

**Report of the Auditor General on Head 202- Department of Muslim Religious and Cultural Affairs
Year 2015**

The audit of the Appropriation Account and the Reconciliation Statements including the financial records, books, registers and other records of the Head 202 - Department of Muslim Religious and Cultural Affairs for the year ended 31 December 2015 was carried out in pursuance of provisions in Article 154 (1) of the Constitution of the Democratic Socialist Republic of Sri Lanka. The Management Audit Report for the year under review was issued to the Director of the Department on 8 July 2016. The audit observations, comments and findings on the accounts and the reconciliation statements were based on a review of the Accounts and Reconciliation Statements presented to audit and tests of samples of transactions. The scope and extent of such review and tests were such as to enable as wide an audit coverage as possible within the limitations of staff, other resources and time available to me.

1.2 Responsibility of the Chief Accounting Officer and Accounting Officer for the Accounts and Reconciliation Statements

The Chief Accounting Officer and the Accounting Officer are responsible for the maintenance, preparation and fair presentation of the Appropriation Account and the Reconciliation Statements in accordance with the provisions in Articles 148, 149, 150 and 152 of the Constitution of the Democratic Socialist Republic of Sri Lanka, other Statutory Provisions and Public Finance and Administrative Regulations. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of Accounts and Reconciliation Statements that are free from material misstatements whether due to fraud or error.

2. Accounts

2.1 Appropriation Account

Total Provision and Expenditure

The total net provision made for the Department amounted to Rs.158.55 million and out of that Rs.157.19 million had been utilized by end of the year under review. Accordingly, provisions of Rs.1.36 million or 1.0 per cent out of the total net provision made for the Department had been saved. Details appear below.

Expenditure	As at 31 December 2015			Savings as a Percentage of Net Provision
	Net Provision	Utilization	Savings	
	Rs.Millions	Rs.Millions	Rs.Millions	
Recurrent	82.30	81.85	0.45	0.6
Capital	76.25	75.34	0.91	1.3
Total	158.55	157.19	1.36	1.0

2.2. Advances to Public Officers Account

Limits Authorized by Parliament

The limits authorized by Parliament for the Advances to Public Officers Account of the Department under Item No.20201 and the actual amounts are given below.

<u>Expenditure</u>		<u>Receipts</u>		<u>Debit Balance</u>	
Maximum Limit	Actual	Minimum Limit	Actual	Maximum Limit	Actual
Rs. Millions	Rs. Millions	Rs. Millions	Rs. Millions	Rs. Millions	Rs. Millions
2.86	1.02	1.20	1.79	12.00	5.72

2.3 Imprest Account

The balance of the Imprest account No.7002/0000/00/0135/0013/000 of the Department amounted to Rs.19.21 million as at 31 December 2015.

2.4 General Deposit Accounts

The balance of the Deposit Account No.6000/0000/00/0016/0094/000 of the Department amounted to Rs.17.42 million as at 31 December 2015.

2.4 Audit Observation

The Appropriation Account and the Reconciliation Statements for the year ended 31 December 2015 of the Department of Muslim Religious and Cultural Affairs had been satisfactorily prepared, subject to the audit observations appearing in the Management Audit Report referred to in Paragraph 1.1 above. The material and important audit Observations out of the observations included in the Management Audit Report appear in Paragraph 3.

3. Material and Significant Audit Observations

3.1 Non -maintenance of Registers and Books

It was observed during audit test checks that the Department had not maintained the following registers.

Type of Registers	Relevant Regulation
(i) Register of Fixed Assets	Treasury Circular No. 842 dated 19 December 1978.
(ii) Register of Fixed Assets on Computers, Computer Accessories and Software	Treasury Circular No. IAI/2002/02 dated 28 November 2002.
(iii) Register of Losses	Financial Regulation 110
(iv) Register of Bid Invitation	Guideline 5.2.1 of Government Procurement Guidelines.

3.2 Appropriation Account

Budgetary Variance

Excess provisions totalling Rs.1,000,000 had been made for 03 Objects and as such the savings after the utilization of provisions ranged between 67 per cent to 91 per cent of the net provisions relating to the respective Objects.

