

Head -204 - Department of Hindu Religious and Cultural Affairs

1. Financial Statements

1.1 Opinion

The audit of the financial statements of the Department of Hindu Religious and Cultural Affairs for the year ended 31 December 2021 comprising the statement of financial position as at 31 December 2021 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 containing my comments and observations on the financial statements of the Department of Hindu Religious and Cultural Affairs was issued to the Accounting Officer on 05 May 2022 in terms of Section 11(1) of the National Audit Act, No.19 of 2018. The Annual Detailed Management Audit Report relevant to the Department was issued to the Accounting Officer on 27 May 2022 in terms of Section 11(2) of the National Audit Act, No.19 of 2018. This report will be tabled in Parliament in pursuance of 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 give a true and fair view of the financial position of the Department of Hindu Religious and Cultural Affairs as at 31 December 2021 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 Opinion

I conducted my audit in accordance with Sri Lanka Auditing Standards (SLAuSs). My responsibility for the financial statements is further described in the Auditor’s Responsibility for the audit of the financial statements section. 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 the determination of the internal control that 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 the preparation of annual and periodic financial statements.

In terms of 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 exists in the Department 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 Responsibility 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 summary 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 and its materiality depends on the influence on economic decisions taken by users 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:

- Appropriate audit procedures were designed and performed to identify and assess the risk of material misstatement in financial statements whether due to fraud or errors in providing a basis for the expressed audit 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.
- An understanding of internal control relevant to the audit was obtained in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.
- Evaluate the 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.
- Evaluate the overall presentation, structure and content of the financial statements including 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 terms of Section 6 (1) (d) of the National Audit Act, No. 19 of 2018.

- (a) The financial statements are consistent with the preceding year,
- (b) The recommendations made by me on the financial statements of the preceding year had been implemented.

2. Financial Review

2.1 Expenditure Management

Audit Observation	Comments of the Accounting Officer	Recommendation
The department had been provided Rs. 25,950,000 for 05 recurrent expenditure subjects in the year under review and among them; a total of Rs. 3,423,271 in the range of 10 percent to 63 percent had been unspent and saved.	No need due to the Covid 19 pandemic situation.	The provided provisions should be spent on the relevant expenditure subjects.

2.2 Non-compliance with Laws, Rules and Regulations

Instances of non-compliance with the provisions in laws, rules and regulations observed during the course of audit test checks are analyzed below.

Reference to the Laws, Rules and Regulations	Non-compliance	Comments of the Accounting Officer	Recommendation	
(a)	Financial Regulations 757 (2) of the Code of Financial Regulations of the Democratic Socialist Republic of Sri Lanka and the Public Finance Circular No. 05/2016 dated 31 March 2016.	The board of survey related to the year 2021 had not been conducted as at the date of this report and the board of survey report for the year 2020, which should be submitted before 15 June 2021, was submitted to the Auditor General with a delay of 07 months and 21 days.	The submission of the 2020 board of survey report was delayed due to the Covid 19 pandemic situation. The 2021 survey is ongoing and reports will be submitted as soon as possible.	The board of survey reports should be submitted as per the Financial Regulations and circulars.

- (b) Public Administration Circular No. 18/2001 dated 22 August 2001. Although every officer who has served in the same place for 5 years should be given transfers to allow them to serve in other place, transfers were not made for 94 officers in the staff as 77, 15 and 2 officers respectively who completed from 05 to 10 years, 11 to 20 years and 32 years respectively. Arrangements have been made annually to submit the relevant documents to the transfer committees established in the Combined Services Division of the Ministry of Public Administration. The officers should be transferred as per the circular.

2.3 Issuance and Settlement of Advances

Audit Observation	Comments of the Accounting Officer	Recommendation
The debt balance amounting to Rs. 46,462 due from three officers who were transferred to other departments and ministries had not been recovered even though it had been in existence for over 27 years.	According to the Public Finance Circular No. 01/2020 dated 28/08/2020 and Financial Regulations 113, the government officials are referred to the ministry for cut off the outstanding balances below Rs. 25,000 in the advance account.	The outstanding loan balances should be recovered.

3. Operational Review

3.1 Assets Management

The following observations are made in this regard.

Audit Observation	Comments of the Accounting Officer	Recommendation
(a) The Nawalar Cultural Center in Jaffna, built by the department was handed over to the Jaffna Municipal Council in 1985 on the condition of the department would take it back in case of need.		

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| (i) | One floor of this two-storey building was being used by the Jaffna Municipal Council and it was observed that due to the lack of proper maintenance, the roof, walls and some doors of the building are decaying during the physical inspection and the related repairs should be done. | Arrangements are being made to take over the Navalar Cultural Center from the Jaffna Municipal Council. | The relevant repairs should be done. |
| (ii) | Although one floor of the building was idle, the Northern Provincial Regional Office of the Department has been located in another building with the payment of Rs. 40,000 per month. | There were no answers. | The office should not be located on rental basis when a building belonging to the department is idle. |
| (b) | A three-wheeler bought in the year 2002 had not been used since the year 2015, but it had not been repaired or disposed. | It will be disposed. | Vehicles that cannot be driven and cannot be repaired should be disposed. |

3.2 Annual Performance Report

Audit Observation	Comments of the Accounting Officer	Recommendation
The performance report for the year should be tabled in Parliament within 150 days of the end of the financial year according to the Public Finance Circular No. 402 dated 12 September 2002, the performance report of the department for the year 2020 had not been tabled in Parliament at the date of this report.	Annual performance report will be submitted as soon as possible.	The performance report should be submitted within the relevant periods.

3.3 Management Inefficiencies

Audit Observation	Comments of the Accounting Officer	Recommendation
Formal actions were not taken to take over the buildings used by the department and the buildings where the Nawalar Cultural Center and Kurukulam Anapandi sub office are located and the related land to the department.	Arrangements are being made to take over the Nawalar cultural center from the Jaffna Municipal Council.	Relevant assets should be re-taken over.

4. Human Resources Management

Audit Observation	Comments of the Accounting Officer	Recommendation
Although the approved number of posts in the department was 185, the actual staff as at 31 December of the year under review was 149 and due to that, there were 36 vacancies. Among them, it was observed that 03 Deputy/Assistant Director posts, 19 Development Officer posts, 06 Management Assistant posts and the post of Administrative Officer have caused an impact on the performance of the department.	Agree. Several requests have been made to the Ministry of public Administration to fill the vacancies. Delays in filling vacancies are beyond our control.	Vacancies should be filled immediately.