

Report of the Auditor General on Head 142 – Ministry of National Heritage and Departments under that Ministry– Year 2014

Paragraphs 1 to 2 of this report contain the general information on the Accounts of the Ministry and the Departments under that Ministry and audit observations on each Expenditure Head appear in paragraph 3 onward.

1. Departments under the Ministry

Head	Department
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207	Archeological Department
208	National Museums Department
209	National Archives Department

1.1 Scope of Audit

The audit of the Appropriation Account including the financial records, reconciliation statements books, registers and other records, Advance accounts and Reconciliation Statements of the Ministry of National Heritage and Departments under that Ministry referred to above for the year ended 31 December 2014 were carried out in pursuance of provisions in Article 154 (1) of the Democratic Socialist Republic of Sri Lanka. The Management Audit Reports for the year under review were issued to the Secretary to that Ministry and the Head of Department on the under mentioned dates. The audit observations, comments and findings on the accounts and the 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.

Head	Ministry/ Department	Date of Issue of the Management Audit Report
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142	Ministry of National Heritage	28 October 2015
207	Archeological Department	19 October 2015
208	National Museums Department	28 October 2015
209	National Archives Department	19 October 2015

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

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

2. Accounts

2.1 Appropriation accounts

Total Provision and Expenditure

The total net provision made available for the Ministry and the three Departments under the Ministry amounted to Rs. 1,584,384,200 out of that a sum of Rs. 1,510,447,680 had been utilized by the end of the year under review. Accordingly, savings of the net provision of the Ministry and each Department out of the net provision ranged between Rs. 5,079,541 to Rs. 45,818,650 or 1.94 per cent to 13.90 per cent .Details are shown below.

Head	<u>As at 31 December 2014</u>			Savings, as a Percentage of Net Provision
	Net Provision	Utilization	Savings	
	Rs.	Rs.	Rs.	
142	329,620,000	283,801,350	45,818,650	13.90
207	830,835,200	814,738,537	16,096,663	1.94
208	252,982,000	246,040,334	6,941,666	2.74
209	170,947,000	165,867,459	5,079,541	2.97
Total	1,584,384,200	1,510,447,680	73,936,520	4.67

2.2 Advance Accounts

Advances to Public Officers Accounts

Limits Authorized by the Parliament

Limits authorized by the Parliament for the Ministry and the three Departments under the Ministry relevant to Advances to Public Officers Accounts and actual values are shown below.

Item No.	Expenditure		Receipts		Debit Balance	
	Maximum Limit	Actual	Minimum Limit	Actual	Maximum Limit	actual
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
14201	5,000,000	4,932,286	1,700,000	4,077,464	25,000,000	11,528,043
20701	42,000,000	38,037,570	22,000,000	25,827,678	140,000,000	100,333,823
20801	12,000,000	11,843,728	4,500,000	7,118,041	40,000,000	28,124,786
20901	6,000,000	5,710,518	2,600,000	4,847,881	27,000,000	15,505,464

2.3 Imprest Accounts

The total of Imprest balances of two Departments under the Ministry as at 31 December 2014 was Rs. 2,862,240. Details are shown below.

Department	Imprest Account Number	Balance as at 31 December 2014
		Rs.
Archeological Department	70002/0000/00/0150/0013/000	939,036
National Archives Department	70002/0000/00/0151/0013/000	1,923,204
Total		2,862,240

2.4 General Deposits Account

The total of General Deposits Accounts of the Ministry and the three Departments under the Ministry as at 31 December 2014 was Rs. 179,938,605. Details are shown below.

Ministry/ Department	General Deposits Account Number	Balance as at 31 December 2014
		Rs.
Ministry of National Heritage	6000/0000/00/0015/0183/000	954,894
Archeological Department	6000/0000/00/0015/0089/000	156,709,834
National Archives Department	6000/0000/00/0015/0091/000	15,005,839
National Museums Department	6000/0000/00/0015/0090/000	7,268,038
Total		179,938,605

2.5 Audit Observation

According to the Financial Records and books for the year ended 31 December 2014, it was observed that subject to the observations appearing in the management audit reports referred to in paragraph 1.1, Appropriation Account and the reconciliation statements of the Ministry of National Heritage and the Departments under that Ministry had been prepared satisfactorily. The material and important observations included in those reports are shown in paragraphs 3 to 6.

3. Head 142 - Ministry of National Heritage

3.1 Budgetary Variance

Due to excessive provision made, balance savings after utilization of provision under 12 objects was in a range between 29 per cent and 74 per cent of the net provision relating to those objects.

3.2 Reconciliation Statement relating to Advances to Public Officers account

There was a difference of Rs. 1,000,627 between the debit balances of Advances to Public Officers Account according to Treasury print out as at 31 December 2013 and the debit balance in the control account of the Advances to Public Officers account of the Ministry.

