

## **Head 422- State Ministry of Dhamma Schools, Pirivenas and Bhikkhu Education.**

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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 State Ministry of Dhamma Schools, Pirivenas and Bhikkhu Education 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 including my comments and observations on the financial statements of the State Ministry of Dhamma Schools, Pirivenas and Bhikkhu Education was issued to the Chief Accounting Officer on 19 May 2022 in terms of Sub-section 11 (1) of the National Audit Act No. 19 of 2018. The Detailed Annual Management Audit Report relevant to the State Ministry was issued to the Chief Accounting Officer on 30 June 2022 in terms of Section 11 (2) of the Audit Act. This report will be tabled in Parliament in pursuance of provisions in Article 154 (6) of the Constitution 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 State Ministry of Dhamma Schools, Pirivenas and Bhikkhu Education as at 31 December 2021, 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**

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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 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 the Chief Accounting Officer and the Accounting Officer for the Financial Statements**

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The Chief 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 determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

As per Sub-section 16(1) of the National Audit Act No. 19 of 2018, the State Ministry 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.

As per Sub-section 38 (1) (c) of the National Audit Act, the Chief Accounting Officer shall ensure that effective internal control system for the financial control of the State Ministry 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 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 judgment 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 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 Chief 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 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

### 1.6.1 Recurrent and Capital Expenditure

The following observations are made

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
<p>(a) According to the programs of the State Ministry, although the recurrent expenditure was shown as Rs. 4,605,855,630 and capital expenditure was shown as Rs. 193,584,237 (ACA 2 Format) of the Expenditure Summary in program 02, in the Statement of Expenditure (ACA 2 i) of the program, that expenditure was shown as Rs. 4,635,855,630 and Rs. 163,584,237 respectively. As such, a difference of Rs. 30,000,000 was reflected in the recurrent and capital expenditure of Program 2.</p>	<p>Agreed with your observations. Welfare expenses 1501, which is a recurrent expenditure, was included in the capital expenditure in the ACA2 form by mistake and ensure that error will not be repeated.</p>	<p>Financial statements should be prepared accurately.</p>
<p>(b) Although the expenditure on acquisition of capital assets during the year under review was Rs. 104,271,049, according to the statement of non-financial assets generated by the Sigas web application, the figure was shown as Rs. 75,943,679. Accordingly, difference of Rs. 28,327,370 was reflected between the account and the statement.</p>	<p>Agreed with your observations. All acquisitions of capital assets in the year 2021 could not be web uploaded due to an error in the Sigas web application. All the assets that are not uploaded on the web will be uploaded on the web in the year 2022.</p>	<p>- do -</p>

### 1.6.2 Non-maintenance of Registers and Books

The following observations are made.

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
<p>(a) As per the Financial Regulation 447, Departmental Vote ledger (Standard vote) was not maintained properly.</p>	<p>Action will be taken to maintain the vote ledger accurately in 2022.</p>	<p>A Departmental vote (Standard Expenditure) Ledger should be maintained as per General Form 138, incorporating the provisions</p>

mentioned in the Finance Regulation 447.

- (b) As per paragraph 05 of Public Accounts Circular No. 256/2017 dated 05 July 2017, the loan and advance register was not prepared. Action will be taken to correct in future. According to the regulations, loan and advance register should be prepared based on CC10 form.

**2. Financial Review**

**2.1 Expenditure Management**

The following observations are made.

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
(a) The total provision of Rs. 1,900,000 allocated for 02 subjects in the year under review had completely saved.	Agreed with your observations.	Action should be taken to properly manage the expenditure.
(b) Out of a net allocation amounted to Rs. 21,100,000 related to 06 subjects, a sum of Rs. 8,991,517 had saved and that savings ranged from 31 percent to 99 percent.	The expenditure was decrease due to the activities were not carried out as planned due to COVID-19, as such, provisions were saved.	- Do -

**2.2 Obligation in Liabilities and Commitments**

Audit Observation	Comment of the chief Accounting Officer	Recommendation
Although a sum of Rs. 4,976,047 relevant to the year 2021 was paid in the year 2022, it had not been stated under the Liabilities Note III in the financial statements.	Agreed with your observations. That due to non-availability of provisions in the year 2021, the expenses relevant to the year 2021 which was paid in the year 2022, could not be shown under liabilities.	Action should be taken to state the liabilities accurately in the financial statements.

