

## Head -201 - Department of Buddhist Affairs

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### 1. Financial Statements

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#### 1.1 Qualified Opinion

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The audit of the financial statements of the Department of Buddhist Affairs for the year ended 31 December 2021 comprising the statement of financial position as at 31 December 2021 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 containing my comments and observations on the financial statements of the Department of Buddhist Affairs was issued to the Accounting Officer on 02 June 2022 in terms of Section 11(1) of the National Audit Act, No.19 of 2018. The Annual Detailed Management Audit Report relevant to the Department was issued to the Accounting Officer on 08 June 2022 in terms of Section 11(2) of the National Audit Act, No.19 of 2018. This report will be tabled in Parliament in pursuance of 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, 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 2021, and its financial performance and cash flows for the year then ended in accordance with Generally Accepted Accounting Principles.

#### 1.2 Basis for Qualified Opinion

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My opinion is qualified based on the matters described in paragraph 1.6 of this report. I conducted my audit in accordance with Sri Lanka Auditing Standards (SLAuSs). My responsibility for the financial statements is further described in the Auditor's Responsibilities Section. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

### **1.3 Responsibilities of the Chief Accounting Officer and the 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 the determination of the internal control that 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 the preparation of annual and periodic financial statements.

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 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 an auditor's summary 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 and its materiality depends on the influence on economic decisions taken by users 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 scepticism throughout the audit. I also:

- Appropriate audit procedures were designed and performed to identify and assess the risk of material misstatement in financial statements whether due to fraud or errors in providing a basis for the expressed audit 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.

- An understanding of internal control relevant to the audit was obtained in order to design 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 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 terms of 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 the financial statements of the preceding year had been implemented.

**1.6 Comments on Financial Statements**  
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**1.6.1 Statement of Financial Position**  
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**(a) Non-financial Assets**

The following observations are made regarding non-financial assets.

Audit Observation	Comments of the Accounting Officer	Recommendation
(i) Due to not including the value of 03 vehicles which were taken over from other institutions by the department	The values of Rs. 4,000,000, Rs. 6,000,000 and Rs. 4,500,000 respectively of 03 vehicles bearing numbers	Rs. The value of all vehicles should be properly assessed and

as at 31 December 2021, KA 7159, KI 4781 and PA accounted. which were Rs. 4,000,000, 2741 were accounted in May Rs. 6,000,000 and Rs. 2022 under CIGAS accounting 4,500,000 respectively in the software and included in the non-financial assets, non-relevant documents. financial assets were understated in that amount.

- (ii) The lorry No. LI 4418 owned by the department has been handed over to the Prime Minister's Office on 02 September 2021, but due to not being removed from non-financial assets yet, non-financial assets were overstated the value of Rs. 1,176,000. The value of Rs. 1,176,000 of the relevant lorry has been removed from non-financial assets in May 2022 by CIGAS software. The assets transferred to other institutions should be removed from the accounts.

## 2. Financial Review

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### 2.1 Expenditure Management

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Audit Observation	Comments of the Accounting Officer	Recommendation
(a) Although the estimates should be prepared as accurately as possible according to the Financial Regulations 50 of the Democratic Socialist Republic of Sri Lanka, the variation between the basic and revised expenditure estimates for 28 expenditure subjects were ranged from 11 percent to 241 percent.	As per expenditure limitation according to the cabinet memorandum dated 21 August 2021, savings were made.	The estimate should be prepared as accurately as possible.

- (b) The amount of Rs. 280,000 which had been transferred to the expenditure subject of 201-2-10-2205 under F.R. 66 of the estimated provisions had been unspent and saved. Although the imprest was transferred on the notice of the Matara District Secretary regarding the supply of electricity for the Silmatha monastery, the Mulatiyana Regional Secretariat had not been able to make the payments due to lack of funds. Arrangements should be made for transfers with regard to the utilization of estimated provisions.

## 2.2 Non-compliance with Laws, Rules and Regulations

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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 the Laws, Rules and Regulations	Non-compliance	Comments of the Accounting Officer	Recommendation
(a) Financial Regulations 1646 of the Code of Financial Regulations of the Democratic Socialist Republic of Sri Lanka.	Although the notes should be submitted to the audit before 15 <sup>th</sup> day of the following month after the end of each month, it was not done accordingly.	Instructions are given to follow the rules.	Should be act in accordance with Financial Regulations 1646.
(b) Section 3.3 of public Administration Circular No. 30/2016 dated 29 December 2016	In order to identify any adverse change in fuel usage, the transport service chart mentioned in annexure 01 of the circular should be completed monthly, but it was not done accordingly.	It will complete and submit the relevant transport service charts as per the circular.	Should be act in accordance with the circular.

