

Head -203 - Department of Christian Religious Affairs

1. Financial Statements

1.1 Opinion

Head 203 - The audit of the financial statements of the Department of Christian Religious Affairs for the year ended 31 December 2022 comprising the statement of financial position as at 31 December 2022 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 Christian Religious Affairs was issued to the Accounting Officer on 18 May 2023 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 25 May 2023 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 Christian Religious Affairs as at 31 December 2022 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 skepticism 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

<u>Audit Observation</u>	<u>Comments of the Accounting Officer</u>	<u>Recommendation</u>
A basic estimate of Rs. 8,000,000 had been provided under expenditure subject No. 5-1058 religious and Dhamma schools activities and Rs. 2,636,193, or 33 percent of the reserved allocation for this expenditure subject, which was a major activity of the department, had been saved.	Although Rs. 8,000,000 has been provided under expenditure subject No. 05/1508, Rs. 5,363,807 have been incurred as expenses and this balance has occurred from the cancellation of celebrations and the limitation of other expenses according to the National Budget Circular No. 03/2022 dated 26 April 2022.	Action should be taken to carry out the main activities of the department under the circular provisions.

2.2 Certifications to be done by the Chief Accounting Officer/ Accounting Officer

Chief Accounting Officer/ Accounting Officer should certify the following matters in terms of provisions set out in section 38 of the National Audit Act No. 19 of 2018, but it had not been done accordingly.

<u>Audit Observation</u>	<u>Comments of the Accounting Officer</u>	<u>Recommendation</u>
The Chief Accounting Officer and the Accounting Officer should 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 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 submitted to the Auditor General, but no statements had been furnished to the audit that the reviews had been carried out.	Delegation financial control powers of F.R. 135, the information about the transfers and internal audit has been informed in writing to the Auditor General. As no change was made in the specific financial control system for the year 2022, no other information was submitted to the Auditor General except from the above information. However, it is expected to submit the relevant review reports in future according to section 38 of the National Audit Act.	Action should be taken in accordance with provisions in section 38 of the National Audit Act No. 19 of 2018.

2.3 Non- compliance with Laws, Rules and Regulations

	<u>Reference to Laws, Rules and Regulations</u>	<u>Non- compliance</u>	<u>Comments of the Accounting Officer</u>	<u>Recommendation</u>
(i)	Paragraph 6 of Public Administration Circular No. 30/2016 dated 29 December 2016	If there is an adverse change in the use of fuel, the transport service chart should be completed monthly as mentioned in Annexure 01 of the circular, but it was not done accordingly.	Running charts are submitted monthly and since the same information contained in the transport service charts are also included, separate transport service charts were not submitted and action will be made to submit separate transport service charts as well in future.	Should be act as per the provisions of circulars.

- (ii) Public Finance Circular No. P/F/funds/04/152 dated 14 July 2015 and letter No. PFD/ZNFR/TRPT/CC/02 dated 15 February 2017 of the Additional Director General of Public Finance
- The government institutions should provide insurance coverage according to their corporate needs in a competitive manner by calling prices from insurance service providers in the Sri Lanka Insurance Board's registered market as to ensure transaction transparency, risk management and cost effectiveness, but it was observed that the vehicle insurance was done by the National Insurance Trust Fund without calling the price.
- As the assessed value of the vehicle has to be obtained at the time of calling the prices, it also spent money. Also, due to no accident, the amount of unclaimed benefits at the end of the year also decreases year by year, which is an advantage for the government, and the loss of that amount will also be a loss for the government. However, it will be called quotations for prices as per the above circular from next year.
- Should be act as per the provisions of circulars.

3. Operational Review

3.1 Planning

<u>Audit Observation</u>	<u>Comments of the Accounting Officer</u>	<u>Recommendation</u>
Although the department had prepared the Action Plan in accordance with Appropriation Act No. 30 of 2021, which had been approved for incurring expenses in the year 2022, after the adoption of Appropriation Act No. 21 of 2022 (Amended) dated 02 September 2022, no revised action plan was prepared in accordingly.	Although a rough revised plan for the year 2022 was maintained as institutional, it was not formalized. A revised plan for the year 2023 is being prepared.	Revised action plan should be prepared as per revised Appropriation Act.

