

Head -202 Department of Muslim Religious and Cultural Affairs - 2024

1. Financial Statements

1.1 Qualified Opinion

Head 202 - The audit of the financial statements of the Department of Muslim 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 and notes to the financial statements, including information related to significant accounting policies, 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 Muslim 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 27 June 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 Muslim 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 Muslim 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 Muslim 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) Imprest Balance

Audit Observation	Comments of the Accounting Officer	Recommendation
(i) Although the expenditure incurred by the reporting entity under other heads in the imprest reconciliation statement was Rs. 2,353,661, it had been stated as Rs. 1,879,401 less than Rs. 474,260 and although the credits made to the Advance B account by other heads was Rs. 1,152,115, it had been stated as Rs. 1,626,375 higher than Rs. 474,260.	It was stated that an error had occurred in identifying the items and appropriate action will be taken to correct it.	Action should be taken in accordance with the guidelines of the Department of Public Accounts.

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| <p>(ii) Although the debits made to the Advance B account by other heads amounted to Rs. 285,215, it had been stated as Rs. 500,215 higher than 215,000 and although the credits made by reporting institution to the Advance B account for other heads was Rs. 215,000, it had been understated by Rs. 215,000 as there were not such liabilities and included to the imprest reconciliation statement.</p> | <p>It was stated that an error had occurred in identifying the items and appropriate action will be taken to correct it.</p> | <p>Action should be taken in accordance with the guidelines of the Department of Public Accounts.</p> |
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(b) Non-maintenance of Registers and Books

It was observed during sample audits that the Department had not maintained certain registers mentioned below and not properly and up-to-date maintained certain registers.

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 the subject officer has been informed to maintain it up to date properly.	Liabilities should be recorded in a liability register as that they can be checked regularly.
(ii) Vehicle Listing Register		
A vehicle listing register had not been maintained in accordance with Financial Regulation 1647 (e).	It was informed that the subject officer has been informed to maintain a vehicle listing register.	A vehicle listing register should be maintained.

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 consistent with the preceding year.
- (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 allocated net provision of Rs. 20,750,000 for 09 recurrent expenditure codes, Rs. 9,578,821 had been saved and that balance had ranged from 29 percent to 84 percent as a percentage of the net provision.	It was informed that the provisions for the year were saved due to payment of local travel expenses related to December 2024 in the year 2025, many of the planned programmes had to be postponed, the prices had not received under the estimate and allocation limit for renovation of the department building and insufficient time to take the relevant further actions, reimbursement of 50 percent of security service expenses from the Department of Hindu Religious and Cultural Affairs and department of Christian religious Affairs and transfer of officers who have taken loans.	When preparing estimated in accordance with F.R. 50, it should be done as accurate and complete as possible.
(b) Out of the net total provisions of Rs. 2,300,000 allocated for 03 capital expenditure codes, Rs. 1,227,696 had been saved and it had been taken that balance ranged from 33 percent to 79 percent as a percentage of the net provision.	It was informed that the provisions were stated as savings due to there is no need for rehabilitation or improvement of machinery and equipment and vehicles and the payments related to staff training sessions have been settles in January as well.	When preparing estimated in accordance with F.R. 50, it should be done as accurate and complete as possible.

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| (c) | The total allocation of Rs. 2,000,000 for a recurrent expenditure code and Rs. 600,000 for a capital expenditure code had been saved. | It was informed that the provisions were saved due to the foreign travel expenses of the officers representing the Department for Haj pilgrimage duties are based on the relevant foreign travel expenses and those are paid from the Haj Fund as that does not effected to the government, the price quotations for the renovation of the department building were not received within the estimate and allocation limit and there was not enough time to take the relevant further actions. | Estimates should be prepared as accurate and complete as possible. |
| (d) | While provisions have not been allocated by the initial estimates for two recurrent expenditure codes, Rs. 55,919,536 had been transferred during the year through supplementary and Financial Regulations 66/69 and the entire provision had been saved at the end of the year. | Although the provisions were transferred through supplementary and Financial Regulations 66/69 due to that the date palms for the year 2025 were received by Customs in late December 2024 and the provisions related to their clearance were insufficient, it was informed that the entire provision received in the year 2024 had been saved as it was difficult o carry out the clearance work and the relevant payments had to be made in the year 2025 after the relevant provision information was freshly activated in the ITMIS system. | Provisions should be transferred only for essential functions with proper study and in accordance with Financial Regulations 66/69. |

