

Head -203 - Department of Christian Religious Affairs

1. Financial Statements

1.1 Opinion

The audit of the financial statements of the Department of Christian Religious 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 Christian Religious Affairs was issued to the Accounting Officer on 29 April 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 29 April 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, the accompanying financial statements give a true and fair view of the financial position of the Department of Christian Religious Affairs as at 31 December 2021 and of its financial performance and its cash flows for the year then ended in accordance with Generally Accepted Accounting Principles.

1.2 Basis for Opinion

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 Responsibility for the audit of the financial statements 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

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 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 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 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

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.

2. Financial Review

2.1 Imprest Management

Audit Observation	Comments of the Accounting Officer	Recommendation
Due to the preparation of trial balance before matching the total expenditure of Rs. 43,932,466 incurred by other institutions on behalf of the reporting institution with total expenditure, it was observed that a difference from that amount between the statement of financial performance and the trial balance.	After transfers and receipts of allocations to the district secretariats and divisional secretariats for development works and various administrative expenses, the value of the expenses of those institutions was identified as Rs. 44,053,417, which was the difference between the expenses mentioned in the trial balance and the net expenses according to the statement of financial performance.	Differences should be identified and corrected.

2.2 Expenditure Management

Audit Observation	Comments of the Accounting Officer	Recommendation
(a) Due to that the total net allocation of Rs. 31,697,250, which was provided by the department for 03 recurrent expenditure subjects and one capital expenditure subject in the reviewed year has been unspent and saved even by August 2021, it was kept inside as per the cabinet memorandum regarding the review of public expenditure dated 28 August 2021.	Total net provision is saved due to suspension of foreign tours, accounting errors, suspension of non-committed projects, disallowance of allocations etc.	The allocated provisions should be used for the relevant work.
(b) Although the department provided the total allocation of Rs. 46,097,680 for 07 recurrent expenditure subjects and 03 capital expenditure subjects in the year under review, Rs. 14,021,916 or 16 percent to 58 percent from the total provision had been saved by the end of the year under review.	The allocated provisions will be used for the relevant work in future.	The allocated provisions should be used for the relevant work.
(c) The expenditure in the range of 23 percent to 262 percent was incurred and it was exceeded the planned procurement expenditure for 03 recurrent expenditure subjects and a capital expenditure subject. Accordingly, it was observed that the preparation of procurement plans was not done with proper management.	Plans will be made with proper management and work will be done according to the plans.	Preparing the plans should be done with proper management.

2.3 Incurring of Liabilities and Commitments

Audit Observation	Comments of the Accounting Officer	Recommendation
(a) Liabilities and commitments of Rs. 7,109 had been reached beyond the balance of provisions under Expenditure Subject No. 1001.	I would like to inform you that, it will be incurred liabilities without exceeding the provisions in future.	No liabilities should be incurred beyond the provisions.
(b) The balance of allocation under the Expenditure Subject No. 1409 was Rs. 988,704, but after the expenditure was kept inside according to the cabinet memorandum regarding the government expenditure review dated 28 August 2021, the balance of the provision was Rs. 162,703. The commitment value at the end was Rs. 177,589 under the above expenditure subject. Accordingly, liabilities of Rs. 14,886 had been reached in excess of the provisions.	I would like to inform you that, it will be incurred liabilities without exceeding the provisions in future.	No liabilities should be incurred beyond the provisions.

3. Operational Review

3.1 Delays in Project Execution

An amount of Rs. 2,128,305 was paid by the Mannar District Secretary to a contractor for the first phase of the construction of a pilgrimage house for the accommodation facilities for the department officials and other government officials who come for their duties at the Marada Madu Temple and the following facts are observed in that regard.

