

Head 422- State Ministry of Dhamma Schools, Pirivenas and Bhikkhu Education.

1. Financial Statements

1.1 Qualified Opinion

The audit of the financial statements of the State Ministry of Dhamma Schools, Pirivenas and Bhikkhu Education for the year ended 31 December 2020 comprising the statement of financial position as at 31 December 2020 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 State Ministry of Dhamma Schools, Pirivenas and Bhikkhu Education was issued to the Accounting Officer on 03 June 2021 in terms of Sub-section 11 (1) of the National Audit Act No. 19 of 2018. The Detailed Annual Management Audit Report relevant to the State Ministry in terms of Section 11 (2) of the National Audit Act was issued to the Accounting Officer on 31 August 2021. This report will be tabled in Parliament in pursuance of provisions in Article 154 (6) of the Constitution 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 1.5 of this report, the financial statements give a true and fair view of the financial position of the State Ministry of Dhamma Schools, Pirivenas and Bhikkhu Education as at 31 December 2020, 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

My opinion is qualified based on the matters described in paragraph 1.5 of this report.

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 the Chief Accounting Officer and the Accounting Officer for the Financial Statements

The 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 the Accounting Officer determine 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 State 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 Accounting Officer shall ensure that effective internal control system for the financial control of the State 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

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 an auditor's report 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 skepticism 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 State Ministry'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) of National Audit Act, No. 19 of 2018.

As it was a new State Ministry established during the year under review, there was no need to prepare financial statements for the previous year.

1.6 Comments on Financial Statements

1.6.1 Statement of financial performance

Capital Expenditure

Audit Observation	Comments of the Accounting Officer	Recommendation
Even though a sum of Rs. 1,553,872 under Improvement and Rehabilitation of Capital Assets and a sum of Rs. 159,236,292 under Acquisition of Fixed Assets had been shown in the Statement of Financial Performance, those information had not been shown in the statement of non-financial assets.	Those errors will be corrected in the year 2021.	Action should be taken to account assets correctly.

1.6.2 Cash Flow Statement

The following observations are made.

Audit Observation	Comments of the Accounting Officer	Recommendation
(a) Net loans amounted to Rs.84,624,538 paid by other departments had been shown in the non-revenue receipts column.	According to the Treasury print outs, loan recoveries in respect of Advance B Account has been transferred to our Head by the Ministry of Education at the end of the year. Those receipts were recorded as non-revenue receipts in the cash flow statement.	Action should be taken to record non-revenue receipts accurately.

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| (b) | An expenditure amounted to Rs. 4,528,321,306 had been shown in the column showing the revenue collected by other Departments / Ministries. | That the imprest related to the total expenditure incurred by the Ministry of Education was recorded as revenue collected by other Departments of our State Ministry / Ministries. | Action should be taken to show income in the revenue column. |
| (c) | Even though personal emoluments and operating expenses were Rs. 499,998, was shown as Rs. 4,129,127,641. | Out of the imprest received in the month of December of Rs.500,000, a sum of Rs.499,998 had been incurred for expenses, as the line ministry has been carrying out the accounts since its inception in August 2020, it shows all the personal salaries and operating expenses of the Ministry of State. | Action should be taken to show expenditure accurately. |
| (d) | Although there were no subsidies or transfers related to the Ministry, a sum of Rs. 238,523,559 had shown in that column. | Interest on property loans for Public Servants (1506) and Annual Pirivena grant (1508) for Pirivenas are recorded under Subsidies and Transfers and Since there is no other column in the financial performance statement to mention those expenditure subjects, it was recorded in that column. | Action should be taken to record accurate information in financial statements. |
| (e) | Although there was no advance recovery in the Ministry, a sum of Rs. 29,615,325 was shown as advance recovery under the cash flow generated from investment activities. | Advance recoveries of the State Ministry were done by the Line Ministry and it shows as, all credits during the year i.e. in cash and cross entries were credited to Head 422 at the end of the year. | Action should be taken to enter correct information. |

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| (f) | Although the Ministry had incurred only a sum of Rs.499,998 as expenditure, a sum of Rs.161,170,104 had been shown as construction or procurement of physical assets and acquisitions of other investment and a sum of Rs. 114,239,864 had been shown as advance payment. | Although the expenditure of the imprest was only Rs. 499,998, expenditure incurred by the Line Ministry on behalf of the Ministry was shown under the State Ministry. | Action should be taken to enter correct information. |
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1.6.3 Non-maintenance of Registers and Books

Audit Observation	Comments of the Accounting Officer	Recommendation
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The Ministry had not properly maintained and updated the membership loan register by completing the relevant columns.	Action had been taken by the ministry to maintain all registers for the year 2021.	The member loan register should be properly maintained and updated.