3.2 Incurring into the Liabilities and Obligations

Audit Observation	Comments of the Accounting Officer	Recommendation
(a) Although the liabilities and obligations amounting to Rs. 1,149,441 should have been included in the liabilities of the financial statements under the statement of obligations (Annexure iv) according to the F.R. 94(2) and (3),	It was informed that the relevant liabilities were not included in the financial statements under the obligations (Annexure iv) due to an error and that the	Financial statements should be prepared including information about incurring obligations and liabilities in accordance with

information about the obligations were not included in the relevant statement. officer had been informed to correct it. relevant guidelines.

- (b) According to the section 94(1) and section 02 (c) of Public Accounts Circular No. 255/2017 dated 27 April 2017, although obligations and liabilities cannot exceed the remaining provisions as at 31 December, obligations of Rs. 254,792 been made for expenditure code 202-2-1-0-1403 (Electricity and water) exceeding the remaining provision value of Rs. 205,318.
- As the relevant remaining provision value was Rs. 205,318, it is kindly informed that only the water bill value of Rs. 74,172.65 for the month of December received in January was considered as a liability through both ITMIS and CIGAS web applications and it was stated that the electricity bill worth Rs. 385,937.64 has been incorrectly recorded under voucher No. 2501-14 in the liability register. It was informed that the officer had been informed to correct the error.
- Action should be taken according to the Financial Regulations and Circulars regarding obligations and liabilities.

3.3 Certification to be done by the Accounting Officer

According to the provisions of section 38 of the National Audit Act No. 19 of 2018, the 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
(a) The Chief Accounting Officer and the Accounting Officer should ensure that an effective internal control system is developed and maintained for the financial control of the Department and the effectiveness of the system should be reviewed from time to time and necessary changes should be made accordingly to make the effective system and although such reviews	Since 6 positions such as Internal Auditor, Accountant and Assistant Director had been vacant in the department from a period of time, it had not been possible to develop an effective internal control system for financial control. Currently, several of these positions have been filled and necessary actions	Action should be taken in accordance with the provisions of section 38 of National Audit act No. 19 of 2018.

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| <p>should be made in writing and a copy should be submitted to the Auditor General, the statements that such reviews had been conducted were not submitted to the audit.</p> | <p>are being taken to establish a formal financial and internal control system. It was informed that an effective internal control system will be developed in future and appropriate reviews will be conducted from time to time regarding the effectiveness of that system and the Auditor General will be informed in writing in this regard.</p> | |
| <p>(b) Although the Chief Accounting Officer and the Accounting Officer should ensure that all audit queries are answered within the specified time period as required by the Auditor General, audit queries had not been answered as per paragraph 4.5 of the report.</p> | <p>Due to the vacancy in the post of Internal Auditor, it has been unable to respond to all audit queries as necessary to the Auditor General within the specified time periods as required. But it was informed that a methodology has been developed to streamline internal audit functions and will be conducted Audit and Management Committee meetings properly with the support of the Internal Auditor of the Ministry.</p> | <p>Action should be taken in accordance with the provisions of section 38 of National Audit act No. 19 of 2018.</p> |
| <p>(c) Although the Chief Accounting Officer and the Accounting Officer should ensure that there is an effective system to properly implement the internal audit function, that requirement had not been fulfilled according to the observations mentioned in paragraph 5.1 of the report.</p> | <p>It was stated that since the vacancy has existed from the approved date of the post of the Internal Auditor, it has not been possible to properly implement the internal audit functions.</p> | <p>Action should be taken in accordance with the provisions of section 38 of National Audit act No. 19 of 2018.</p> |

