

Report of the Auditor General on Head 201 – Department of Buddhist Affairs – Year 2015

The audit of the Appropriation Account and the Reconciliation Statements including the financial records, books, registers and other records of the Head 201 – Department of Buddhist Affairs for the year ended 31 December 2015 was carried out in pursuance of provisions in Article 154 (1) of the Constitution of the Democratic Socialist Republic of Sri Lanka. The Management Audit Report for the year under review was issued to the Commissioner General of the Department on 29 July 2016. The audit observations, comments and findings on the accounts and reconciliation statements were based on a review of the Accounts and Reconciliation Statements presented to audit and tests of samples of transactions. The scope and extent of such review and tests were such as to enable as wide an audit coverage as possible within the limitations of staff, other resources and time available to me.

1.2 Responsibilities of the Chief Accounting Officer and the Accounting Officer for the Accounts and the Reconciliation Statements

The Chief Accounting Officer and the Accounting Officer are responsible for the maintenance, preparation and fair presentation of the Appropriation Account and the Reconciliation Statements in accordance with the provisions in Articles 148, 149, 150 and 152 of the Constitution of the Democratic Socialist Republic of Sri Lanka, other Statutory Provisions and the Public Finance and Administrative Regulations. The responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of Accounts and Reconciliation Statements that are free from material misstatements, whether due to fraud or error.

2. Accounts

2.1 Appropriation Account

Total Provision and Expenditure

The total net provision made for the Department amounted to Rs.1,056.51 million and out of that Rs.1,014.18 million had been utilized by the end of the year under review. Accordingly, the savings out of the total net provisions of the Department amounted to Rs.42.33 million or 4.01 per cent. Details are given below.

| Expenditure | <u>As at 31 December 2015</u> | | | Savings as a Percentage of Net Provisions |
|--------------|-------------------------------|-----------------|--------------|---|
| | Net Provision | Utilization | Savings | |
| ----- | ----- | ----- | ----- | ----- |
| | Rs.Millions | Rs.Millions | Rs.Millions | |
| Recurrent | 962.76 | 928.63 | 34.13 | 3.55 |
| Capital | 93.75 | 85.55 | 8.20 | 8.75 |
| Total | 1,056.51 | 1,014.18 | 42.33 | 4.01 |
| | ===== | ===== | ===== | |

2.2 Advances to Public Officers Account

----- Limits Authorized by Parliament -----

The limits authorized by Parliament for the Advances to Public Officers Account, Item No.20101 of the Department and the actual values are given below.

| Expenditure | | Receipts | | Debit Balance | |
|---------------|--------------|---------------|--------------|---------------|--------------|
| ----- | ----- | ----- | ----- | ----- | ----- |
| Maximum Limit | Actual | Minimum Limit | Actual | Maximum Limit | Actual |
| ----- | ----- | ----- | ----- | ----- | ----- |
| Rs.Millions | Rs. Millions | Rs. Millions | Rs. Millions | Rs. Millions | Rs. Millions |
| 18.45 | 18.11 | 13.45 | 18.85 | 58.00 | 40.65 |

2.3 General Deposit Account

The balances of 04 Deposit Accounts of the Department as at 31 December 2015 totalled Rs.3.36 million. Details appear below.

| Deposit Account Number | Balance as at 31 December 2015 |
|----------------------------|--------------------------------|
| ----- | ----- |
| | Rs. Millions |
| 6000/0000/00/0001/0036/000 | 1.37 |
| 6000/0000/00/0002/0047/000 | 0.05 |
| 6000/0000/00/0018/0001/000 | 0.01 |
| 6000/0000/00/0019/0002/000 | 1.93 |
| Total | 3.36 |
| | ===== |

2.4 **Audit Observation**

The Appropriation Account and the Reconciliation Statements of the Department of Buddhist Affairs for the year ended 31 December 2015, had been prepared satisfactorily subject to the audit observations, appearing in the Management Audit Report referred to in paragraph 1.1 above. The material and important audit observations out of the audit observations included in the Management Audit Report appear in paragraph 3.

