Head -204 - Department of Hindu Religious and Cultural Affairs - 2024

1. Financial Statements

1.1 Qualified Opinion

Head 204 - The audit of the financial statements of the Department of Hindu Religious and Cultural Affairs for the year ended 31 December 2024 comprising the statement of financial position as at 31 December 2024 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 Hindu Religious and Cultural Affairs was issued to the Accounting Officer on 30 May 2025 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 July 2025 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 fair view in all materials of the financial statements of the Department of Hindu Religious and Cultural Affairs as at 31 December 2024 in accordance to the financial position, financial performance and cash flows, the basis of preparation of the financial statements mentioned in Note 1 of the financial statements.

1.2 Basis for Qualified Opinion

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 Responsibility Section. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

1.3 Emphasis of Matter – Basis of the Preparation of Financial Statements

It is drawn attention to Note 1 of the financial statements, which described the basis of the preparation of these financial statements. The financial statements have been prepared for the needs of the Department of Hindu Religious and Cultural Affairs, the Treasury and Parliament in accordance with Public Financial Regulations 150 and 151 and Public Accounts Guideline No. 06/2024 dated 16 December 2024 as amended on 21 February 2025. Therefore, these financial statements may not be suitable for other purposes. My report is intended only for the use of the Department of Hindu Religious and Cultural Affairs, the Treasury and the Parliament of Sri Lanka. My opinion on this matter is not modified.

1.4 Responsibility 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 fair view in accordance with Public Financial Regulations 150 and 151 and the Public Accounts Guideline No. 06/2024 dated 16 December 2024 as amended on 21 February 2025 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.

1.5 Auditor's Responsibility for the Audit of 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 skepticism 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.

1.6 Comments on the Financial Statements

1.6.1 Accounting Deficiencies

(a) Receivings of the Revenue

Audit Observation	Comments of the Accounting Officer	Recommendation
Although the collected revenue was Rs. 16,047,868 according to the trial balance of the department, it had been stated less than Rs. 4,550 as Rs. 16,043,318 in the statement of imprest adjustment and the cash flow statement and although the credited amounts by the reporting institution to the Advance "B" account for other income heads was Rs. 1,108,546 according to the trial balance of the department, it had been stated more Rs. 4,550 as Rs. 1,113,096 in the statement of imprest adjustment.	It was informed that the difference of Rs. 4,550 was an additional amount received from the Department of Pensions and that the action have been taken to correct it by now.	Correct balances should be included in the financial statements.

(b) Recurrent Expenditures

	Audit Observation	Comments of the Accounting Officer	Recommendation
(i)	Although the total expenditure under expenditure code 204-2-1-0-1003 was Rs. 44,710,564 as per the books of the department, it had been a difference of	It had been informed that action have been taken to make the relevant corrections.	Correct amounts should be entered in the departmental books.

	Rs. 92,900 due to recorded it as Rs. 44,803,464 in the ACA 2 (ii) expenditure statement and although the balance for that expenditure code was Rs. 2,007,435 according to the books of the department, there was a difference of Rs. 92,900 due to mentioned that as Rs. 1,914,535 in ACA 2(ii).		
(ii)	Although the total expenditure under expenditure code 204-2-1-0-1409-104 was Rs. 3,871,351 as per the books of the department, it had been a difference of Rs. 609,915 due to recorded it as Rs. 4,481,266 in the ACA2 (ii) expenditure statement and although the balance for that expenditure code was Rs. 3,128,648 according to the books of the department, there was a difference of Rs. 609,915 due to mentioned that as Rs. 2,518,733 in ACA 2 (ii).	It had been informed that action have been taken to make the relevant corrections.	Correct amounts should be entered in the departmental books.
(iii)	Although the balance under expenditure code 204-2-1-0-1203-002 was Rs. 58,000 according to the books of the department, there was a difference of Rs. 6,000 due to that it was recorded as Rs. 64,000 in the ACA 2 (ii) expenditure statement.	It had been informed that action have been taken to make the relevant corrections.	Correct amounts should be entered in the departmental books.
(iv)	Although the balance under expenditure code 204-2-1-0-1409-140 was Rs. 1,230,555 according to the books of the department, there was a difference of Rs. 90,000 due to that it was mentioned as Rs. 1,320,555 in the ACA 2 (ii) expenditure statement.	It had been informed that action have been taken to make the relevant corrections.	Correct amounts should be entered in the departmental books.

(v)	The expenses incurred by the reporting institution for other heads amounting to Rs. 539,863 were mentioned in the statement of imprest reconciliation as debits made by the reporting institution for the advance "B" account for other heads.	It had not been commented.	Action should be taken in accordance with the instructions of the Public Accounts Guideline No. 06/2024 dated 16 December 2024 as amended on 21 February 2025.

