

Head 204 - Report of the Auditor General on the Department of Hindu Religious and Cultural Affairs – Year 2017

The Appropriation Account and the Reconciliation Statement under Head and Item Number stated in the First Schedule and Third Schedule of the Appropriation Act, No. 24 of 2016 as amended by the Appropriation (Amendment) Act, No.32 of 2017 were presented to Audit by the Department of Hindu Religious and Cultural Affairs . The financial and physical performance reflected by those accounts and the reconciliation statements were audited in terms of Article 154(1) of the Constitution of the Democratic Socialist Republic of Sri Lanka.

1.2 Responsibility of the Chief Accounting Officer for the Financial Management and Accountability

The Minister of Finance is charged with the raising of Revenue and the collection of other Government monies as well as with the general oversight of all the financial operations of Government in terms of Financial Regulation 124 of the Democratic Socialist Republic of Sri Lanka. The Chief Accounting Officers have been appointed by the Minister of Finance to discharge the above responsibility in terms of Financial Regulation 124(2). The Head of the Department will be the Accounting Officer in respect of all the financial transactions of his Department in terms of Financial Regulation 125(1)(a) and the Revenue Accounting Officer has been appointed by the Treasury. This responsibility includes designing, implementing and maintaining internal controls relevant to the maintenance, preparation and fair presentation of Accounts and Reconciliation Statements presented within the limitations imposed by Parliament 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, Government Financial Regulations and Administrative Regulations.

1.3 Scope of Audit

The audit of Department of Hindu Religious and Cultural Affairs – Head 204 for the year ended 31 December 2017 was carried out in pursuance of provisions in Article 154(1) of the Constitution of the Democratic Socialist Republic of Sri Lanka in respect of designing of financial and physical performance, Government expenditure, Government revenue, management of human and physical resources, apply of internal control systems, compliance with laws, rules and regulations and maintenance of books, registers, records and reconciliation statements in an updated manner, preparation and presentation of accounts in timely manner, issuance of performance reports to respective parties based on the performance indicators. The audit observations, comments and findings on the accounts and the reconciliation statements were based on a review of the plans, accounts, reconciliation statements and performance reports 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.

1.4 Audit Observation

The material and significant audit observations of the Department of Hindu Religious and Cultural Affairs for the year ended 31 December 2017 appear in paragraph 2.1 to 2.8 of this report. It was observed that the accountability as the Chief Accounting Officer had been satisfactorily executed, to ensure the adequacy of the financial administration subjected to the following summarized audit observations revealed in the execution of the provisions of the Financial Regulations 128 of the Financial Regulations of the Democratic Socialist Republic of Sri Lanka.

Accountability of the Chief Accounting Officer in terms of Financial Regulation 128	Non-compliance with that Provision by the Chief Accounting Officer	Reference to the Paragraph of the report which included the Observation
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Financial Regulations		
128(1)(a)	The work of his department is planned and carried out with due despatch ,having regard to the policy laid down by the Government and the intentions of Parliament in granting him financial provisions for the activities authorised, and that an endeavour is made to complete the programme of work laid down for the year and /or to attain the targets specified.	1. Action had not been taken to achieve the Sustainable Development Goals 2. Weakness in the service provided to the general public. 3. Over provisions made 4. Duties had not been fulfilled.
		2.2.1(c)
		2.4
		2.5
128 (1)(c)	The Financial Regulations and other supplementary instructions of the Government are adhered to in this department, and that they are supplemented by departmental instructions, where necessary.	Non-compliances 2.1.1 2.7
128(1) (e)	That adequate and proper arrangements are made for the safe custody and preservation of	1. Weaknesses in Assets Management 2.3

	money, stores, equipment and other assets belonging to the Government, or is in its custody, and that these are verified from time to time: and , where they are disposed of, such disposal is according to prescribed Regulations and instructions.		
128(1)(f)	Such information, statements and returns as are called for by the Chief Accounting Officer or the Treasury, are rendered correctly and promptly.	Failure to prepare Annual Performance Report	2.2.2
128(1) (h)	Special arrangements are made to recover outstanding dues and that the officers assigned that task report to him at least once a quarter or as otherwise directed regarding arrears and action pursued to expedite their recovery.	Failure to recover the outstanding balances of the Advances to Public Officers Account.	2.6

2. **Material and Significant Audit Observations**

2.1 **Performance**

2.1.1 **Non-execution of Duties**

- (a) Religious books for the Hindu community and guidance books for Araneri school children had been purchased at a sum of Rs.1,319,750 during the year under review. The expected objective had not been achieved due to the stock of books valued at Rs.830,162 out of that had not been distributed.
- (b) Two thousand sarees had been purchased by spending Rs.2,200,000 on 28 December 2017 for the distribution of uniforms for the Araneri School teachers for the year under review. Distribution of sarees had not been completed even by July 2018 due to purchasing of those uniforms had been done at the end of the year. As such , the expected objectives had not been achieved efficiently.