3.4 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	Amount	Non- compliance	Comments of the Accounting Officer	Recommendation
	Reference to Laws, Rules and Regulations	Rs.			
(i)	Establishment Code of the Democratic Socialist Republic of Sri Lanka				
	Sub-section 22.3 of Chapter XII	-	Although Saturdays, Sundays and public holidays under the no-pay leave period should be considered as no-pay leaves, those days had not been taken into consideration when calculating the no-pay leaves of 14 officers.	Saturday, Sundays and public holidays in past under the no-pay leave period have been considered as no-pay leaves and it was informed that this omission for certain months had been made by mistake as the leave subject officer was newly for the subject and immediate action will be taken to correct it.	Action should be taken in accordance with the provisions of the Establishment Code.
(ii)	Financial Regulations published by Public Finance Circular No. 01/2020 dated 28 August 2020				
	756 (6)	-	Although a copy of the Board of Survey report of the previous year should be submitted to the Auditor General	The board of Survey report for the year 2023 was submitted to the Auditor General on 29 April 2025 and it was	Action should be taken to complete the Board of Survey work and submit reports within the

			before 31 March of the following financial year, the Board of survey report for the year 2023 was submitted to the Auditor General on 29 April 2025 with a delay of 13 months.	informed that copies had also been forwarded to the Secretary of the Ministry, the Director General – Department of Public Finance, and the Internal Auditor.	relevant time periods as per the Financial Regulations.
	• Paragraph 770(4)	-	155 Items that were mentioned under the General 47 format as unusable goods by the board of Surveys of the years of 2021 and 2022 had not been auctioned or done as appropriately.	A valuation committee has been appointed on 20.07.2023 to value the unusable goods identified by the Board of Survey in the years of 2021 and 2022. It was informed that further action in this regard will be carried out in due course.	Action should be taken as per the Financial Regulations.
	• 876 (3)	-	The Hajj fund maintained by the Department was not legally established by an Act of Parliament and action had not been taken to obtain legal status with considering the need to maintain the fund in accordance with the circular.	The basic work to legally establish the Hajj fund maintained by the Department through an Act of Parliament has already been completed and it was informed that the final report in this regard will be submitted to the Hon. Minister in June by the Chairman of the Hajj committee.	Action should be taken as per the Financial Regulations.
(iii)	Circular No. 02/2018 of the Ministry of Public Administration, Home Affairs, Provincial Councils and Local	-	Although a Human Resource Development plan should be prepared for the Department, a Human resource Development Plan had not been prepared for the Department for the year under review.	It was informed that the relevant officer has been informed to prepare the Human resource Development Plan of the Department for the year under review.	Action should be taken in accordance with the provisions of the circular.

**Government
dated 24 January
2018 on Human
resource
Development in
the Public Sector**

(iv) Assets Management Circular No. 01/2017 of the Ministry of Finance and Mass Media dated 28 June 2017	-	Although information regarding assets purchased and disposed by institutions should be submitted to the Office of the Comptroller General at the end of the relevant quarter, it was not acted accordingly.	It was informed that the officer has been informed to immediately submit information to the Office of the Comptroller General regarding the assets purchased and disposed by the institution.	Action should be taken in accordance with the provisions in the relevant circular.
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4. Operational Review

4.1 Failure to Perform Duties

The following observations are made.

Audit Observation	Comments of the Accounting Officer	Recommendation
(a) Although Rs. 1,000,000 had been allocated for building repairs as per the action plan for the year under review, action had not been taken to carry out the relevant repairs.	It was informed that the planned building renovations were scheduled to be implemented in the year 2025 due to non-receiving the quotations within the allocation limit and insufficient time to take the relevant further actions.	Action should be carried out according to plan.
(b) Enriching and promoting Muslim arts and cultural activities was identified as an objective of the department and although identifying and implementing projects to protect and promote Muslim art and culture had been stated as a task to be implemented to achieve that	Comments had not been given.	Action should be taken to achieve the identified objectives.

objective, action had not been taken to identify the projects and include them into the Action Plan for the year under review and implement them.

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| <p>(c) Implementing programmes to empower Muslim women and youth is an objective of the Department, but action had not been taken to achieve that objective during the year under review and action had not been taken to identify the tasks to be implemented in this regard.</p> | <p>Comments had not been given.</p> | <p>Action should be taken to achieve the identified objectives.</p> |
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4.2 Annual Performance Report

The annual performance report should be published 180 days or before that after the end of the financial year in accordance with sub-section 47(4) of the public Financial Management Act No. 44 of 2024. The Annual Performance Report should have been prepared in accordance with the format specified in Guideline No. 14 issued by the Department of Public Finance in accordance with paragraph 10.2 of Public Finance Circular No. 2/2020 dated 28 August 2020. This performance report is required to be submitted for audit along with the annual financial statements according to the terms of section 16(2) of the National Audit Act No. 19 of 2018. The following observations are made in this regard.

