programme had not been furnished to the Ministry.

3.11.4 Construction of the Sri Sumana Daham Pasala of the Sri Bimbarama Temple Gampola Doluwa

Sums totalling Rs.32,102,409 inclusive of the Value Added Tax had been paid under 2 stages to a Contractor for the construction of a building for the Daham Pasala conducted by the above Temple. The following observations are made on those payments.

- (a) A Consultant for the construction of this building had been appointed without inviting competitive bids in terms of the Guideline 3.2 of the Government Procurement Guidelines

and the approval of the Ministry Procurement Committee. The building had been constructed on a land not legally belong to the Temple or the Ministry.

- (b) The designs had been changed halfway through the construction as a formal agreement had not been reached between the parties concerned prior to the commencement of the construction of the building. As such the work had to be carried out under 2 stages. That involved an additional expenditure of Rs.11,616,302. Accordingly, a sum of Rs.11,616,302 had been spent for increasing the length of the main building by 1/5 more than original plan.
- (c) The contractor had been paid Rs.18,633,092 for the first stage of the building according to the original plan and for that sum, work of the building had not been completed. A sum of Rs.11,616,302 had been paid for increasing the length of the building by 1/5. As compared with the expenditure of Rs.25,602,633 for the completion of ¼ of the building, the expenditure on the latter construction was observed as an unusual situation.

3.12 Uneconomic Transactions

3.12.1. Construction of the Bhikshu Training Centre and the adjoining Parapet Wall – Mirisawetiya

The Ministry of Buddha Sasana had made plans under 2 stages for the completion of construction of the Bhikshu Training Centre, Bhikshu Hostel and the adjoining parapet wall of the Anuradhapura Mirisawetiya Temple. A sum of Rs.32,494,501 had been spent from the years 2011 to 2015. The following deficiencies were observed during the course of audit test checks carried out in this connection.

- (a) The building constructed by the Ministry under the first stage had been handed over to the Mirisawetiya Raja Maha Viharaya. But the Ministry had not taken action to get the defects found in the doors, iron covers and rain gutters installed rectified. The retention money amounting to Rs.992,734 had been refunded to the contractor in 2 instances.
- (b) Plans had been made to develop the partly constructed building adjoining the Bhikku Training Centre as a Hostel for the Bhikkus and the constructions of a parapet wall around the premises as the second stage of the Mirisawetiya Project. The following deficiencies were observed during the course of the examinations of the contract agreement and payments.
 - (i) The Second Stage Estimated for Rs.16,355,972 had been awarded to the Contractor Company of the first stage without inviting bids.
 - (ii) A sum of Rs.2,640,792 had been spent for the construction of the parapet wall around the Bhikshu Training Centre. This work had been abandoned halfway as the Ministry had not taken in to consideration the title to the land.

3.13 Human Resources Management

Approved Cadre and Actual Cadre

The position of the cadre as at 31 December 2015 had been as follows.

Category of Employees	Approved Cadre	Actual Cadre	Number of Vacancies
(i) Senior Level	16	10	06
(ii) Tertiary Level	02	-	02
(iii) Secondary Level	140	79	61
(iv) Primary Level	36	33	03
(v) Others(Casual/Temporary/ Contract Basis)	04	04	-
Total	198	126	72