3.3 Imprest Account

A balance, amounting to Rs.19,208,845 was remained in the Imprest Account No.7002/0000/00/0135/0013/000 of the Department due to non-settling the advances granted for the construction of Muslim Cultural Centre. Accordingly, it was allowed to retain public money with an external party for over 2 years.

3.4 General Deposit Account

Action in terms of Financial Regulation 571 had not been taken on 03 deposits older than 2 years totalling Rs.16,001,531.

3.5 Reconciliation Statement of the Advances to Public Officers Account

According to the Reconciliation Statement as at 31 December 2015 presented to audit the balance that remained outstanding totalled Rs.314,069. Even though those outstanding balances remained over the period of 20 years, the Department had failed to recover the outstanding balances.

3.6 Good Governance and Accountability

3.6.1 Internal Audit

The Department had not established an Internal Audit Unit in terms of Financial Regulation 133. Even though the internal audit of the Departments had been carried out by the Ministry of Postal, Postal Service and Muslim Affairs an adequate internal audit had not been carried out on the operating projects of development and administration activities of the Department.

3.7 Assets Management

The following deficiencies were observed during the course of audit test checks of the assets of the Department.

(a) Idle and Underutilized Assets

Even though the Department had obtained a motor vehicle belonging to the Department of Posts on 30 June 2015, that vehicle had not been utilized even by 31 December 2015 due to unavailability of a driver.

(b) Unsettled Liabilities

The unsettled liabilities of the Department less than one year old as at 31 December 2015 totalled Rs.681,218.

3.8 Non – compliances

Non – compliance with Laws, Rules and Regulations

Instances of non – compliances with the provisions in laws, rules and regulations observed during the course of audit test checks are analyzed below.

Reference to Laws, Rules and Regulations	Value	Non-compliance
	Rs.	
(a) Financial Regulation 94 (1)	336,597	Liabilities had been incurred exceeding the savings by Rs.336,597 after utilization of provisions made for 6 Objects.
(b) Financial Regulation 135	119,141	Authorization, approval and certification for the payments totalling Rs.119,141 had not been made in 16 instances.
(c) Financial Regulation 225	70,569	In payment of overtime for 34 instances, the payment vouchers had not been prepared accurately and completely in the prescribed forms.
(d) Financial Regulation 237	67,155	Even though a certificate should be appended with the voucher to the effect that the work had been satisfactorily done in terms of the contract or agreement, it had not been so done for the payments made in 02 instances.

3.9 Performance

The observations on the progress of the Department according to the Annual Budget Estimate and Action Plan for the year 2015 are given below.

3.9.1 Key Functions not executed Adequately

The Key Functions of the Department had not been executed adequately and several instances so revealed are given below.

(a) Providing Uniforms for Dhamma School Children

Textile material for 440 uniforms sets, 1200 trouser materials and 154 shirt materials amounting to Rs.641,133 purchased for the distribution among Dhamma School Children had not been distributed for the respective children within the due period.

(b) Grants provided for Muslim Churches

Even though the financial grants amounting to Rs.29 million had been issued for 59 Divisional Secretariats to provide Muslim Churches during the year under review, the follow-up action on utilization of those grants had not been carried out by the Department.

3.10 Deficiencies in the Operation of Bank Accounts

The Department had not taken action in respect of 189 cheques issued but not presented for payment and outdated totalling Rs.1,276,127 even by 31 December 2015 in terms of the Financial Regulation 395 (d).

3.11 Management Weaknesses

During the physical examination carried out, a shortage of 1202 books in 28 categories totalling Rs.174,770 was observed.

3.13 Human Resources Management**Approved Cadre and Actual Cadre**

The position of the cadre as at 31 December 2015 had been as follows.

	Category of Employees	Approved Cadre	Actual Cadre	Number of Vacancies
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(i)	Senior Level	09	04	05
(ii)	Tertiary Level	04	-	04
(iii)	Secondary Level	93	58	35
(iv)	Primary Level	17	17	-
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	Total	123	79	44
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