Audit Observation	Comments of the Accounting Officer	Recommendation
(a) Although the annual performance report should be published 180 days or before that after the end of the financial year, the performance report for the year 2023 was submitted to Parliament on 10 January 2025 with a delay of 6 months.	It was informed that officers have been informed to pay more attention to this matter in future.	Action should be taken in accordance with sub-section 47(4) of the Public Financial Management Act No. 44 of 2024.
(b) Although the performance report should be submitted to the Auditor General along with the annual financial statements, the Department had not submitted the draft performance report for the year under review to the audit.	It was informed that the officer had been informed to submit the draft performance report for the year under review for audit immediately.	The annual performance report should be prepared in accordance with Public Accounts Guideline No. 14 and submitted for audit along with the financial statements.

4.3 Assets Management

Audit Observation	Comments of the Accounting Officer	Recommendation
Although the building of the Department in the land which is 80 perches belonging to the Railway Department was constructed in the year 2017 with the approval of the Cabinet of Ministers, action had not been taken to take over the legal ownership of the land until the end of the year under review.	It was informed that relevant actions were being taken to take over the legal ownership of the land.	Relevant action should be taken immediately to take over legal ownership of the land.

4.4 Failure to Answer to the Audit Queries

Answers had not been sent to the following audit queries issued to the Department until 13 August 2025.

	Description about the Audit Query	Comments of the Accounting Officer	Recommendation
(a)	Vehicle Usage Inspection - 2024 (CAA/C/DMR/2024/AQ/01 - 2024.11.26)	It was informed that the answers to the audit query dated 09.05.2024 was given on 29 May 2024 and that the officer had been informed to provide a reply immediately to the audit query dated 16 December 2024.	Action should be taken to provide answers to audit queries with the relevant period.
(b)	Checking Payment Vouchers - 2024 (CAA/C/DMR/2024/AQ/02 - 2024.12.16)		
(c)	Financial and Performance Audit - 2024 (CAA/C/DMR/2024/AQ/05 - 2025.05.02)		

5. Good Governance

5.1 Internal Audit

Audit Observation	Comments of the Accounting Officer	Recommendation
The Accounting Officer shall ensure that there is an effective system to properly implement the internal audit function according to the terms of section 38 (i) (f) of the National Audit Act No. 19 of 2018. Furthermore, the Accounting Officer should establish internal audit units within his Department to carry out his duties and responsibilities as mentioned in Financial Regulation 128 in accordance with Financial Regulation 133. But, an Internal Audit Unit had not been established for the Department and the position of Internal Auditor, which had been created in the year 2015, was still vacant until the date of this report.	Although it has not been possible to properly implement the internal audit function due to the vacancy in the position of Internal Auditor in the Department, it had been informed that action will be taken in future to prepare a methodology to streamline internal audit tasks with the help of the Internal Auditor of the Ministry.	Action should be taken in accordance with the provisions of the National Audit Act.

5.2 Audit and Management Committee

Audit Observation	Comments of the Accounting Officer	Recommendation
Although the every entity should be commenced Audit and Management Committees in accordance with the provisions of section 41 of the National Audit Act No. 19 of 2018, the Department had not formally commenced Audit and Management Committees during the year under review.	Although the position of Internal Auditor is vacant, it was informed that necessary actions are being taken to prepare a methodology to streamline internal audit tasks and commenced Audit and Management committees with the help of the Internal Auditor of the Ministry.	Action should be taken in accordance with the provisions of the National Audit Act.

6. Human Resource Management

Audit Observation	Comments of the Accounting Officer	Recommendation
Although the approved carder of the Department as at 31 December of the year under review was 123, the actual staff was 107 and there was a surplus of 26 Development officer and vacancies of 42 other officers.	There is a surplus of the Development Officers as they were attached without considering vacancies when attaching Development officers in the year 2021. The Ministry of Public Administration has been informed several times through the Secretary of the Ministry to fill the vacancies. It was informed that the Ministry of Public Administration has informed that some of the vacancies cannot be filled at now.	Action should be taken to obtain approval for surplus staff or revise the staff as necessary.