

Head 202 - Report of the Auditor General of the Department of Muslim Religious and Cultural Affairs - Year 2017

The Appropriation Account and a Reconciliation Statement under Head and Item Number stated in the First Schedule and Third Schedule of the Appropriation Act No. 24 of 2016 as amended by the Appropriation (Amendment) Act No.32 of 2017 were presented to audit by the Department of Muslim Religious and Cultural Affairs. The financial and physical performance reflected from those accounts and the reconciliation statements were audited in terms of Article 154(1) of the Constitution of the Democratic Socialist Republic of Sri Lanka.

1.2 Responsibility on the Financial Management and Accountability of the Chief Accounting Officer and the Accounting Officer

The Minister of Finance is charged with the raising of Revenue and the collection of other Government monies as well as with the general oversight of all the financial operations of Government in terms of Financial Regulation 124. The Minister of Finance appoints the Chief Accounting Officers to discharge above responsibility in terms of Financial Regulation 124(2). The Head of the Department will be the Accounting Officer in respect of all financial transactions of his Department in terms of Financial Regulation 125(1)(a) and the Revenue Accounting Officer has been appointed by the Treasury. This responsibility includes designing, implementing and maintaining internal controls relevant to the maintenance, preparation and fair presentation of Accounts and Reconciliation Statements presented within the limitations imposed by Parliament in accordance with the provisions in Article 148, 149, 150 and 152 of the Constitution of the Democratic Socialist Republic of Sri Lanka, other Statutory Provisions, Government Financial Regulations and Administrative Regulations.

1.3 Scope of Audit

The audit of Department of Muslim Religious and Cultural Affairs – Head 202 for the year ended 31 December 2017 was carried out in pursuance of provisions in Article 154(1) of the Constitution of the Democratic Socialist Republic of Sri Lanka in respect of designing of financial and physical performance, Government expenditure, Government revenue, management of human and physical resources applying of internal control systems, compliance with laws, rules and regulations and maintenance of updated books, registers, records and reconciliation statements, preparation and presentation of accounts in timely manner, issuance of performance reports to respective parties based on the performance indicators. The audit observations, comments and findings on the accounts and the reconciliation statements were based on a review of the plans, accounts, reconciliation statements and performance reports 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.

1.4 Audit Observation

The material and significant audit observations out of the audit observations of the Department of Muslim Religious and Cultural Affairs for the year ended 31 December 2017 revealed in audit appear in paragraph 2.2 to 2.7 of this report. It was observed that the accountability as the Accounting Officer has been executed, to ensure the adequacy of the financial control satisfactorily subjected to the following summarized audit observations revealed in the execution of the provisions of the Financial Regulations 128 of the Democratic Socialist Republic of Sri Lanka.

Accountability of the Accounting Officer in terms of Financial Regulation 128(1)	Non-compliance with that Provision by the Accounting Officer	Reference to the Paragraph included Observation in the report
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Financial Regulation		

128(1)(a)	<p>The work of his Department is planned and carried out with due dispatch, having regard to the policy laid down by the Government and the intentions of Parliament in granting him financial provision for the activities authorized and that an endeavor is made, to complete the programme of work laid down for the year and/ or to attain the targets specified.</p>	<p>1. No action plan had prepared for the funds under the department. 2.1.1</p> <p>2. Made over provisions 2.5</p>
128 (1)(b)	<p>The organization for financial control and accounting in his department is effective, and provide adequately for the correct ascertainment, where necessary, of dues to government ,the systematic, complete and prompt collection of dues, and bringing to account of monies received, the authorization of commitments on behalf of the Government, the supervision and examination</p>	<p>1. Management weaknesses 2.3</p> <p>2. Weaknesses of providing services to the public 2.4</p>

of services and supplies rendered, and the prompt and correct payment therefore from public funds.

128(1)(e)	Adequate and proper arrangements are made for the safe custody and preservation of money, stores, equipment and other assets belonging to the Government, or is in its custody, and that these are verified from time to time and where they are disposed of such disposal is according to prescribed Regulations and instructions.	1. Deficiencies in assets management.	2.2
128(1)(h)	Special arrangements are made to recover outstanding dues and that the officers assigned that task report to him at least once a quarter or as otherwise directed regarding arrears and action pursued to expedite their money.	1. Failure to recover the outstanding loan balances of Advances to Public Officers Account.	2.6

2. Material and Significant Audit Observations

2.1 Planning

The Following observation is made.

The Action Plan had been prepared for the year 2017 in accordance with the Public Finance Circular No 01/2014 dated 17 February 2014. However action Plans had not been Prepared for the waque Fund which is a statutory hajj fund and, fund which is not a statutory fund established under the Department.

2.2 **Asset Management**

Following observations are made.

(a) Non – testing of fuel Combustion of motor Vehicles

Although as per the provisions of the Paragraph 3.1 on the public administration circular No. 30/2016 dated 29 December 2016, the combustion of fuel must be re-tested after a Period of 12 months from each fuel test or a after running a distance of 25000 kilometers or after carrying out a major repair to the engine, whichever occurs first as such fuel test had not been done for the vehicles of the department.

(b) Usage of Non Vested Assets Irregularly

The departmental Building had been constructed using the Treasury allocations by the department in the land owned by the Department of Railways. Action had not been taken to transfer the land to the department and had been included in the fixed assets register.

