

Head 201 – Department of Buddhist Affairs

1. Financial Statements

1.1 Qualified Opinion

The audit of the financial statement of the Department of Buddhist Affairs 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 Department of Buddhist Affairs was issued to the Accounting Officer on 23 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 Department in terms of Section 11(2) of the National Audit Act was issued to the Accounting Officer on 02 December 2020. 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 paragraph 1.6 of this report, 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 Department of Buddhist Affairs 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 Qualified Opinion

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 and Accounting Officer for the Financial Statements

Chief Accounting Officer and Accounting Officer are 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 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 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

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

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 not been implemented as per the observations shown in paragraph 1.6.1(a) of this report.

1.6 Comments on the financial statements

1.6.1 Statement of Financial Position

Audit Observation	Recommendation	Comment of the Accounting Officer
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(a) It had not been disclosed Rs.67 million incurred for the construction of a Dasasil Matha Center in the Dalugama Eriyawetiya area and Rs.12.5 million incurred for the construction of the official residence of the Commissioner of Buddhist Affairs in Kandy in the financial statements as Property, Plant and Equipment under the Non-financial Assets.	Work in progress needs to be disclosed in the statement of financial position as Non-financial assets.	Letters have been sent to the Valuation Department to obtain the appraised value of these buildings. Once those reports are obtained, action will be taken to include them in the financial statements.
(b) Actions had been taken to identify the cost of 41 items of disposed furniture, computer equipment and office equipment recommended for disposal in the Board of Survey Reports for the year under review and to deduct from the Property, Plant and Equipment balance in the financial statements.	Disposed goods need to be removed from the financial statements.	Actions have been taken to deduct from the financial statements for the year 2020.

1.6.2 Non-compliance with Laws, Rules and Regulations

Reference to Laws, Rules, etc.	Observation	Recommendation	Comment of the Accounting Officer
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Public Administration Circular No.02/2018 of 24 January 2018.	A human resource development plan unique to the Department had not been prepared by studying the type of development to be made in the human resource in order to bridge the gap between the existing competencies and the competencies to be gained by all the staff members.	A human resource development plan needs to be prepared in terms of the Circular.	No human resource development plan has been prepared based on the circular for the period 2018 to 2020 and the human resource development plan for the year 2021 is being prepared.

2. Financial Review

2.1 Expenditure Control

Audit Observation	Recommendation	Comments of the Accounting Officer
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The Department had provided a total allocation of Rs.655,795,000 for 12 recurrent objects and 4 capital objects. However, by the end of the year under review, Rs.99,648,992 from the total provision or 7 per cent to 100 per cent had been saved.	The annual requirement needs to be forecasted appropriately and funds need to be utilised at an optimum Level.	These savings were due to non-occurrence of expected expenditure, failure to make all the salary conversions required under the Circular 3/2016, compliance with Budget Circular 07/2019 and certain expenses incurred by the Ministry.

2.2 Incurring Liabilities and Commitments

The following observations are made.

Audit Observation	Recommendation	Comments of the Accounting Officer
(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 Socialistic Republic of Sri Lanka, in contrary to this the Department had entered into liabilities amounted to Rs.31,597,422 by exceeding the savings amounted to Rs.1,236,675 out of the provisions made for two expenditure objects during the year under review.	Obligations need to be entered for expenses within the provision limit in terms of the Financial Regulations.	These liabilities had to be met due to the receipt of bills for the printing of Dhamma School Text Books for the year 2018 in the last quarter of 2019, it was not possible to provide the necessary additional allocations for it and due to the late receipt of overtime allowance vouchers of the locally attached officers who served for the All Island Dhamma School competition held in December 2019.
(b) In terms 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 commitment statement issued by the treasury. However, Rs.4,861,593 of liabilities included in the financial statements related to 6 expenditure objects had not been disclosed in the treasury liability statement and Rs.19,894,148 of liabilities included in the treasury statement pertaining to 5 expenditure objects had not been disclosed in the financial statements. Furthermore, a difference of Rs.32,391,555 was observed in the liabilities disclosed in the financial statements and the treasury records pertaining to 5 expenditure objects	Actions need to be taken in terms of the Circular.	As the treasury records of liabilities had not been updated during the period of preparation of financial statements, the Department had not received accurate information on liabilities with respect to the provisions made to the District Secretariats and Divisional Secretariats.

3. Operating Review

3.1 Management Weaknesses

Audit Observation	Recommendation	Comments of the Accounting Officer
(a) Establishment of a Dasasil Matha Center and a Training Institute in the Eriyawetiya area in Kelaniya was started in 2011 with the objective of improving the education of Dasasil Mathas. However, the acquisition work of the land had not been completed even after nine years have passed as of the date of audit in November 2020.	Actions need to be taken to expedite the work of acquiring the land.	The application for land acquisition under Chapter 460 of the Land Acquisition Act was forwarded to the Secretary to the Ministry of Lands on 18 October 2011. The acquisition is being carried out by the Kelaniya Divisional Secretary.
(b) The construction work of the building constructed for the establishment of the Dasasil Matha Center mentioned in paragraph (a) above was completed and handed over to the Department on 15 August 2014 and even though it could have been established the Dasasil Matha Center by fulfilling the basic requirements required for the establishment of the Center, that objective had not been achieved by November 2020. Even though the center was not established, Rs. 2,919,654 had to be spent on utility services, security and sanitary services upto August 2020.	Expedite actions need to be taken to establish the Dasasil Matha Center and the Training Institute and conduct training programs.	This Center could not be established due to the limited annual allocation for the Training Institute. The institution was scheduled to launch in 2020, but it was unable to do so due to the Corona conditions.

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| (c) | Three air conditioners worth Rs.642,256 were installed in the two-storied building at the Department premises on 30 May 2019, but the machines were not in operation due to non-fulfillment of the three-phase power supply requirements for the building. Furthermore, 1 year and 6 months period out of the warranty period provided for those machineries had expired without the use of machineries. | Need to expedite the process of obtaining three phase electricity facilities and need to take actions by identifying the needs properly. | The Electricity Board has sent the estimate and as the Ministry has requested allocations for that the Department has provided that allocations. |
| (d) | Even though out of the investment interest income received for the period from year 2012 to 2019 for the Buddhasana Trust and Dasasil Matha Trust established to achieve the objectives of uplifting the educational activities of the monks and Dasasil Mathas, providing assistance to Dhamma Schools and providing reliefs to Buddhist Children, Rs.716,740 and Rs.367,782 respectively could have been spent for achieving objectives, actions had not been taken for that. | The trust funds need to be utilized effectively for the purpose of establishing the trusts. | As the funds provided to the Department from the annual budget are sufficient for most of the trust purposes, most of those trust objectives are fulfilled from the annual budgetary allocations and thus, such activities are not carried out by the interest money of the Trust. |
| (e) | The Dhamma School Trust established to work for the betterment of Dhamma Schools had a revenue surplus of Rs. 446,517 as at 31 December of the year under review and Sisu Nipunatha expenditure object had a saving of Rs.344,248. However, the Ministry was unable to provide funds for the 102 Dhamma Schools recommended for the Under-developed Dhamma Schools Development Program being implemented by the Ministry. Thus, although there was an opportunity to use the revenue of the trust for the betterment of the Under-developed Dhamma Schools by maintaining good coordination with the Ministry, no action had been taken for that. | The trust funds need to be utilized effectively for the purpose of establishing the trust. | The remaining funds will be used for the development of Dhamma schools in the year 2020. |