

## **Head 203 – Department of Christian Religious Affairs**

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### **1. Financial Statements**

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#### **1.1 Opinion**

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The audit of the financial statements of the Department of Christian Religious 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. The summary report including my comments and observations on the financial statements of the Department of Christian Religious Affairs was issued to the Accounting Officer on 27 April 2021 in terms of Sub-section 11(1) of the National Audit Act, No.19 of 2018 and the Annual Detailed Management Audit Report relating to the Department in terms of Sub-section 11(2) of the National Audit Act was issued to the Accounting Officer on 27 April 2021. This report will be presented in Parliament in pursuance of the provisions in Article 154 (6) of the Constitution of the Democratic Socialist Republic of Sri Lanka to be read in conjunction with Section 10 of the National Audit Act, No.19 of 2018.

In my opinion, the financial statements give a true and fair view of the financial position of the Department of Christian Religious Affairs as at 31 December 2020, and its financial performance and cash flows for the year then ended in accordance with Generally Accepted Accounting Principles.

#### **1.2 Basis for Opinion**

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

#### **1.3 Responsibilities of Chief Accounting Officer and Accounting Officer for the Financial Statements**

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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 provisions in 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 misstatements, whether due to fraud or error.

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

As per 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 of the Department exists and carry out periodic reviews to monitor the effectiveness of such systems and accordingly make any alterations as required for such systems to be effectively carried out.

#### **1.4 Auditor's Responsibilities for the Audit of the Financial Statements**

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Department's internal control.
- Evaluate the 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.
- 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

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

- (a) The financial statements are consistent with the preceding year.
- (b) The recommendations made by me on financial statements furnished for the preceding year had been implemented.

## 2. Financial Review

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### 2.1 Management of Expenditure

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Audit Observation	Comments of the Accounting Officer	Recommendation
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The total net provision of Rs. 100,000 made for 01 Recurrent Object and 01 Capital Object and a sum of Rs. 10,587,154 representing 16 per cent to 92 per cent of the total provision made for 15 Recurrent Objects and 03 Capital Objects by the Department in the year under review, had been saved.	Taking action to minimize capital and recurrent expenditure in terms of Internal Circular No.01/2020 on Management of Expenditure issued on 20 May 2020 by the Ministry of Buddhasasana.	Provision made should be utilized for the relevant purpose.

### 2.2 Incurring of Liabilities and Commitments

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The following observations are made.

Audit Observation	Comments of the Accounting Officer	Recommendation
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(a) In terms of Financial Regulation 94(1) of the Democratic Socialist Republic of Sri Lanka, no expenditure or commitment shall be incurred exceeding the provision made. However, liabilities up to Rs. 350,000 had been incurred exceeding savings of Rs.48,000 out	An error had occurred in saving provision for the month of December due to the approval given for management of expenditure by 03 Vote on Accounts in the year 2020 and action will be taken to obtain adequate provision in future.	No expenditure or liabilities shall be incurred exceeding the provision made.

of the provision made for 01 Object.

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| (b) | Even though a sum of Rs. 13,429 had been paid in the year 2021 for commitments in accounts in preceding years, the said expenditure had not been indicated in the Register of Liabilities – 2020. | Action has been taken to record the said expenditure in the Register of Liabilities. | All liabilities should be recorded in the Register of Liabilities. |
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### 2.3 Non-compliance with Laws, Rules and Regulations

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

<b>Observation</b> -----	<b>Comments of the Accounting Officer</b>	<b>Recommendation</b> -----
<b>Reference to Non-compliance Laws, Rules and Regulations</b> -----	-----	-----
Financial Regulations of the Democratic Socialist Republic of Sri Lanka  -----		
(a) Financial Regulation 134 (3)	Copies of Internal Audit reports had not been furnished to the Auditor General.	Copies of Internal Audit reports are furnished to the Auditor General since the year 2021. Copies of Internal Audit reports should be furnished to the Auditor General.
(b) Financial Regulations 106 and 113	Action had not been taken to recover or waive the loss of Rs.1,000,000 relating to a motor vehicle which met with an accident over a period of 05 years and the loss of Rs. 247,250 relating to a stock of uniforms damaged due to floods over a period of 10 years.	A Form as per Financial Regulation 109 has been forwarded to the Ministry to write-off the value which could not be recovered from insurance relating to the van and prompt action will be taken regarding the damage of uniforms caused by floods. Action in terms of Financial Regulations should be taken to recover or waive the loss.

- (c) Financial Regulation 102(e) Losses of Rs. 137,706 and Rs. 22,600 relating to two motor vehicles which met with accidents in the years 2019 and 2020 respectively had not been included in the Record of Losses. Action in terms of Financial Regulation 104(4) is being taken to institute final inquiries. Loss/damage should be included in the relevant Record.

### 3. Human Resource Management

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The following observations are made.

Audit Observation	Comments of the Accounting Officer	Recommendation
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(a) Even though the approved cadre of the Department stood at 66, the actual cadre stood at 50, thus resulting in vacancies of 16 officers.	The Secretary to the Ministry of Public Administration, Home Affairs, Provincial Councils and Local Government has been briefed on vacancies.	Action should be taken to fill vacancies in essential posts.
(b) In terms of Section 13.3 of Chapter II of the Establishments Code of the Democratic Socialist Republic of Sri Lanka, an acting appointment should be made as a temporary measure only and until a substantive appointment is made and if the post continues to require the services of a full-time officer, the substantive appointment should be made without delay. However, the Assistant Director of the Department appointed to the vacant post of the Director is continuously serving on the basis of attend to its duties from 01 August 2018 to 08 January 2020 and on acting basis from 09 January 2020 to April 2021 and action had not been taken to make a substantive appointment therefor.	It is kindly informed that as it is a post which needs the approval of the Cabinet of Ministers, filling the vacancy in the post of Director is outside the authority of the Department.	Action should be taken to make a substantive appointment in terms of provisions of the Establishments Code.

- (c) Even though the approved cadre in the post of Driver of the Department stood at 02, one was vacant from 28 January 2020. As such, one of two vehicles of the Department had remained idle from that date.
- According to the Management Services Circular No. 2017/04, the Department of Management Services has been informed by forwarding an updated cadre information end of each quarter that the said post of Driver has been vacant.
- Action should be taken to fill relevant vacancies in the post of Driver.