3.2 Delays in Project Execution

<u>Audit Observation</u>	<u>Comments of the Accounting Officer</u>	<u>Recommendation</u>
<p>The construction of the first stage of the worship house of Maradamadu church, which was supposed to begin on 13 September 2017 and to be completed on 11 December 2017, was completed on 23 December 2017 and an expenditure of Rs. 2.5 million had been incurred for that. As the first stage, only the foundation and pillars of the building were built, but the remaining work of the building was not completed even though it had been gone 05 years. As a result, it was observed that the amount of Rs. 2.5 million that has been incurred is an inactive expense.</p>	<p>In order to complete this construction work, many requests were made for the Mannar District Secretariat to get estimates, but no good response was received. The development work was abandoned due to the failure of efforts to complete the construction in the year 2018 and 2019.</p> <p>It was mentioned in the discussion held at the Ministry of Urban Development and Housing on 24 February 2021 that the department cannot carry out the development work of the said shrine independently and if the development work is done, it should be done under the supervision of a steering committee with the approval of the National Physical Planning Department due to the conversion of Madu Shrine into a place of worship by special gazette No. 214/55 dated 19/10/2019. The relevant meetings could not be held due to the Corona epidemic. I would also like to inform that even if the steering committee meetings are not held in future, action will be taken together with the National Physical Planning Department to complete the work within the 2024 budget allocation.</p>	<p>The construction work of the building should be completed promptly and use.</p>

3.3 Assets Management

<u>Audit Observation</u>	<u>Comments of the Accounting Officer</u>	<u>Recommendation</u>
The department's Thalawila circuit was built on a land belonging to the Kalpitiya Divisional Secretariat and the ownership of that land had not been settled as at the date of this report.	The Thalawila worship house belonging to this department was handed over to the Ministry of Christian Affairs on 28 June 2006 for use and requests were made from time to time to hand over it back to the Department of Agriculture. However, the Kalpitiya Divisional Secretary has requested from time to time to hand over the land as it is being repaired and maintained by this department, but the Kalpitiya Divisional Secretary has informed that a decision should be taken after discussion with the Land Commissioner General Department. It has been informed to the Secretary of the Ministry of Buddhasasana, Religious and Cultural Affairs to provide necessary instructions and facilities.	Action should be taken to settle the ownership of the land.

3.4 Bail of Government Officers

<u>Audit Observation</u>	<u>Comments of the Accounting Officer</u>	<u>Recommendation</u>
Among the officers of the department who had to post bail, apart from the Accountant, no arrangements had been made to collect the bail from other officers and no arrangement had been made to maintain a register of bail as per Financial Regulation 891(1).	Action will be taken to identify the officers who should post bail and to post bail and maintain a bail register in future as per Financial Regulations.	Action should be taken to collect the bail from the officers who are required to post bail.

3.5 Losses and Damages

<u>Audit Observation</u>	<u>Comments of the Accounting Officer</u>	<u>Recommendation</u>
The loss of Rs. 137,707 caused to the vehicle NB 2558 which was faced in an accident on 12 September 2019 has not been recovered and it has not been cut off.	The Attorney General's Department has informed the other party related to the accident to pay the amount of Rs. 137,707 regarding the accident, but since the said amount has failed to be paid to the Republic, the Attorney General has filed a case.	Action should be taken to recover or cut off the loss.

4. Human Resource Management

The following observations are made.

<u>Audit Observation</u>	<u>Comments of the Accounting Officer</u>	<u>Recommendation</u>
(a) The total approved number of posts in the department was 61 and there were vacancies as at 31 December of the year under review in respect of 6 posts including the post of Assistant Director, one post of Development Officer, 3 posts of Management Service Officers and one post of Office Staff Service.	<p>The posts of Assistant Director, Management Service Officer and Office Assistant will be updated in the PACIS software of the Ministry of Public Administration, Provincial Councils and Local Government and a quarterly report has also been informed to the Department of Management Services.</p> <p>The post of Development Officer is staying in vacant due to non-availability of a successor officer to replace a transferred officer.</p>	Prompt action should be taken to fill vacancies.
(b) According to Public Administration Circular No. 18/2001 dated 22 August 2001, an officer who has worked in the same working place in 5 years should be given transfers to allow him to work in other working place, but transfers had not been made for 27 officers who had completed more than 5 to 17 years as at 31 December 2022.	As per the transfer circular, the details of the officers with more than 05 years of service and the details of the officers requesting transfer shall be recommended and given to the Director General of Combined Services and it is the responsibility and role of the Director General of Combined Services to transfer those officers.	Should be act as per circulars.