### 2.3 Over Expenditure

<b>Audit Observation</b>	<b>Comments of the Chief Accounting Officer</b>	<b>Recommendation</b>
The provision of the 422-2-3-3-1001 subject was Rs. 3,280,318,000 and the expenditure was Rs. 3,354,673,089, as such, over expenditure was Rs.74,355,089. Due to this, an over expenditure of Rs. 37,339,867 in the 422-2 program and 422-2-3 project and an over expenditure of Rs. 18,340,002 in the 422 Head was shown.	A letter was sent from the Ministry of Education requesting provisions under M.R.208. The situation arose where it was not possible to provide provisions as the sundry account of the General Treasury had been zeroed at that time. Accordingly, the net allocation had been exceeded in the year 2021.	Expenditure should be managed within the estimated provision.

### 2.4 Exceed of Limits

<b>Audit Observation</b>	<b>Comments of the Chief Accounting Officer</b>	<b>Recommendation</b>
The maximum limit of expenditure authorized by the Appropriation Act for advance activities of Government officials was Rs. 8,000,000 and the revised limit during the year was Rs. 32,000,000. The actual value at the end of the year was Rs. 33,401,679 and the expenditure exceeding the maximum limit was Rs. 1,401,679.	Agreed with your observations.	The limitations of the Appropriation Act should be complied.

## 2.5 Non-compliance with Laws, Rules, and Regulations.

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 The following observations are made.

	<b>Reference to Laws, Rules, and Regulations</b>	<b>Value (Rs.)</b>	<b>Non-compliance</b>	<b>Comments of the Chief Accounting Officer</b>	<b>Recommendation</b>
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(a)	Financial Regulations of the Democratic Socialist Republic of Sri Lanka				
(i)	Financial Regulation 371 (2)	642,930	Exceeding the limit of Rs. 100,000, advances had been issued in 05 instances and out of that, 02 advances were settled with a delay of 19 days and 28 days.	Noted, and advances will not be issued exceeding Rs.100,000 in the future and settle the advances within 02 weeks.	Financial regulations should be complied.
(ii)	Financial Regulation 751	1,315,070	Equipment had not been recorded in the inventory books.	When the situation in the country becomes peaceful, action will be taken to complete the receipts related to the items issued to the pirivenas.	All items receiving by the Ministry should be recorded in the inventory register as per the financial regulations.
(iii)	Financial Regulation 756 (6)	-	The Board of Survey report for the year under review had not been submitted to the Auditor General.	A Board of Survey Committee had been formally appointed and the board of survey activities has been started now.	Financial regulations should be complied.
(b)	Paragraph 2.8.3 of the Procurement Guidelines 2006	1,315,070	Officers with technical knowledge had not been appointed for the 03 Technical Evaluation Committees for the procurement of goods.	It was difficult to appoint a subject expert to the Technical Evaluation Committees during the procurement. But the Technical Evaluation	Procurement Guidelines should be followed.

				Committees including a subject expert will be appointed for future procurements.
(c)	Paragraph 1.1.4 of National Budget Circular No. 118 dated 11 October 2004	321,154	Loan balances of transferred officers were not settled through monthly account summaries.	No reply was made. Circular provisions should be followed.

### 3. Operational Review

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#### 3.1 Planning

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The following observations are made.