(c) Achievement of Sustainable Development Goals

Every Government Institution should act in terms of the “2030 Agenda for Sustainable Development of the United Nations “and the Department should be aware of the manner in implementing the functions that come under its scope relating to the year under review. Nevertheless, action had not been taken to identify the sustainable development goals ,targets and the turning point to be reached to those targets , the indicators for measuring of reaching the targets relating to the activities thereon due to un aware of in that manner.

2.2.2 Annual Performance Report

Even though, the Performance Report should be tabled in Parliament by the Department within 150 days after the closure of the financial year, in terms of the Public Finance Circular No 402 dated 12 September 2002, the Performance Report had not been tabled in Parliament even by 10 July 2018.

2.3 Assets Management

The following observations are made.

- (a) Two vehicles of the Department had remained underutilized from the period of 02 years.
- (b) The ownership of the 4 buildings out of 5 buildings controlled by the Department and which are used for the activities of the Department was not belonged to the Department and action had not been taken to vest and assets those and record in the Register of Fixed Assets.
- (c) Valuable 1069 books in the library maintained by the Department had not been registered.

2.4 Services Provided to the General Public

Preparation and implementation of Citizen Charter in all Government Institution should be done according to the Circulars No.05/2008 dated 06 February 2008 and No.05/2008(I) dated 24 January 2018 of Ministry of Public Administration and Home Affairs. However the Department had not taken action to prepare and implement the Citizen Charter .

2.5 Utilization of Provisions authorized by Parliament to Perform Activities

Information on provisions made for the Department during the period of 05 years ended 31 December 2017, utilization and savings thereof and audit observations are given below.

Year	Category of Expenditure	Net Provision	Utilization	Savings	Savings as a Percentage of Net Provision
		Rs. millions	Rs. millions	Rs. millions	
2013	Recurrent	82.15	81.37	0.78	0.94
	Capital	110.90	104.86	6.04	5.45
	Total	193.05	186.23	6.82	3.53
2014	Recurrent	120.66	118.29	2.37	1.96
	Capital	94.15	93.89	3.26	0.27
	Total	214.81	212.18	2.63	1.22
2015	Recurrent	127.95	126.76	1.19	0.92
	Capital	94.53	94.37	0.15	0.16
	Total	222.48	221.13	1.35	0.60
2016	Recurrent	139.35	131.70	7.65	5.49
	Capital	97.79	95.10	2.69	2.74
	Total	237.14	226.80	10.34	4.35
2017	Recurrent	149.90	140.62	9.28	6.19
	Capital	94.65	94.00	0.65	0.68
	Total	244.55	234.62	9.93	4.05

(a) Appropriation Account

The following observations are made in this connection.

Excess Provisions made

Excess provisions totalling Rs.2.871 million had been made for 05 Objects in the year under review and as such only a sum totalling Rs 8.939 million had been utilized from the provisions made relating to the respective Objects. Provisions ranged between 15 per cent to 79 per cent had been saved from the net provision made for Objects .

2.6 **Advances to Public Officers Account**

Limits Authorized by Parliament

The limits authorized by Parliament for the Advances to Public Officers Account Item No.20401 of the Department and the actual amounts are given below.

Expenditure		Receipts		Debit Balance	
Maximum Limit	Actual	Minimum Limit	Actual	Maximum Limit	Actual
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Rs.Millions	Rs.Millions	Rs.Millions	Rs.Millions	Rs.Millions	Rs.Millions
6.00	5.99	2.50	3.97	20.00	11.74

The following observations are made in this connection.

(a) Non- recovery of Outstanding Balances

According to the Reconciliation Statement presented to audit, the balances that remained outstanding as at that date totalled Rs.40,468 except for the loan balances of the officers who transferred out and those outstanding balances had been brought forward from 17 years to 23 years period . The follow-up action on the recovery of that outstanding balances had been at a weak level.

(b) Non-recovery of Loan Balances of the Officers Transferred out

Action had not been taken to recover the loan balances totalling Rs.46,462 from 03 officers who transferred out from this Department.

2.7 Non-compliance with Laws, Rules and Regulations.

Instance of non-compliance with laws, rules and regulations observed in audit test checks is given below.

Even though a certificate should be appended for a payment made for any of the services ,the Department had not appended that the work is completed and in good order and condition , and the certificate of payments for Stores supplies shown by the Financial Regulation 237(a) and (b) for the transactions totalled Rs.1,545,569 paid in 14 instances .

2.8 Human Resources Management

Approved Cadre, Actual Cadre and Expenditure on Personal Emoluments

The particulars relating to the approved cadre, actual cadre, vacancies and the excess cadre as at 31 December 2017 are given below. The Department had incurred a sum of Rs.69 million for the personal emoluments for the year under review. Accordingly, the per capita expenditure had been Rs.471,169.

	Category of Employees	Approved Cadre	Actual Cadre	Number of Vacancies
(i)	Senior Level	06	05	01
(ii)	Tertiary Level	01	-	01
(iii)	Secondary Level	155	126	29
(iv)	Primary Level	23	16	07
	Total	185	147	38

The following observations are made in this connection

Thirty eight vacancies were existed by the end of the year under review and action had not been taken to fulfil the said vacancies or revise the approved cadre as required.