3.3 Non-compliance

Non-compliance with Laws, Rules and Regulations.

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

Reference to Laws, Rules and Regulations	Value	Non-compliance
	Rs.	
(a) Establishments Code of the Democratic socialist Republic of Sri Lanka		
(i) Section 3 of Chapter IV		A Retired Instructress had been engaged in service on casual basis, without making recruitment to the post of Hostel Matron (Departmental Post) in the Janakala Centre since the year 2011.
(ii) Section 6.1 of Chapter XIX		Although 08 years had elapsed after retirement, a Retired Instructress of the Janakala Centre had not handed over the official quarters.
(iii) Section 6.2 of Chapter XIX		An Instructress of the Janakala Centre had been allowed to live in an official residence for 26 years exceeding the maximum allowable period of 05 years.

(b) Financial Regulations of the
Democratic Socialist Republic
of Sri Lanka

Financial Regulation 156	485,559	Salaries paid during the year 2010 to the year 2014 to a retired instructress of the Janakala Centre on the basis of improper appointment should have been recovered from the relevant officers.
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3.4 Performance

Main Activities not Adequately Performed

Following observations are made in this connection.

(a) Heritage Conservation and Promotion Project

Provision amounting to Rs.60 million had been made available for this Project for the year 2014. Projects such as creation of documentaries relating to 100 well-known and un-known places of archeological interest, conducting live programs relating to low country traditional blessings and giving publicity in television channels, dress in head ornaments and holding introductory festivals had been implemented at a total cost of Rs. 30,110,442. Following observations are made in this connection.

- (i) Any programmes or projects had not been planned to be implemented during the year 2014 from balance provisions of nearly Rs. 30 million out of provisions of Rs. 60 million made available.
- (ii) Although a sum of Rs. 13,690,521 had been spent for creation of compact disks containing the documentary programmes relating to 100 well known and un-known places of archeological interest and publicity advertisements, action had not been taken to telecast through a television media even up to June 2015.
- (iii) Although it had been planned to telecast 15 programmes of 44 minutes on "Heritage Conservation", costing Rs. 300,000 for each programme

from 4.00 p.m. to 4.55 p.m. on every Friday, only 13 programmes had been telecast during the year 2014.

(a) Reconstruction of Anuradhapura Archeological Museum

It had been planned to reconstruct this museum building and modernization of compartments during the period from the year 2012 to 2014. It had not been possible to open the museum for public exhibition as the modernization of compartments had not been completed even up to June 2015 although the reconstruction works of the building had been completed.

3.5 Management Inefficiencies

Following observations are made.

(a) Preservation of Bandarawela Brotan Bungalow

It had been planned to preserve Brotan Bungalow as a national heritage during the period from 2014 to 2016. While reconstruction work of the roof of this bungalow had been assigned to Bandarawela Pradeshiya Sabha, 02 estimates as Rs. 2,011,00 for the first stage and as Rs. 1,999,895 for the second stage had been submitted. Following observations are made in this connection.

- (i) A sum of Rs. 3,994,715 had been given to the Bandarawela Pradeshiya Sabha during the year 2014. Expenditure details, bills of quantities and any work done reports relevant to this amount had not been furnished to the Ministry even up to June 2015.
- (ii) Justification for submission of 02 estimates as stage I and II totalling Rs. 4,010,895 for reconstruction of roof work was not clarified to audit.
- (iii) An agreement had not been reached with the Pradeshiya Sabah with regard to signing an agreement or period for completion of work relevant to this contract.

(b) Conservation of Ritigala Archeological Centre

A sum of Rs. 4 million had been given to the Kekirawa Divisional Secretariat out of the total estimate of Rs. 6,825,888 for reconstruction of access road to Ritigala Archeological Station on 18 June 2014. It had been informed that the reconstruction of this access road should be completed during the year 2014 and to submit the expenditure statements. According to the letter No. NH/4/1/2/7/60 dated 21 May 2014 of the Assistant Director (Planning) addressed to the Kekirawa Divisional Secretary, only motor grading of the road and cutting drains of the relevant road had been performed and that position was confirmed at the field inspections. Following observations are made in this connection.

- (i) Although a period of nearly one year had elapsed after making payments to the Divisional Secretariat, only parts 1, 2 and 3 of the estimated had been performed.
- (ii) Leveling and compacting after supply and spreading 3024 cubic meters of gravel and construction of 5 culverts, being part 4,5, 6 and 7 estimated at Rs. 5,390,495 had not been performed even as at 21 May 2015.
- (iii) According to the letter No. Anu/21/3/1 other dated 16 June 2015 of the Kekirawa Divisional Secretary addressed to the Secretary to the Ministry It had been confirmed that the expenditure incurred up to that date was only Rs. 761,017.
- (iv) Out of the parts 01 to 07 totalling Rs. 6,094,543 of the estimate, extent of work performed is 12 per cent. Similarly out of the money provided the amount spent is 19 per cent. Accordingly, physical and financial progress relating to project performance was at a very low level.
- (v) An agreement had not been reached with the Kekirawa Pradeshiya Sabah with regard to signing an agreement or period for completion of work relevant to this contract .