3. **Material and Significant Audit Observations**

3.1 **Non-maintenance of Registers and Books**

It was observed during the course of audit test checks that the Department had not updated the following registers.

| <u>Type of Register</u> | <u>Relevant Regulation</u> |
|--|---|
| (a) Register of Fixed Assets | Treasury Circular No.842 of 19 December 1978 |
| (b) Register of Fixed Assets on Computers, Accessories and Software | Treasury Circular No. IAI/2002/02 of 28 November 2002 |
| (c) Register of Attendance of the Procurement Committee and Technical Evaluation Committee | Guideline 2.11.2 of the Government Procurement Guidelines |

3.2 **Appropriation Account**

Budgetary Variance

Excess provisions totalling Rs.36.41 million had been made for 16 Objects and as such the savings, after the utilization of provisions, amounted to Rs.11.05 million or ranged from 14 per cent to 100 per cent of the net provisions relating to the respective Objects.

3.3 **General Deposit Account**

Action in terms of Financial Regulation 571 had not been taken on 8 deposits older than 2 years totalling Rs.283,467.

3.4 Good Governance and Accountability

3.4.1 Internal Audit

The Internal Audit Unit of the Department had carried out internal audit in respect of temporalities governed by the Buddhist Temporalities Ordinance No.19 of 1931. Adequate steps had not been taken even by the end of the year under review by the Department to rectify the following deficiencies pointed out by the audit.

- (a) The accuracy of assets and income of temples and dewales could not be verified due to failure in regular and adequate updating of books and registers.
- (b) Even though the relevant parties had been informed that the misappropriation of money should be **rectified**, the specific instructions had not been given in respect of the manner in which those should be implemented.

3.4.2 Annual Performance Report

Even though the Performance Report should be tabled in Parliament within 150 days after the closure of the financial year by the Department in terms of the Public Finance Circular No.402 of 12 September 2002, that report for the year under review had not been tabled in Parliament even by 06 June 2016.

3.5 Unsettled Liabilities

The unsettled liabilities of the Department as at 31 December 2015 amounted to Rs.101.05 million and out of that balance, a sum of Rs.45.89 million and a sum of Rs.55.16 million had been brought forward for over 01 year and less than 03 years and for a period less than 01 year respectively.

3.6 Performance

Key Functions not Executed Adequately

Even though providing of uniforms to teachers of Dhamma Schools is a key function of the Department, providing of uniforms within the relevant period had failed during the 04 preceding years. Moreover, uniforms had not been provided for the year 2013 as well.

3.7 Management Weaknesses

Repairing the Mahanayake Charikarama

A sum of Rs.5.45 million had been granted to the Department of Civil Security by the Department of Buddhist Affairs for repairing the Mahanayake Charikarama. The following deficiencies were observed in respect of making these provisions and the repairs of the building.

- (a) A formal contract agreement should be entered into for a contract for works exceeding Rs.250,000 in terms of Guideline 8.9.1 (a) of the Procurement Guidelines. However, an agreement had not been entered into for the above contract.
- (b) Even though the direct contract method should be used only under exceptional circumstances in terms of Guideline 3.5.1(b) of the Government Procurement Guidelines, this contract which was not a special circumstance, had been awarded to the Department of Civil Security without calling competitive biddings.
- (c) Even though a specific amount should be retained out of every payment payable to the contractor in terms of Guideline 5.4.6 (b) of the Government Procurement Guidelines, the lump sum of the contract had been awarded without doing so.
- (d) According to the initial Bill of Quantities, the entire construction had been divided into 13 parts. Even though a sum of Rs.5.45 million had been paid by December 2015, no functions completed or functions in progress had been fulfilled successfully. Even though the Site Supervisor had been requested to make a statement on the amount of work completed by 31 December 2015 at the physical verification carried out in respect of the construction, that Officer had refused that request.
- (e) Even though a building with an archaic value had been offered with the devotion to the Sasana, the Department had not taken action to maintain the building so as to protect that archaic value and to repair it.

3.8 Human Resources Management

Approved Cadre and Actual Cadre

The position of the cadre as at 31 December 2015 had been as follows.

| | Category of Employees | Approved Cadre | Actual Cadre | Number of Vacancies |
|-------|------------------------------|---------------------------|-------------------------|--------------------------------|
| | ----- | ----- | ----- | ----- |
| (i) | Senior Level | 12 | 12 | - |
| (ii) | Tertiary Level | 01 | - | 01 |
| (iii) | Secondary Level | 778 | 686 | 92 |
| (iv) | Primary Level | 34 | 32 | 02 |
| | | ----- | ----- | ---- |
| | Total | 825 | 730 | 95 |
| | | ===== | ==== | == |