

## **Head 201 –Department of Buddhist Affairs**

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### **1. Financial Statements**

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#### **1.1 Qualified Opinion**

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The audit of the financial statements of the Department of Buddhist Affairs for the year ended 31 December 2018 comprising the statement of financial position as at 31 December 2018 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 including my comments and observations on the financial statements of the Department of Buddhist Affairs was issued to the Accounting Officer on 31 May 2019 in terms of Sub-Section 11(1) of the National Audit Act, No.19 of 2018 and the Detailed Annual Management Audit Report relating to the Department in terms of Section 11(2) of the National Audit Act was issued to the Accounting Officer on 11 June 2019. This report will be tabled in Parliament in pursuance of the 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 the paragraph 1.6 of this report, the financial statement give a true and fair view of the financial position of the Department of Buddhist Affairs as at 31 December 2018, and of its financial performance and its cash flows for the year then ended in accordance with Generally Accepted Accounting Principles.

#### **1.2 Basis for Qualified Opinion**

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I conducted my audit in accordance with Sri Lanka Auditing Standards (SLAuSs). My responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of Financial Statements Section of my report. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

#### **1.3 Responsibility of the Chief Accounting Officer and the Accounting Officer for the Financial Statements**

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Accounting Officer is responsible for the preparation of financial statements that give a true and fair view in accordance with Generally Accepted Accounting Principles and the provisions in Section 38 of the National Audit Act, No.19 of 2018 and for such internal control as the Accounting Officer determines 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 annual and periodic financial statements to be prepared.

As per 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 of the Department exists 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.

#### **1.4 Auditor's Responsibilities for the Audit of the Financial Statements**

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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 the summary report of the Auditor General 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, they could reasonably be expected to influence the economic decisions of users taken 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 scepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement, of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my 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.
- In order to design audit procedures that are appropriate in the circumstances, an opinion on the effectiveness of the Department's internal control is not expressed.
- Evaluate the overall presentation, 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.

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.

#### **1.5 Report on Other Legal and Regulatory Requirements**

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I express the following matters in accordance with Section 6 (d) and Section 38 of National Audit Act, No.19 of 2018.

- (a) Since there was no requirement for the Department of Buddhist Affairs to prepare financial statements for the preceding year, recommendations on the financial statements had not been made.
- (b) Since there was no need for the preparation of financial statements for the preceding year, it could not be stated that the financial statements presented for the year under review were consistent with the preceding year.

## 1.6 Comments on Financial Statements

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### 1.6.1 Accounting Deficiencies

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#### (a) Statement of financial position

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<b>Audit Observation</b>	<b>Recommendation</b>	<b>Comment of the Accounting officer</b>
(i) Sums of Rs.4,500,000 in the year 2016 and Rs.8,000,000 in the year 2017 had been spent for the construction of the official bungalow of the commissioner of Buddhist Affairs in Kandy and such expenditure had not been disclosed as capital work in progress in the financial statements	Work in progress needs to be disclosed in the statement of financial position as non-financial assets.	Constriction work had been completed in the year 2019 and action will be taken to account as fixed assets and as such it has not been disclosed as working progress in the financial statements.
(ii) Even though the balance of the Property, Plant and Equipment as at 01 January 2018 amounted to Rs.64,325,314, it had been shown as Rs. 12,650,267 in the statement of financial position when comparative figures are shown in the year 2017.	In order to establish the comparison in the financial statements comparative figures need to be correctly disclosed.	The comparative figure of the Property, Plant and Equipment in the year 2017 should be Rs.64, 325,314.

## 1.6.2 Deposits

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<b>Audit Observation</b> -----	<b>Recommendation</b> -----	<b>Comment of the Accounting officer</b> -----
The balance of a current account consists of securities kept by the caretakers of temples amounting to Rs.6,832,155 had been closed and transferred to the general deposit account on 29 December 2017. Bondsmen in respect of only Rs.477,250 therefrom had been identified during the year under review. Without being identified bondsmen for Rs.6,354,905 and without being deposited in their names, it had been retained in the general deposit account.	Bondsmen need to be identified and deposited in their names.	Action had been taken to identified the caretakers related to the amount of Rs.6,354,905 which should have been settled, having being credited to the deposit account. It was planned to finalise the settlements by 31 December 2019.

## 1.6.3 Balance of Advance Accounts

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<b>Audit Observation</b> -----	<b>Recommendation</b> -----	<b>Comment of the Accounting officer</b> -----
The balance of the Advance Account as at 01 January 2018 and 31 December 2018 amounted to Rs. 57,477,285 and Rs. 57,045,008 respectively as per Treasury Books where as according to the statement of financial position it was stated as Rs.56,475,007 and Rs.55,325,894 respectively.	Financial statements need to be prepared in compliance with Treasury circular instructions.	In the preparation of statement of financial position values need to be accounted by cross entries had not been posted due to an over-sight

## 2. Financial Review

### 2.1 Expenditure Management

<b>Audit Observation</b>	<b>Recommendation</b>	<b>Comments of the Accounting Officer</b>
Out of the total provisions made by the Department for 11 recurrent expenditure objects and 4 capital expenditure objects a sum of Rs.131,579,634 ranging 6 percent to 80 percent had been saved	Funds need to be utilised at an optimum level having being forecasted requirement appropriately	Non incurring expected expenditure, non- receipt of ordered goods, non- use of provisions made to the District secretariat and Divisional secretariats had caused to those savings.

### 2.2 Liabilities and incurring of commitments

<b>Audit Observation</b>	<b>Recommendation</b>	<b>Comments of the Accounting Officer</b>
In contravention of the financial Regulation 94 (1) of the Democratic Socialist Republic of Sri Lanka in excess of the savings of Rs. 18,156,509 from the provisions made for teachers allowances expenditure objects, commitments amounting to Rs.3,221,491 had been incurred	In terms of financial regulations expenditure or commitments need to be incurred within the limit of provision.	Action had been taken in terms of financial Regulation 94 (2)

### 2.3 Issue and settlement of advances

<b>Audit Observation</b>	<b>Recommendation</b>	<b>Comments of the Accounting Officer</b>
(a) It had been taken to settle the balance money of advances of Rs. 347,500 given in 20 instances for 4 days to 28 days.	Issuing and settlement of advances need to be supervised properly	Written instructions are given again to rectify the deficiencies maintained in the audit query.
(b) As advances were given without being study the requirement properly, a sum of Rs.141,195 from advances	Advances need to be given after being appropriately studied the requirement.	Written instructions are given again to rectify the deficiencies maintained in the audit query.

given ranging from 23 percent to 55 percent have been settled without being spent.

**3. Reaching sustainable Development Goals**  
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**Audit Observation**  
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According to the Year 2030 Agenda of the United Nations on Sustainable Development, every public entity needs to be act accordingly. However, the Department had not identified sustainable development goals, targets and turning points at which such targets to be reached and indices to measure the reaching of targets under the scope of the functions of the Department.

**Recommendation**  
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Necessary action needs to be taken to achieve the objectives of the Year 2030 Agenda of the United Nations on Sustainable Development

**Comments of the Accounting Officer**  
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Two workshops had been held with the participation of all officers of the Department in order to identify the indices to measure the targets, turning points to reach such proposals targets and indices proposed at the workshops are being formulated.