<b>Audit Observation</b>	<b>Comments of the Chief Accounting Officer</b>	<b>Recommendation</b>
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(a) Although a provision of Rs. 100 million had been made for the repair works of pirivenas buildings in the action plan in the year under review, a proper methodology had not been introduced for selecting the pirivenas to be developed.	Agreed with your observations.	A proper methodology should be introduced to select the pirivenas to be developed.
(b) It was revealed in the test check that a sum of Rs. 24.38 million had been allocated for Building Development of 18 Pirivenas in Moneragala District, but only an allocation of Rs. 13.88 million had been given for 10 Pirivenas. Out of that a sum of Rs. 2.98 million was spent and the payable amount was Rs. 10.28 million.	- do -	Action should be taken for maximum utilization of provisions.
(c) A sum of Rs. 11.03 million had been allocated for building repairs in 22 Dhamma Schools, but relevant progress reports had not been obtained by the Ministry. Although the provisions had been made, the Ministry has not carried out a formal monitoring or follows up on whether the relevant work is being done properly.	Provisions were allocated at the district level for the demands received by us. The progress reports of all the districts were received in the second week of February.	There should be a formal supervision over the utilization of the provision.

### 3.2 Procurements

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The following observations are made.

<b>Audit Observation</b>	<b>Comments of the Chief Accounting Officer</b>	<b>Recommendation</b>
(a) As per the conditions stated in the procurement order awarding letter in the procurement of equipment worth of Rs. 62,412,298 in December 2021, the procurement process should be completed on the relevant dates. But delivery of items worth of Rs. 50,467,889 was delayed by 42 to 173 days as of 10 February 2022.	Agreed with your observations. The distribution activities will be carried out as scheduled in the year 2022.	Conditions of the Procurement order awarding letter should be followed.
(b) Although a sum Rs. 30 million had been spent for gift vouchers for 22,277 students in 12 districts in 06 provinces under the footwear distribution program for Student Bhikkus, Seela Mathas, and Students in Pirivenas, identified as difficult, extremely difficult and isolated areas, no proper arrangements had been made for the distribution of the gift vouchers and no information was produced to the audit on the distribution of gift vouchers.	The footwear gifts vouchers have been given to the students, student monks and seela mathas through the Director of Education (Piriven) of the respective provinces through the Parivenadhipathy of the respective pirivenas. A document on how the gifts vouchers were distributed be submitted herewith.	Documents confirming receipt of footwear gift vouchers should be maintained in a formal manner.

### 3.3 Management Inefficiencies

<b>Audit Observation</b>	<b>Comments of the Chief Accounting Officer</b>	<b>Recommendation</b>
Out of the provision of the Ministry of Education, a sum of Rs. 3,728,063 had been given to the State Ministry. Although this amount was paid to the Sri Lanka Institute of Development Administration for training, the task had not been completed until the end of the year under review. Also, a receipt had not been obtained for this payment.	The relevant training activities could not be carried out and preparations works have been arranged to commence the training activities at this time.	Payment should be arranged after arranging a training plan.



**4. Good Governance**  
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**4.1 Internal Audit**  
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The following observation is made.

**Audit Observation**  
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**Comment of the Chief  
Accounting Officer**  
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**Recommendation**  
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Action had not been taken to appoint an Internal Auditor in accordance with the provisions of Section 40 of the National Audit Act No. 19 of 2018.

Agreed with your comments. Action is being taken to get the assistance of the Ministry of Education for the internal audit.

Should act in accordance with the provisions of the Act.

**4.2 Audit and Management Committee**  
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**Audit Observation**  
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**Comment of the Accounting  
Officer**  
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**Recommendation**  
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Action had not been taken to establish Audit and Management Committees in accordance with the provisions in the Section 41 of the National Audit Act No. 19 of 2018.

Agreed with your comments. Soon after receiving the Ministry assistance to establish the internal audit, the Audit and Management Committees will be appointed.

Should act in accordance with the provisions of the Act.

**5. Human Resources Management**  
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**Audit Observation**  
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**Comments of the Accounting  
Officer**  
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**Recommendation**  
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The number of approved driver posts in the approved cadre of the year under review was 07 and the number of actual drivers was 11, while the surplus was 04. The actual number of employees in the 04 non-approved posts in the approved cadre was 09.

No reply was made.

Arrangement should be to properly manage the human resource.