

Head 201 – Department of Buddhist Affairs

1. Financial Statements

1.1 Qualified Opinion

The audit of the financial statements of the Department of Buddhist Affairs for the year ended 31 December 2020 comprising the statement of financial position as at 31 December 2020 and the statement of financial performance and cash flow statement for the year then ended was carried out under my direction in pursuance of provisions in Article 154 (1) of the Constitution of the Democratic Socialist Republic of Sri Lanka read in conjunction with provisions of the National Audit Act, No. 19 of 2018. In terms of Section 11 (1) of the National Audit Act, No. 19 of 2018, the summary report including my comments and observations on the financial statements of the Department of Buddhist Affairs was issued to the Accounting Officer on 03 May 2021. In terms of Section 11(2) of the National Audit Act, the Annual Detailed Management Audit Report relating to the Department was issued on 03 May 2021 to the Accounting Officer. This report is submitted to Parliament in pursuance of provisions in Article 154 (6) of the Constitution of the Democratic Socialist Republic of Sri Lanka, which should be read in conjunction with Section 10 of the National Audit Act, No. 19 of 2018.

In my opinion, except for the effects of the matters described in paragraph 1.6 of this report, the financial statements give a true and fair view of the financial position of the Department of Buddhist Affairs as at 31 December 2020, and of its financial performance and cash flows for the year then ended in accordance with Generally Accepted Accounting Principles.

1.2 Basis for Qualified Opinion

I conducted my audit in accordance with Sri Lanka Auditing Standards (SLAuSs). My responsibility, under those standards is further described in the Auditor's Responsibility for the Audit of the Financial Statements section of my report. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

1.3 Responsibility of the Chief Accounting Officer and the Accounting Officer on the Financial Statements

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

As per Section 16 (1) of the National Audit Act, No. 19 of 2018, the Department is required to maintain proper books and records of all its income, expenditure, assets and liabilities, to enable annual and periodic financial statements to be prepared of the Department.

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

1.4 Auditor's Responsibility for the Audit of the Financial Statements

My objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Sri Lanka Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Sri Lanka Auditing Standards, I exercise professional judgement and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Department's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

1.5. Report on Other Legal Requirements

As required by Section 6 (1) (d) of the National Audit Act, No.19 of 2018, I state the followings:

- (a) The financial statements are consistent with the preceding year.
- (b) Recommendation pointed out by me on the financial statements submitted in the preceding year had been implemented.

1.6 Comments on Financial Statements

1.6.1 Statement of Financial Position

The following deficiencies were revealed in accounting property, plant and equipment.

Audit Observation -----	Comments of the Accounting Officer -----	Recommendation -----
(a) Action had not been taken to identify the cost of 38 items of furniture, computer equipment and office equipment recommended for disposal by the goods survey reports in the previous year and to deduct it from the balance of property, plant and equipment in the financial statements.	I will make arrangements to expedite the disposal activities during this year.	The recommendations of the Board of Surveys should be implemented.
(b) The amount of Rs. 8.22 million spent on the construction of the Mulatiyana Piyadasa Ratnayake Memorial Sil Matha Training Institute building had not been disclosed as work in progress in the financial statements.	Provision for the construction of the Mulatiyana Piyadasa Ratnayake Memorial Silmatha Training Institute building has been issued to Matara District Secretariat. The District Secretariat has not entered the expense in the CIGAS programme as work in progress in accounting the expense and it has been brought to accounts as a fixed asset in the year 2020.	Relevant value should be disclosed as work in progress.

1.6.2 Failure to maintain Registers and Books

It was observed in audit test checks that the Department had not maintained certain registers mentioned below and had not properly maintained and updated certain registers.

Audit Observation	Comments of the Accounting Officer	Recommendation
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(a) Fixed Asset Register		
The Fixed Asset Register had not been updated as per the Treasury Circular No. 842 of 19 December 1978 / Appendix 11 of FR 502 (2).	Action will be taken to update the Fixed Asset Register.	The Fixed Asset Register should be maintained as per the Circular and the Financial Regulations.
(b) A Register of Cheques, Money Orders, etc.		
A register of cheques and money orders had not been maintained in terms of FR 451.	Noted down to maintain a register as revealed.	A register of cheques and money orders etc. should be maintained in terms of the Financial Regulations.
(c) Security Register		
A Security Register containing the information of officers and employees required to give security had not been prepared in terms of FR 891 (1).	Noted down to maintain a Security Register.	A Security Register should be maintained in terms of the Financial Regulations.
(d) Inventories of Electrical Fittings		
Inventories of all Electrical Fittings, apparatus etc. should be maintained in terms of FR 454 (2).	Noted down to maintain a register as revealed.	Inventories of Electrical Fittings should be maintained in terms of the Financial Regulations.
(e) Register of Losses		
A register of losses had not been maintained in terms of FR 110.	The Register of Losses was not maintained as there were no losses.	A register of losses should be maintained in terms of the Financial Regulations.

(f) **Vehicle Log Book**

Vehicle Log Books had not been maintained properly in an updated manner in terms of FR 1645 (a)	Noted down to update Vehicle Log Books.	Vehicle log books should be maintained for every vehicle in terms of the Financial Regulations.
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2. Financial Review

2.1 Expenditure Management

Audit Observation

Comments of the Accounting Officer

Recommendation

(a) **Weaknesses in the preparation of Estimates**

In terms of FR 50 of the Democratic Socialist Republic of Sri Lanka, the variance between the initial and revised expenditure estimates related to 5 Objects was in the range of 52 per cent to 1700 per cent although the Department had to prepare estimates as accurately as possible in the preparation of estimates related to the Department.

