

## **Head 101 – Ministry of Buddhasasana and Wayamba Development**

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### **1. Financial Statements**

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#### **1.1 Opinion**

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The audit of the financial statement of the Ministry of Buddhasasana and Wayamba Development for the year ended 31 December 2019 comprising the statement of financial position as at 31 December 2019 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 Ministry of Buddhasasana and Wayamba Development was issued to the Chief Accounting Officer on 29 June 2020 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 Ministry in terms of Section 11(2) of the National Audit Act was issued to the Chief Accounting Officer on 11 January 2021. 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, the accompanying financial statements prepared in accordance with the State Accounts Circular No 271/2019 dated 03 December 2019, give a true and fair view of the financial position of the Ministry of Buddhasasana and Wayamba Development as at 31 December 2019, and of its financial performance and cash flows for the year then ended in accordance with Generally Accepted Accounting Principles.

#### **1.2 Basis for 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 the 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 opinion.

#### **1.3 Responsibilities of Chief Accounting Officer for the Financial Statements**

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Chief 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 provisions in Section 38 of the National Audit Act, No.19 of 2018 and for such internal control as 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 Sub-section 16(1) of the National Audit Act, No. 19 of 2018, the Ministry 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 Chief Accounting Officer shall ensure that effective internal control system for the financial control of the Ministry 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 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 judgment 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.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Department's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- 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 Requirements

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I express the following matters in accordance with Section 6 (1) (d) and Section 38 of National Audit Act, No. 19 of 2018.

- (a) The financial statements are consistent with the preceding year.
- (b) The recommendations shown in my report regarding the financial statements furnished for the preceding year had been implemented.

## 1.6 Comments on the financial statements

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### 1.6.1 Non-compliance with Laws, Rules and Regulations

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The following non-compliances with Laws, Rules and Regulations were observed in audit.

	<b>Observation</b>	<b>Recommendation</b>	<b>Comment of the Chief Accounting Officer</b>
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<b>Reference to Laws, Rules, etc.</b>	<b>Non-compliance</b>		
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(i) Financial Regulations of the Democratic Socialist Republic of Sri Lanka (F.R) F.R. 396 (d)	Actions had not been taken in terms of the Financial Regulation with regard to 07 cheques amounted to Rs.210,053 which lapsed a period of 7 months to 17 months from the issue as of 31 December of the year under review.	Action needs to be taken in terms of Financial Regulations.	Even though, documents had been prepared the payment had not been made to the relevant persons.

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| (ii) | Public Administration Circular No.2016/30 of 29 December 2016. | As at 31 December of the year under review, the Ministry had 16 pool vehicles and there was no evidence that a test had been carried out on the burning fuel in those vehicles. | Action needs to be taken in accordance with the circular instructions. | Even though the fuel test was carried out in 2019, it was not carried out under the supervision of a formal committee. Therefore, a committee has been appointed for the year 2020 and tests are being carried out. |
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**2. Financial Review**

**2.1 Expenditure Control**

**Audit Observation**

**Recommendation**

**Comments of the Chief Accounting Officer**

The Ministry had made total provision of Rs.1,930,944,346 for 13 recurrent objects and 14 capital objects during the year under review. However, Rs.955,929,333 from the total provision or 13 per cent to 100 per cent had been saved by the end of the year under review.

The annual requirement needs to be forecasted appropriately and funds need to be utilised at an optimum Level.

These savings were due to the expenditure management as per Budget Circular 07/2019 and 04/2019 and not receiving imprests sufficiently.

## 2.2 Reconciliation Statement of the Advances to Public Officers Account

<b>Audit Observation</b>	<b>Recommendation</b>	<b>Comments of the Chief Accounting Officer</b>
The loan balance of Rs.199,210 due from an officer who vacated the post and an officer who retired have has been in existence for a period of 2 years to 6 years and that loan balance had not been recovered so far.	Actions need to be expedited to recover the loan balances	The loan is to be deducted from the gratuity payable to the retired employee and the other employee's loan is due to be repaid in 2021.

## 2.3 Incurring Liabilities and Commitments

The following observations are made.