Audit Observation	Comments of the Accounting Officer	Recommendation
(a) In response to the request made by the Director of the Department on 28 June 2016 to provide an estimate for the first phase of the said building, the Mannar District Secretary submitted the estimate and the questionnaire on 25 November 2016 after a delay of 05 months.	Several requests were made in writing and verbally to get estimates from the Mannar District Secretariat in order to complete the construction of this pilgrimage house, but no good response was received. Due to the failure of the efforts of the department to complete	The provisions spent on the projects should be used with proper management to achieve the targeted objectives.
(b) The construction work of the first phase of the contract, which was started on 13 September 2017 and to be completed on 11 December 2017, was completed on 23 December 2017 and the District Secretary had informed the district engineer to prepare an estimate for the future construction work on 14 September 2017. The district engineer had provided answers for that on 05 April 2019 and no follow-up work had been done till that date.	this construction in the years 2018 and 2019, this development work was halted. The special gazette notification No. 2145/55 of the Democratic Socialist Republic of Sri Lanka on 19/10/2019 has made the Madu Temple as a place of worship. Accordingly, it was mentioned in the discussion held at the Ministry of Urban Development and Housing on 24.02.2021 that after the Madu Temple becomes a place of	
(c) Although an amount of Rs. 2,128,305 was paid to the contractor until 08 December 2017 for the first phase of the project, the district engineer was informed that it is not possible to prepare estimates for the remaining construction work as the pillar bases have cracked even before the one-year warranty period has passed due to poor quality control and to get the advice of the building department for that.	worship, this department cannot carry out the development work of the said temple independently and if such development work should be carried out under its supervision with the approval of the National Physical Planning Department. But, due to the Corona epidemic situation in the past period, there was not suitable situation to held operational committee	
(d) It was informed that the chief engineer of the building department	meetings for this development project. However, I would like	

observed the column footings of the construction and the thickness of the column footings indicated in the measurement sheet as 225mm each was observed as 100mm in some bases and 60mm in some bases. Therefore, it was not possible to determine the strength of the building and the technical assistant officer of the Madu Regional Secretariat had certified that the pile bases were thickness greater than 255mm. Accordingly, it was observed that there were conflicting recommendations regarding the construction.

to further inform that even if the operational committee meetings are not held in future, the necessary steps will be taken in the coming years to complete the work of this pilgrimage house in the year 2023 through the annual budget allocations together with the National Physical Planning Department.

- (e) According to the Letter of Acceptance, the performance security of Rs. 96,000 had expired on 08 January 2018. Although there were project deficiencies in the project, there was no proper monitoring and follow-up by the Mannar District Secretary, the Madu Regional Secretary or the Christian Affairs Department and the retention money of Rs. 106,415 was also released on 30 January 2019.

- (f) Although the initial work of the building was completed on 23 December 2017 at a cost of Rs. 2.5 million, the construction of the next phase of the building was halted even on 18 February 2022, when the site inspection was carried out due to existing weaknesses in the constructed section and lack of coordination between officials. Accordingly, it was observed that the above expenditure of Rs. 2.5 million is an inactive expenditure.

3.2 Assets Management

Audit Observation	Comments of the Accounting Officer	Recommendation
One of the two vehicles available in the department remained idle since 28 January 2020 due to one of the 02 approved driver posts in the department being vacant.	This driver vacancy will be updated in the PACIS software programme in the Ministry of Public Services, Provincial Councils and Local Government as well as in the staff report referred to every quarter as per the Management Services Circular No. 04/2017. Since the filling of vacancies is a process of beyond the scope of the department, arrangements are being made to fill the vacancies promptly.	The vacancies should be filled.

3.3 Losses and Damages

Audit Observation	Comments of the Accounting Officer	Recommendation
The loss of Rs. 137,707 caused to the vehicle number NB 2558, which was involved in an accident on 12 September 2019, has not been recovered and cut-off.	Legal advice has been taken to recover the amount from the other party related to the accident.	Action should be taken to recovered from responsible parties or cut-off.

4. Good Governance

4.1 Internal Audit

Audit Observation	Comments of the Accounting Officer	Recommendation
Although a suitable auditor should be appointed to carry out internal audit activities in accordance with the provisions of Section 40 of the National Audit Act No. 19 of 2018, a Management Service Officer had been appointed for the audit work of the department.	There is no position of Internal Auditor in the approved staff belonging to this department and there is a vacancy for about 10 years without permanent appointment for the position of Accountant in the approved staff.	Should be act in accordance with the Act.

5. Human Resources Management

Audit Observation	Comments of the Accounting Officer	Recommendation
The total number of approved posts in the department was 61 and there were 08 vacancies related to 05 positions including 01 Assistant Director, Accountant, Development Officer, Driver and Office Assistant posts and 03 Management Service Officer positions.	The PACIS software of the Ministry of Public Services, Provincial Councils and Local Government is regularly updated to inform about these vacancies and quarter reports are also sent to the Management Services Department. Since the filling of these vacancies is a process outside the scope of the department, arrangements are being made to fill this vacancy as soon as possible.	Arrangements should be made to fill the vacancies.