

Report of the Auditor General on Head 204 – Department of Hindu 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 204 - Department of Hindu 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 14 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 the Accounting Officer for the Accounts and Reconciliation Statements

The Chief Accounting Officer and 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.222.5 million and out of that a sum of Rs.221.2 million had been utilized by the end of the year under review. Accordingly, Provisions of Rs.1.3 million or 0.5 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	128.0	126.8	1.2	0.9
Capital	94.5	94.4	0.1	0.1
Total	222.5	221.2	1.3	0.5

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. 20401 and the actual amounts are given below.

Expenditure		Receipts		Debit Balance	
Maximum Limit	Actual	Minimum Limit	Actual	Maximum Limit	Actual
Rs.Millions	Rs.Millions	Rs.Millions	Rs.Millions	Rs.Millions	Rs.Millions
4.75	4.22	2.50	3.78	20.00	8.86

2.3 General Deposit Account

The balance of the Deposit Account No 6000/0000/00/0003/0095/000 under the Department as at 31 December 2015 amounted to Rs.20,000.

2.4 Audit Observation

The Appropriation Account and the Reconciliation Statements for the year ended 31 December 2015 of the Department of Hindu 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 audit observations included in the Management Audit Report appear in Paragraph 3.

3. Material and Significant Audit Observations

3.1 Liabilities Incurred Exceeding the Provisions

Liabilities amounting to Rs.69,112 had been incurred exceeding the savings after utilization of provisions made for 3 Objects.

3.2 Reconciliation Statement of the Advances to Public officers Account

Even though according to the Reconciliation Statement of the Advances to Public Officers Account, the loan balances amounting to Rs.86,930 remained outstanding for a period ranging from 22 to 25 years, the Department had failed to recover those balances even by 31 December 2015.

3.3 Good Governance and Accountability

3.3.1 Internal Audit

An Internal Audit Unit of the Department had not been established even by 31 December 2015.

3.3.2 Audit and Management Committee

The Audit and Management Committee had not been established by the Department.

3.3.3 Annual Performance Report

Even though the Performance Report should be tabled in Parliament within 150 days after the closure of the financial year, by the Department in terms of the Public Finance Circular No 402 dated 12 September 2002, the Performance Report for the year under review had not been tabled in Parliament even by 12 July 2016.

3.4 Non – compliances

3.4.1 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.	
Financial Regulations of the Democratic Socialist Republic of Sri Lanka -----		
(i) Financial Regulation 396 (d)	207,255	Action in terms of the Financial Regulation had not been taken on eleven cheques issued but not presented for payment and outdated.
(ii) Financial Regulations 753 (1) and (3)	1,185,450	Goods Receipts orders and Issue Orders had not been issued in purchasing and distribution of uniforms for Dhamma school teachers.
(iii) Financial Regulations 177 and 187	1,485,830	Action had not been taken to deposit collections of revenue of the Circuit Bungalow Kataragama in the bank daily from 4 June to 7 September 2015.

3.5 Performance

3.5.1 Key Functions not Executed Adequately

Grants Provided for Hindu Religious Centres

A sum of Rs. 1,500,000 had been paid by the Department as grants to the Hindu Religious centres. The following observations are made in this connection.

- (a) The funds had been granted without a proper estimate certified by a Technical Officer.
- (b) The Department had not taken follow – up actions on the utilization of the grants.
- (c) The bills of the expenditure amounting to Rs. 1,500,000 for purchases of goods, and for supply of services etc. relating to the repairs had not been furnished to audit.

3.6 Irregular Transactions

3.6.1 Construction of Kataragama Circuit Bungalow

A sum of Rs. 29,475,632 had been paid to a private institution for the construction of a new building for Kataragama Circuit Bungalow managed by the Department of Hindu Religious and Cultural Affairs in the year under review. The following deficiencies were observed in this connection.

- (a) Despite 4 items of work contracted had not been executed in the constructions of Kataragama Circuit Bungalow, action had been taken to release retention money of the contractor amounting to Rs. 2,947,563 without being rectified the deficiencies pointed out by the Department.
- (b) A room of the ground floor of the Circuit Bungalow had been used by the Circuit keeper. Since a sum of Rs. 4,000 per day is being charged per room of the Circuit Bungalow, the Department had not paid attention to maximize the Government revenue by taking an alternative action for the above room.
- (c) According to the original plan of the Building, an extent equal to the half of the ground floor had been allocated to a place of a kitchen and a dining room and the place allocated thereon had remained unutilized. In considering that, an estimate of Rs. 437,936 had been obtained from the Divisional Secretariat, Kataragama to construct a bedroom with attached toilets in that place. Accordingly that work had been assigned to the Divisional Secretariat, Kataragama. The following deficiencies were observed in this connection.

- (i) Proper agreement had not been entered into for the work.
- (ii) It was informed that, the work is supervised by a Technical Officer of the Divisional Secretariat, Kataragama. But no supervision had been carried out at the Departmental level. The walls of the building had cracked due to the work carried out at a low standard in the renovations when comparing the work of the original contractor was observed.

3.6.2 Deviation from the Government Procurement Guidelines Procedure

Furniture and equipment valued at Rs. 1,315,000 had been purchased for the Circuit Bungalow, Kataragama without calling competitive bids in terms of the Guidelines 3.2 and 3.4 of the Government Procurement Guidelines. Five almirahs and 2 dining ables out of the furniture totalling Rs.329,000 were not in a proper standard and remained in a unsuitable condition for use.

3.7 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	06	04	02
(ii)	Tertiary Level	01	-	01
(iii)	Secondary Level	157	113	44
(iv)	Primary Level	24	17	07
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	Total	188	134	54
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