2.3 **Management weaknesses**

Maintaining of funds

(a) Muslim Charities Fund

- (I) The section 43(2) of chapter 4 of the wakuf Act states that a registered monastery Muslim church, chanty trust must be paid 6 per cent of annual net income and 10 per cent from the annual net income of misaim monas there must be paid the Muslim charities fund, But the department did not have Suitable methodology to check whether the exact amount of money received from the respective mosque and monasteries to the Muslim charities fund.
- (II) Although a sum of Rs.3, 081,771 had been received from the muslim charitable fund in the year 2017, no expenditure had been incurred for achieve the targets mention in the act during the year under review.
- (III) According to the Paragraph 4.1 of Public Finance circular No PF/423 dated 22 December 2006 an the annual budget proposal was prepared in accordance with the objectives of the fund for the statutory and trust funds and accordingly the expenditure had to be done thus the department had not been done accordingly.

(B) Hajj fund

- (i) It there were justifiable reason for closing down or Further Continue non – statutory fund in accordance with paragraph 3.3 of the public finance circular No. PF/423 Dated 22 December 2006, such funds were to be incorporate through a parliamentary act, this fund not yet received any legal Foundation.
- (ii) According to 4.2 (f) of the circular mentioned in above (i) it is stated that a proper accounting system should be maintaining with accurate books and documents. Accordingly, the ledger accounts maintained for the hujj fund was not submitted to the audit.

(C) Annual Performance Reports and Financial Statements of the Funds.

Although the section 4.3 of the Public Finance Circular No.PF/423 dated 22 December 2006 a copy of the respected annual accounts and the performance report, about the funds should be submitted to the Auditor General with a copy to the Public Finance Director the within 2 months after the accounting year thus the department had not been done accordingly about the waque fund and hujj fund.

2.4 Services to the Public

According to the Circular issued by the Ministry of Public Administration and Home Affairs No.05/2008 dated 06 February 2008 all government institutions should be prepared and implemented of the citizen enactment. However an action had not been taken by the department to prepare and implement the citizen enactment.

2.5 Utilization of provisions provided by Parliament to perform Activities.

The particulars relating to the provisions made for the department during 05 years ended 31 December 2017 utilization and savings and the audit observations thereon are given below.

year	Category of expenditure	Net Provision	utilization	savings	Savings as a percentage of net provision
		Rs.Million	Rs.Million	Rs.Million	
2013	Recurrent	58.620	55.949	2.671	4.55
	Capital	122.300	120.335	1.965	1.61
	Total	180.920	176.284	4.636	2.56

2014	Recurrent	60.640	55.351	5.289	8.72
	Capital	31.050	22.405	8.645	27.84
	Total	91.690	77.756	13.934	15.19
2015	Recurrent	82.304	81.845	0.459	0.55
	Capital	76.251	75.341	0.910	1.19
	Total	158.555	157.186	1.369	0.86
2016	Recurrent	106.717	97.124	9.593	8.98
	Capital	31.880	30.350	1.530	4.80
	Total	138.597	127.474	11.123	8.02
2017	Recurrent	109.085	93.919	15.165	13.90
	Capital	37.200	33.617	3.582	9.63
	Total	146.285	127.536	18.748	12.81

Following Observations are made regarding the year under review.

(a) Non Utilization of Provide allocations

The total net provision of Rs.150, 000 provided for a expense object had not been utilized and saved it during the year under review.

(b) Over Provisions Made

Excess Provisions had been made for 03 expense Objects totaling to Rs.16.311 Million in the year under review and out of that provisions, only a sum of Rs.24.038 million had been utilized and as such after the utilization of Provision had been range from 13 per cent to 95 per cent of the net provision.

**2.6 Advances to public officers Account
Limit authorized by Parliament**

The limits authorized by parliament for the advances to public officers Account Item No 20201 relating to the Department and the actual amounts are given below.

expenditure		Receipts		Debit balance	
Maximum Limit	Actual	Maximum Limit	Actual	Maximum Limit	Actual
Rs.million	Rs.million	Rs.million	Rs.million	Rs.million	Rs.million
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4.50	3.66	1.25	1.89	12.00	8.45

Following Observations are made in this connection.

(a) Non recovery of outstanding Loan Balances.

According to the reconciliation statement presented, to audit the balances that remained outstanding as at that date totaled to Rs.215,752 and those outstanding balances remained over periods of 21 years and recovery of outstanding balances had been at a weak level.

(b) Not taking action to recovers the outstanding loan balances during the year under review

As per the provisions of the public Administration circular No 31/2016 dated 28 December 2016 Special advances should be made in the year 2017 only from 01 January 2017 to 28 February 2017 and such advances should be settled in the year 2017. However on unsettled advance balance of Rs.4000 resulting from the avoidance of accounts was observed on 31 December 2017.

2.7 Human Resources Management

Approved cadre, Actual cadre and expenditure for personal emoluments.

The particulars relating to the approved cadre, Actual cadre and the vacancies as at 31 December 2017 are given below. The Department had incurred a sum of Rs.44.585 million for the personal emoluments for the year under review. Accordingly the per capita expenditure had been Rs.500,955

	Category of Employee	Approved cadre	Actual Cadre	Number of Vacancies
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(i)	Senior Level	09	03	06
(ii)	Tertiary level	02	-	02
(iii)	Secondary level	95	72	23
(iv)	Primary Level	17	14	03
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	Total	123	89	34
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Following Observation is made in this connection.

Even though there were 34 vacancies in the department an action had not been taken to fulfil such vacancies or amend the approved cadre.