(c) Deposits

Audit Observation	Comments of the Accounting Officer	Recommendation
Although it was not mentioned the balance in the bail deposit register bearing 6000-0-0-1-120 at the end of the year under review, it had been mentioned a balance of Rs. 42,420 in ACA 4.	It had been informed that action have been taken to make the relevant corrections.	Deposit ledgers should be maintained up to date.

(d) Property, Plant and Equipment

Audit Observation	Comments of the Accounting Officer	Recommendation
Although the year-end balance of non-financial assets in ACA 6 in the audited financial statements of the previous year was Rs. 159,099,465, the opening balance of ACA 6 in the year under review was stated as Rs. 161,124,465 and the difference was Rs. 2,025,000.	It had been informed that the difference of Rs. 2,025,000 has arisen due to the inclusion of the transfer of the motor vehicle and the disposal of the three-wheeler and since adjustments of Rs. 2,200,000 and Rs. 175,000 respectively have been made to the opening balance of the year 2023, it will not affect the net balance of the year 2024.	Financial statements should be consistent with the previous year.

(e) Balances of the Advance Accounts

Audit Observation	Comments of the Accounting Officer	Recommendation
Although the cash credits during the year under review were Rs. 4,846,846 as per the departmental debtors/creditors control account, it had been stated as Rs. 847,470 less by Rs. 3,999,376 in the statement of Advance Accounts (ACA5) and although the credits made through cross entries during the year were Rs. 1,384,133, it had been recorded as Rs. 5,383,509 more than Rs. 3,999,376 in ACA 5.	The amount of Rs. 4,846,846.41 in Advance Account code 8493-0-0-204-0-11-09 (Credit) consists as cash and cross notes of Rs. 847,470 and Rs. 3,999,376.41 respectively. However, it was informed that there was not separately stated in the treasury printout.	Accurate amounts should be included in the financial statements.

(f) Non-maintenance of Registers and Books

It was observed during sample audits that the Department had not properly and up-to-date maintained certain of the following documents.

Audit Observation	Comments of the Accounting Officer	Recommendation
(i) Register of Liabilities		
The register of liabilities had not been updated in accordance with Financial Regulation 214.	It was informed that relevant actions have been taken to maintain up-to-date information.	Liabilities should be recorded in a register of liabilities that can be checked the liabilities regularly in accordance with Financial Regulation 214.
(ii) Deposit Ledger		
The deposit ledger had not been updated in accordance with Financial Regulation 592.	It was informed that relevant actions have been taken to maintain up-to-date information.	Action should be taken to update and maintain the deposit ledger in accordance with Financial Regulation 592.

2. 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 submitted for the audit are not consistent with the preceding year as per the following audit observations.

Audit Observation	Reference to the Paragraph in this report
Although the year-end balance of non-financial assets in ACA 6 in the audited financial statements in the previous year was Rs. 159,099,465, there was a difference of Rs. 2,025,000 due to the opening balance of ACA 6 in the year under review being stated as Rs. 161,124,465.	1.6.1 (d)

(b) The recommendations made by me on the financial statements of the preceding year had been implemented.

3. Financial Review

3.1 Expenditure Management

	Audit Observation	Comments of the Accounting Officer	Recommendation
(a)	Out of the total provision of Rs. 15,450,000 for seven (07) recurrent expenditure codes, Rs. 7,577,284 had been saved and that balance had ranged from 32 percent to 88 percent as a percentage of the net provision.	It was informed that the provisions saved due to the lack of needs and expenditure control in accordance with National Budget Circular No. 01/2024.	The allocated provisions should be utilized for relevant programmes.
(b)	Rs. 474,200 had been saved from the net allocation of Rs. 1,000,000 for one capital expenditure code and the balance was 47 percent as a percentage of the net provision.	It was informed that provisions were saved due to expenditure control in accordance with National Budget Circular No. 01/2024.	Provisions should be made only for essential trainings when preparing estimates.

(c)	Although provisions of Rs. 500,000 for one recurrent expenditure code and Rs. 1,000,000 for one capital expenditure code had been allocated from the annual estimate, the entire provision had been saved.	It was informed that provisions were saved due to expenditure control in accordance with National Budget Circular No. 01/2024.	The allocated provisions should be utilized for relevant programmes.
(d)	Although the total allocation of Rs. 550,000 for two (02) recurrent expenditure codes had been transferred under Financial Regulation 66, the entire transferred provision had been saved.	It was informed that provisions were saved due to expenditure control in accordance with National Budget Circular No. 01/2024.	Provisions allocated for essential expenses should be utilized for relevant programmes.