### 2.3 Issuance and Settlement of Advances

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<b>Audit Observation</b>	<b>Comments of the Accounting Officer</b>	<b>Recommendation</b>
Arrangements were not made to recover the debt balance of Rs. 262,686 due from two officers who left the service for a period of 02 to 03 years due on 31 December 2021 and the loan balance of Rs. 14,330 of an officer who died on 01 September 2019 was not recovered.	While arrangements are being made to take legal action regarding the two officers who left the service and the Department of Pensions has been informed to recover the due balance of the deceased officer from the death gratuity.	Immediate action should be taken to settle the loan balance.

### 3. Operational Review

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#### 3.1 Non-achievement of the expected benefits

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<b>Audit Observation</b>	<b>Comments of the Accounting Officer</b>	<b>Recommendation</b>
Although it would have taken more than 6 years after the completion of the construction work of the Dasasil Matha headquarters and training institute which was built at the cost of Rs. 74.96 million to the department, the expected training programmes had not been conducted.	Although the construction works were completed in the year 2014 and handed over to the department, it was not possible to commence the programmes due to the Corona epidemic at the time when various construction works were being carried out in the building and trainings until the year 2019.	Should be act immediately to achieve the relevant objective.

## 3.2 Procurements

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The following observations are made.

<b>Audit Observation</b>	<b>Comments of the Accounting Officer</b>	<b>Recommendation</b>
(a) Reconstruction of Maha Nayaka Charikaramaya		
(i) According to the Guideline 8.9.1 of the Code of Procurement Guidelines of the Democratic Socialist Republic of Sri Lanka, the Ministry of Buddhasasana, Religious and Cultural Affairs or the Department of Buddhist Affairs had not been entered into any written agreement with the Navy, the party carrying out the reconstruction of Maha Nayaka Charikaramaya, which is governed under the Department of Buddhist Affairs with an spent of Rs. 16,380,626.	Officials informed that the navy will not sign such agreements even though the signing of a memorandum of understanding has been discussed between the two parties.	A formal agreement should be entered in accordance with Guideline 8.9.1 of the Code of Procurement Guidelines.
(ii) Procurement schedules were not prepared as per Guideline 4.2.2 in respect of the above construction and the construction work which started in April 2021 had not been completed by the date of this report.	I will submit a copy of the annual procurement note as reply.	A procurement schedule should be prepared detailing the timing of procurement actions in accordance with Guideline 4.2.2 of the Code of Procurement Guidelines.

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| (b) Sunday School Book Printing | Rs. 202,725,279 had been paid to the Government Printing Department for the printing of Sunday school text books and Sunday school applications in the year 2021 without inviting competitive bids contrary to Guideline 3.2 of the Code of Government Procurement Guidelines. | Considering the situation of Covid-19 pandemic, a government institution has given the Government Printing Department to print Sunday school text books and applications promptly and confidently. | The competitive bidding process should be followed as per the procurement guidelines. |
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### 3.3 Assets Management

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The following observations are made regarding the assets management.

<b>Audit Observation</b>	<b>Comments of the Accounting Officer</b>	<b>Recommendation</b>
(a) During the renovation of the Maha Nayaka Charikaramaya, although the furniture items and inventory were transferred to the department's quarters and other sections, it was observed that problems related to the safety of the goods may arise due to not keeping written confirmations.	I would like to inform you that the furniture which has been transferred to other places to protect it from damages during the renovation will be sent back to Charikaramaya after the renovation is completed and the beds that have been taken to Kandy Commissioner's official residence will be handed over to that official residence through the inventory.	When moving furniture and inventory items to other places, arrangements should be made to ensure the safety of the items legally.



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| (b) | The land with Maha Nayaka Charikarama building located in the No. 115, Wijerama Mawatha, Colombo 07 had not been taken over.   | Information has been sent to the Thimbirigasyaya Divisional Secretary for surveying the land where the Maha Nayaka Charikarama building is located and paying special attention for it.   | Arrangements should be made for the legal taken over of the land. |
| (c) | Reverend Welamitiyawe Kusaldhamma Nayaka Thero had informed the Divisional Secretary to hand over the land on which the Dasasil Matha headquarters and training institute was built in Kelaniya Eriyawetiya to the department in the year 2012 and although more than 09 years have passed, the acquisition process had not been completed and the legal right has not been confirmed. | The recommendation of the Ministry of Buddhasasana, Religious and Cultural Affairs has been forwarded to the Ministry of Land regarding the acquisition of the land and the relevant statement of the minister has been forwarded to the Kelaniya Divisional Secretary. | The acquisition of the land should be done immediately.           |

#### 4. Human Resources Management

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<b>Audit Observation</b>	<b>Comments of the Accounting Officer</b>	<b>Recommendation</b>
There were 100 vacancies in the posts of the department and 03 Deputy and Assistant Commissioner posts, 52 Buddhist Affairs Coordinator posts, 22 Development Assistant posts and 12 Management Services Officer posts were included in that. However, it was observed that the vacancies were not filled.	Requests are made to fill the vacancies.	Vacancies should be filled immediately.