Expenses have increased due to CoViD 19 pandemic.

Action should be taken in terms of the Financial Regulations.

(b) **Utilization of Provision**

Provision amounting to Rs. 266,527,409 out of the net provision amounting to Rs.1,503,100,000 made for the Department had been saved and it was 17.7% as a percentage. Provision totalling to Rs.212,475,000 made for 02 recurrent Objects and 02 capital Objects had been saved within those savings and provision amounting to Rs. 25,174,779 in the range of 9 percent to 99 percent was saved out of the provision of Rs. 201,900,000 made for 12 recurrent Objects and 03 capital Objects.

Non-emergence of the estimated expenditure, closure of offices due to CoViD 19, insufficient time for the procurement process when applications for transfer are approved in terms of FR 66.

Expenditure estimates should be prepared accurately and provision should be made.

(c) **Saving of provision transferred under FR 66**

There were savings in the range of 88 percent to 100 percent out of the provision amounting to Rs. 3,450,000 transferred for 2 Objects transferred under FR 66 by considering that annual estimated provision was insufficient.

Sufficient time is not available for the procurement process when applications for transfer are approved even though provision is transferred in terms of FR 66.

Action should be taken to transfer provision subsequent to confirming that the estimated provision is not sufficient.

2.2 Advance Account Balances

Audit Observation	Comments of the Accounting Officer	Recommendation
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Action had not been taken to recover the loan balances totalling Rs.262,686 outstanding for the period of 01 to 03 years that should be recovered by 31 December 2020 from two officers, who had vacated posts and the outstanding balance of Rs. 13,950, which had exceeded 02 years and to be recovered from a retired officer.	Action is being taken to resort to legal action against the two officers who had vacated Posts as there had been no guarantors related to them and the retired officer had not submitted the relevant documents to prepare the pension file of the officer.	Action should be taken to settle loan balances.

2.3 Non-compliance with Laws, Rules and Regulations

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

Reference to Laws, Rules and Regulations	Observation	Comments of the Accounting Officer	Recommendation
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-----	Non compliance	-----	-----
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(a) FR 104 (4) of the Financial Regulations of the Democratic Socialist Republic of Sri Lanka	Although it is required to submit a full report within 03 months from the date of the damage, full reports had not been submitted in relation to the accidents occurred to the two vehicles	At present, the relevant investigations are being carried out expeditiously as the office work could not be carried out properly due to the prevailed CoViD pandemic.	Action should be taken in terms of the Financial Regulations.

in September and November 2020. The cost incurred on repairs was Rs. 142,550.

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|-----|--|--|---|--|
| (b) | Section 3 (1) of the Public Administration Circular No. 30/2016 dated 29 December 2016 | Although a fuel test should be conducted again subsequent to the instance, which occurs first out of the instances such as the lapse of 12 months after each fuel test or vehicle running for a mileage of 25,000 km or a major repair related to the engine, a fuel test had not been carried out in relation to 05 vehicles. | I will conduct the fuel tests related to 05 vehicles in the future. | Action should be taken in terms of the Circular. |
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3. Operational Review

3.1 Failure to Achieve Expected Level of Output

The following matters were observed during the examination carried out on the construction of the Dasa Sil Matha Training Institute at Eriyawetiya of Kelaniya.

Audit Observation	Comments of the Accounting Officer	Recommendation	
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(a)	Although more than 6 years had passed after handing over of the Dasa Sil Matha Headquarters and Training Institute, constructed at Eriyawetiya of Kelaniya by incurring a sum of Rs.74.96 million, to the Department after completing the construction activities, action had not been taken to conduct training programmes.	Although the institution had been handed over after the completion of the construction activities in the year 2014, various construction activities were carried out in the building until the year 2019 and since CoViD 19 pandemic emerged at the time of carrying out activities such as recruiting of lecturers and recruiting of pupil Dasa Sil Matha for carrying out training activities, the Programme could not be started.	Action should be taken to achieve the relevant objective.
(b)	Although more than 08 years had passed subsequent to giving the consent of the Venerable Welamitiyawe Kusaladhamma Nayake Thero to the Divisional	Activities in relation to the transfer of the land are in progress.	Action should be taken to transfer the land.

Secretary for transferring the land, where the institution mentioned in the Paragraph (a) above had been constructed, activities pertaining to land acquisition have not been finalized and the legal possession has not yet been established.

4. Human Resource Management

Audit Observation

The approved staff for the Department was 852 and the number of vacancies as at 31 December 2020 was 88. Forty one (41) posts of Coordinator of Buddhist Affairs and 16 posts of Development Assistant out of these vacancies had remained vacant for several years and action had not been taken to fill those vacancies.

Comments of the Accounting Officer

As the vacancies for the post of Coordinator of Buddhist Affairs are available in the Northern and Eastern Provinces, it is difficult to find officers to be attached to those areas. Therefore, the Ministry of Public Administration is taking action to make recruitments subsequent to revising the Service Minute in order to change the post of Development Assistant as Development Officer.

Recommendation

Action should be taken to fill the vacancies of the essential posts.