3.2 Certification to be done by the Chief Accounting Officer/ Accounting Officer

According to the provisions of section 38 of the National Audit Act No. 19 of 2018, the Chief Accounting Officer / Accounting Officer should have made certification regarding the following matters, but that had not been done accordingly.

Audit Observation	Comments of the Accounting Officer	Recommendation
Although the Chief Accounting Officer shall ensure the annual reports relating to the entity being audited are submitted to the Parliament, those requirements had not been fulfilled due to the audit observation mentioned in paragraph 4.1 of the report.	It was informed that necessary actions will be taken to properly submit the relevant reports to the Parliament.	Action should be taken in accordance with the provisions of section 38 of the National Audit Act No. 19 of 2018.

3.3 Non-compliance of Laws, Rules and Regulations

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

	Observation			Comments of the Accounting Officer	Recommendation
	Reference to Laws, Rules and Regulations	Amount	Non- compliance		
		Rs.			
(a)	**Public Administration Circulars**				
	Paragraph 6.5 of Public Administration Circular No. 02/2018 dated 24 January 2018	-	A senior officer had not been appointed with the responsibility of preparing the Human Resource Development Plan, development of Capacity Development Programmes and implementing Skill Development Programmes.	As there were three vacancies for the posts of Assistant Director of SLAS (III) in the approved staff due to the non-availability of senior level officers, it had been reported that the current officers had implemented the Human Resource Plan.	Relevant appointments should be made in accordance with Public Administration Circulars.
(b)	**Public Accounts Guidelines** Paragraph 8.3 of the Public Accounts Guideline No. 06/2024 dated 16 December 2024	-	Although all reporting institutions are required to prepare a reconciliation statement for deposits and submit it to the Department of Public Accounts on or before 28 February 2025, the relevant	It was informed that action will be taken to prepare the deposit reconciliation on time from next year.	Action should be taken in accordance with Public Accounts Guidelines.

	statement had been submitted on 09 May 2025.	

4. Operational Review

4.1 Annual Performance Report

Audit Observation	Comments of the Accounting Officer	Recommendation
Although the annual performance report should be published 180 days or earlier after the end of the financial year according to sub-section 47(4) of the Public Finance Management Act No. 44 of 2024, the performance report for the year 2023 was published on 05 March 2025, after a delay of 08 months.	It had been informed that action will be taken in future.	The annual performance report should be published on or before the due date as per the Act.

4.2 Assets Management

Audit Observation	Comments of the Accounting Officer	Recommendation
Although the department had three vehicles, two vehicles are idle due to the two vacancies in Driver positions and due to that, there was a delay in completing the planned tasks by the department.	It had been informed that the relevant institutions have been informed regarding the vacancies.	Vacant Driver positions should be filled immediately and the relevant vehicles should be utilized.

4.3 Management Inefficiencies

	Audit Observation	Comments of the Accounting Officer	Recommendation
(a)	The buildings and land surrounding the Navalar cultural centre and the Kurukulam Anapandi sub-office, which had been used for the activities of the Department for over 20 years, had not	Comments had not been given.	Necessary action should be taken to take over to the Department.

	been taken over to the department from the Jaffna Municipal Council and a case is being examined in the Jaffna High Court in this regard.		
(b)	Although the Department had provided financial assistance of Rs. 33 million to 183 Hindu Kovils during the year under review, there was not a formal methodology to identify and approve criterias for selecting Kovils, the amount of given assistance and the priority and the audit was not observed that the Department also follow up the relevant construction or renovation after providing assistance.	It had been informed that the criterias change from time to time and financial assistance is provided on a priority basis and since financial assistance is provided through the Divisional Secretariats, the Development Officers Hindu/ Cultural) and Technical Officers attached to those offices will provide information through the Divisional Secretariats.	Specific criteria and a formal methodology for providing financial assistance should be approved and followed up.

5. Good Governance

5.1 Internal Audit

Audit Observation	Comments of the Accounting Officer	Recommendation
Although the Audit and Management Committee meetings should be held at least once a quarter as per the Circular No. DMA/01/2019 dated 12 January 2019 of the Department of Management Audit, only one Audit and Management Committee meeting was held in the third quarter during the year under review and the last quarterly meeting of the year under review was held on 18 February 2025.	It was informed that two meetings were held in the year 2024 and action will be taken to hold meetings quarterly in future.	Audit and Management Committee meetings should be held at least once a quarter, as per the circular.