1.6.4 Certification the Chief Accounting Officer

Audit Observation	Comments of the Accounting Officer	Recommendation
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In term of provision of section 38 of the National Audit Act No.19 of 2018, the Chief Accounting Officer and the Accounting Officer should ensure that an effective internal control system for the financial control exists in the Ministry and carry out periodic reviews to monitor the effectiveness of such systems, and accordingly	Agreed with your observations. This State Ministry was established in August 2020 and has been working to develop the internal control system step by step. Basic internal controls such as delegation of powers have been implemented in accordance with Financial Regulation 135 for the year 2021. The effectiveness of the system	Should act in accordance with the provisions of the Audit Act

make any alterations as required for such systems to be effectively carried out. Such reviews should be carried out in writing, and a copy thereof should be presented to the Auditor General. But no statements had been furnished to the Audit that the reviews had been carried out.

will be reviewed later in the year and submit a copy to the Auditor General.

2. Financial Review

2.1 Expenditure Management

Audit Observation	Comments of the Accounting Officer	Recommendation
<p>(a) The provision of Rs. 16,700,000 allocated for 09 subjects had been totally saved during the year under review.</p> <p>(b) Out of a net allocation amounted to Rs. 14,985,000 related to 12 subjects, a sum of Rs. 6,937,741 or 29 percent had been saved and that savings ranged from 29 percent to 94 percent.</p>	<p>Agreed with your observations.</p> <p>Provisions had saved due to non-emergence of expected expenditure and non-submission of bills.</p>	<p>Action should be taken to prepare accurate estimates as required.</p> <p>Action should be taken to prepare accurate estimates as required.</p>

2.2 Obligation in Liabilities and Commitments

Audit Observation	Comment of the Accounting Officer	Recommendation
<p>Although the value of liabilities mentioned in the statement of liabilities submitted with the financial statements was Rs. 264,856,794, according to the Treasury computer printout the liabilities were shown as Rs.66,954.</p>	<p>Noted for accurate reporting in the preparation of financial statements for the year 2021.</p>	<p>Action should be taken to record the liabilities accurately.</p>

3. Operational Review

3.1 Management Inefficiencies

The following observations are made.

Audit Observation	Comment of the Accounting Officer	Recommendation
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(a) Although the draft amendment bill prepared in the year 2018 adding new amendments to the Piriven Education Act No. 64 of 1979 has been sent to the Attorney General for approval, the Piriven Education Act had not been amended even by the end of the year under review.	Recommendations to make the necessary changes have not yet been received.	Should take immediate action to obtain the relevant recommendations to amend the Pirivena Education Act.
(b) An approved cadre had not been established for the staff of the Pirivena Education Branch and the approval had not been obtained for the currently recruited staff except for the Assistant Pirivena Directors Thero	Arrangements have been made to obtain the approval of the staff for all other posts of Staff Officers, Parivenacharyas etc. employed in the Pirivena Education Branch and the Pirivena Education Division.	Action should be taken to get the approval of the cadre.
(c) The Pirivena Education Branch in collaboration with the National Institute of Education should have prepared a syllabus for the basic grades in the Pirivenas to suit the primary education, but it had not been complied with.	Teaching in the basic grade is doing according to a syllabus prepared at the institutional level. As no syllabus has been prepared for the basic grade, steps are being taken in this regard.	Action should be taken to prepare a syllabus for the basic grade.

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| <p>(d) Annual grant of Rs. 500,000 paid to “Wathuruwila Sri Gnanananda Pirivena” with the approval of the Cabinet of Ministers had been increased to Rs. 01 million each and paid from 2017 without obtaining Cabinet approval to increase.</p> | <p>At the request of Wathuruwila Gnanananda Wanawasa Pirivena, the 184 Pirivena Education Board has approved to increase the annual grant to Rs 01 million. An instructions paper No. 16 had been submitted to the 185 Pirivena Education Board which was held on 31.03.2020 stating that Rs. 01 million each has been paid from the year 2017 and no Cabinet Memorandum has been submitted for that.</p> | <p>Action Should be taken to obtain formal approvals.</p> |
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4. Good Governance

4.1 Internal Audit

Audit Observation	Comment of the Accounting Officer	Recommendation
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<p>No action had been taken to appoint an Internal Auditor in accordance with the provisions of Section 40 of the National Audit Act No. 19 of 2018.</p>	<p>An officer will be transferred to the post of Internal Auditor under the 2021 Accountant Annual Transfer. The internal audit functions will be carried out accordingly.</p>	<p>Should act in accordance with the provisions of the Audit Act.</p>
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4.2 **Audit and Management Committee**

Audit Observation	Comment of the Accounting Officer	Recommendation
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Action had not been taken to establish Audit and Management Committees in accordance with the provisions of Section 41 of the National Audit Act No. 19 of 2018.	The State Ministry was established from August 2020 and the adverse situation prevailing in the country, time for the appointments and meetings of the Audit and Management Committee for the year 2020 was not sufficient enough and action will be taken to hold the Audit and Management Committee for the year 2021.	Should act in accordance with the provisions of the Audit Act.

5. **Human Resources Management**

Audit Observation	Comments of the Accounting Officer	Recommendation
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The approved cadre was 78 and the actual cadre was 63 and 15 vacancies were available at the 31 December of the year under review.	Eleven have been temporarily attached by the Ministry of Education. Currently 17 vacancies are available and action will be taken to fill these vacancies in the future.	Necessary action should be taken to fill the vacancies.