

Head -204 - Department of Hindu Religious and Cultural Affairs

1. Financial Statements

1.1 Qualified Opinion

Head 204 - The audit of the financial statements of the Department of Hindu Religious and Cultural 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 Hindu Religious and Cultural Affairs was issued to the Accounting Officer on 24 April 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 April 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, except for the effects of the matters described in paragraph 1.6 of this report, the 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 2022, and 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 1.6 of this report. 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 Responsibilities Section. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

1.3 Responsibility 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.

1.6 Comments on the Financial Statements

1.6.1 Accounting Deficiencies

(a) Property, Plant and Equipment

Audit Observation	Comments of the Accounting Officer	Recommendation
Although the registration rights of the used vehicles should be settled as per Assets Management Circular No. 07/2017 dated 21 December 2017, the ownership of the vehicle No. KF 9142 given to the Department by the Ministry of Government Integration, Government Languages, Social progress and Hindu Religious Affairs on 22 January 2019 had not been settled and the value disclosed in the accounts under non-financial assets as at the date of this report.	A request has been sent to the Ministry to make necessary arrangements to hand over the relevant vehicle to the department.	As per the circular, the registration rights of the vehicles should be settled and disclosed through the accounts.

(b) Non-maintenance of Documents and Registers

During the sample audit, it was observed that the following documents were not maintained / regularly maintained up-to-date by the department.

Audit Observation	Comments of the Accounting Officer	Recommendation
(i) Fixed Assets Register Assets registers were not prepared and updated by the fixed assets module within the CIGAS programme in accordance with paragraph 8.1 of Public Accounts Guidelines No. 2022/05 dated 13 December 2022.	Action will be taken to maintain records.	Fixed assets register should be updated and maintained through the Fixed Assets module in the CIGAS programme.

(ii) Bail Register

A bail register containing the particulars of the officers and employees required to be bail was not prepared in terms of Financial Regulation 891(1). Action will be taken to maintain records. Should be maintained a bail register of officers to be bailed.

2. Financial Review

2.1 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
(i) Financial Regulation 756(2) of the Code of Financial Regulations of the Democratic Socialist Republic of Sri Lanka	The annual board of survey should consist of two responsible officers other than the officer or officers directly in charge of the stores and his or their immediate subordinate and if such officers are not available in the department, officers can be appointed from other government departments. However, the department had appointed the Accountant, Development Officer and Management Service Officer of the institution for the board of survey and appointed the Accountant as the Chairman.	Steps will be taken from the year 2023 to appoint officers who are not responsible for stores management for survey as per Financial Regulations.	While appointing board of surveys, Financial Regulations should be followed.
(ii) Public Administration Circular No. 30/2016 dated 29 December 2016	The monthly transport service chart related to vehicles was not scheduled to be submitted for the year 2022.	Arrangements have been made to submit the monthly performance report summary related to the vehicles as soon as possible.	Action should be taken as per circulars.

- (iii) Public Finance Circular No. 04/2015 dated 14 July 2015 and the letter No. PFD/INFR/TRPT/CC/02 dated 15 February 2017 of the Additional Director General of Public Finance. While government institutions providing insurance coverage according to their institutional needs, it should be done competitively from the Insurance Corporation, National Insurance Trust Fund and People's Insurance Limited, which provide insurance services in the registered market of the Sri Lanka Insurance Board as prove the transparency of transactions, risk management as well as cost efficiency, but it was observed that the vehicle insurance was done by the National Insurance Trust Fund without calling the price. The pricing quote system will be implemented from the year 2023. Should be arranges insurance coverage according to their institutional needs according to the circulars.

3. Operational Review

3.1 Assets Management

Audit Observation	Comments of the Accounting Officer	Recommendation
The three-wheeler purchased in the year 2002 and not in running condition since the year 2015 had not been repaired, disposed or appropriate action taken as on the date of this report.	Arrangements are being made to transfer this three-wheeler to the Sri Lanka Technical College, Maradana.	Proper action should be taken regarding the assets that are in idle.

3.2 Bail of Public Officers

Audit Observation	Comments of the Accounting Officer	Recommendation
There was no action taken to collect the bail from the officers of the department, such as the Director, Accountant, Driver etc.	Action will be taken in future.	According to the Financial Regulations, bail should be collected from the relevant officers.

4. Good Governance

4.1 Audit and Management Committee

Audit Observation	Comments of the Accounting Officer	Recommendation
Although there should be held Audit and Management Committee meetings for each institution as per the provisions of section 41 of the National Audit Act No. 19 of 2018, Audit and Management Committee meetings were not held by the department for the year under review.	The Audit and Management Committee meeting for the first quarter of 2023 was held on 28 March 2023.	Audit and Management Committee meetings should be held in accordance with the provisions of the National Audit Act.

5. Human Resource Management

The following observations are made.

Audit Observation	Comments of the Accounting Officer	Recommendation
(a) As per public Administration Circular No. 18/2001 dated 22 August 2021, every 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 119 officers as 90 officers, 27 officers and two officers had not been transferred for 5 to 9 years, 10 to 30 years and 31 to 40 years respectively as at 31 December 2022.	According to the relevant format, the transfer requests of the officers who have completed 05 years have been submitted to the Ministry of Public Administration.	Transfer of officers should be done as per the circular.
(b) Although the approved staff of the department was 184, there were 24 vacant posts as the actual staff was 158. It is observed that vacancies have caused an impact on the performance of the department.	Although requests have been made to the Ministry of Public Administration, it has not been able to fill the vacancies.	Arrangements should be made to fill staff vacancies.