<b>Audit Observation</b>	<b>Recommendation</b>	<b>Comments of the Chief Accounting Officer</b>
(a) Even though it should not be entered into the liabilities by exceeding the provisions for any reason in terms of the financial regulation 94(1) of the Financial Regulations of the Democratic Socialist Republic of Sri Lanka, in contrary to this, the Ministry had entered into liabilities amounted to Rs.814,434 by exceeding the savings amounted to Rs.226,339 out of the provisions made for 5 expenditure objects during the year under review.	Expenditure or obligations need to be incurred within the provisions limits in terms of the Financial Regulation 94 (1).	These liabilities are expenses incurred for essential expenses.
(b) In terms of paragraph 3.4 of the State Accounts Circular No.271/2019 of 03 December 2019 the liabilities and commitments in the financial statements should be compared with the liabilities and commitments statement issued by the treasury. However, A difference of Rs.208,904,810 was observed as the liabilities and obligations relating to the Ministry was Rs.62,715,395 as per the financial statements and Rs,271,620,205 as per the treasury statements	Actions need to be taken in terms of the Circular.	This was due to the fact that these liabilities were transferred directly by the District Secretariats to the Treasury for cash requirements and there was not enough time to confirm those liabilities.

### 3. Operating Review

#### 3.1 Management Weaknesses

The following observations are made.

Audit Observation	Recommendation	Comments of the Chief Accounting Officer
(a) A health assistance program called 'Buduput Suraksha' was launched during the year under review as a health care program for the monks and 8,515 monks were registered under it. As at 31 December of the year under review. Even though it had been spent Rs.22.3 million to hold programmes related to this programme covering 9 provinces as at 31 December of the year under review, Rs.376,108 had only been spent for 5 monks out of the 30 monks who recommended for assistances even as of the date of audit in December 2020.	Funds should be properly managed and payments should be made expeditiously.	From 1 October 2020, the payments of this program is implemented through a proper mechanism and the financial assistances are being paid correctly at present.
(b) The two parties had entered into a Memorandum of Understanding (MoU) on 30 March 2017, initiating a project to recreate the Shakya Kingdom with funds from a private company on a land owned by the Ministry in the Piliyandala area. The following observations are made in this regard.		

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| <p>(i) Cabinet approval was granted on 03 November 2020 to hand over the land to the Department of Zoology due to the failure of the relevant project. From the year 2017 up to 31 December of the year under review, as the Ministry had spent Rs.11,784,405 in security and other expenses and Rs.51,815,514 had been borne by the private institution as per the information available for audit, those expenses are observed as idling expenses.</p>  | <p>Actions need to be taken with a proper plan when starting and carrying out projects</p>  | <p>It has been decided to provide security service considering the size of the land. According to the Memorandum of Understanding signed in 2017, there is a delay in the proper conduct of its proceedings. Measures will be taken to transfer the land in a manner that is not detrimental to the Government in accordance with the Cabinet approval.</p> |
| <p>(ii) According to section 10 of the Memorandum of Understanding between the two parties, an account should have been opened in a State Bank to raise funds and bear expenses and the Secretary to the Ministry of Buddhasasana or a representative authorized by him should have been appointed as the signatory of that account. Nevertheless, no such action had been taken. Furthermore, as stipulated in 7A(iii) of the the deed of trust, the accunts should be maintained regarding the funds raised and utilization of such funds by the private sector and in terms of the section 7A(v), the monthly project status reports and audited financial statements should be submitted. However, action had not been taken accordingly. Also, the Ministry had not carried out a formal investigation into the funds raised by the private institution and the utilization of such funds.</p> | <p>Actions need to be taken with a proper plan when starting and carrying out projects and regularly monitored whether it is carried out as per the agreed terms.</p> | <p>Although the Memorandum of Understanding and the deed of trust were signed in 2017, it was observed from the available information that the work required to be done in accordance with the agreement and the deed has not been carried out properly.</p>  |

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| <p>(iii) Even though the Secretary to the Ministry had given approval on 11 November 2019 to hand over a gold fence built around the Bodhi on this land to a temple in the area, the gold plated pillars had been placed in an unsafe place in the staff room until 23 September 2020 when the site was inspected.</p>   | <p>Actions need to be taken in accordance with the approval given by the Ministry regarding the golden fence.</p> | <p>The Ministry has agreed to give the golden fence to the temple. It is observed that it has not been functional and action will be taken to resolve it.</p> |
| <p>(iv) The Divisional Secretary of Piliyandala had sought permission from the Ministry on 18 June 2020 to use this premises for the preparation of raw materials for the production of a drug that enhances immunity against the COVID-19 virus, but it was not granted as it is not a religious activity. However, a site inspection in September 2020 revealed that cashew husks and dried thorns were being roasted using a number of permanently mounted machinery.</p> | <p>Actions should be taken to remove unauthorized constructions.</p>  | <p>The Ministry had not received any information that such an incident was taking place without permission.</p>   |