(c) Electricity Supply to Ritigala Archeological Centre

A sum of Rs. 6,979,000 had been paid to the Ceylon Electricity Board during January 2014 for electricity supply to Ritigala Archeological Centre situated about 2.8 kilo meters away. Following observations are made in this connection.

- (i) According to the letter dated 30 December 2014 sent by the Ceylon Electricity Board, it had been informed that the cost of supplying electricity is Rs.6,333,912 and a balance of Rs. 645,087 is available. Action had not been taken to get back this balance amount even up to 30 June 2105.
- (ii) Although the relevant electricity supply had been completed by the Electricity Board in June 2015, obtaining electricity lighting to the Archeological Location had not been finalized as the work relevant to the electricity system in the building had not been carried out.

3.6 Losses and Damages

A Lap Top Computer valued at Rs. 115,000 which was in the custody of a departmental officer had been lost during December 2012. While a preliminary investigation had been carried out in this confection, a complete report in terms of Financial Regulation 104(4) had not been submitted even up to May 2015. It had been reported that the police investigations are in progress in this connection and that if the results of that are unsatisfactory, action will be taken to recover the value of Rs. 115,000 as pointed out in the Preliminary investigation report.

3.7 Human Resources Management

Approved and Actual Cadre

Cadre position as at 31 December 2014 was as follows.

	Category of Employees	Approved Cadre	Actual Cadre	Number of Vacancies
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(i)	Senior level	13	13	--
(ii)	Tertiary Level	03	02	01
(iii)	Secondary Level	47	34	13
(iv)	Preliminary Level	24	23	01
(v)	Others	04	02	02
		-----	-----	-----
	Total	91	74	17
		=====	=====	=====

Ministry had not taken action to fill 17 vacant posts as at the end of the year under review.

4. Head 207 – Archeological Department

4.1 Presentation of Accounts

Although the Reconciliation Statement as at 31 December 2014 relating to Item No. 20701 - Advances to Public Officer Account should be submitted to the Auditor General before 30 April 2015 in terms of Circular No. 238/2014 dated 04 November 2014 of State Accounts, it had been submitted to audit on 26 May 2015.

4.2 Non-maintenance of Registers and Books

Register of Vehicles had not been updated in terms of Financial Regulation 802 by the Department.

4.3 Budgetary Variance

Due to excessive provision made under 08 Objects, savings after utilization of provision were in a range between 20 per cent and 81 per cent of the net provision relating to those Objects.

4.4 General Deposits Account

Action in terms of Financial Regulation 571 had not been taken with regard to 25 Deposits totalling Rs. 8,456,333 that elapsed more than 02 years as at 31 December 2014.

4.5 Reconciliation Statement relating to Advances to Public Officers account

Out of the loan balances totalling Rs. 1,077,662 in arrears in arrears in arrears totalling Rs. 2,205,719 as at 31 December 2014 Follow up action relating to loan that had been outstanding for more than a period of 05 years, according Reconciliation statement relating to Item No. 20701 - Advances to Public Officer Account was at a weak level.

4.6 Good Governess and Accountability

4.6.1 Annual Procurement Plan

Annual Procurement Plan had not been prepared in terms of National Budget Circular No. 128 dated 24 March 2006.

4.6.2 Audit and Management Committee

Only one Audit and Management Committee Meeting had been conducted during the year under review.

4.7 Assets Management

Following lapses were observed in sample audit checks carried out with regard to the assets of the Department.

(a) Idle and underutilized

Following observations are made.

(i) Non-opening the Ranchamadama Museum

A sum of Rs.5.5 million had been spent for the construction of Ranchamadama Prehistoric Museum during the year 2011. The museum had not been opened even up to 15 June 2015 due to non-settlement of problems such as vesting the ownership of the land in favour of the Department, lack of electricity supply, building maintenance, access road and common amenities.

(ii) Suspension of Repair works of the Deegavapi Museum in Halfway

Estimates amounting to Rs. 385,033 and Rs. 1,186,320 had been approved during the year 2011 and 2012 respectively for reconstruction works of the museum building. Reconstruction works had been commenced at the end of the year 2012 and works had been suspended halfway after completion of repair works of the roof. The building and the roof timber were getting wet due to rains as a section of the roof completed had not been covered with top tiles even

up to May 2015. While 263 archeological goods had been kept unsecured in one of the rooms of the building, museum had been closed down since August 2011 due to incomplete repair works.

(b) **Conducting Annual Board of Survey**

Although the Board of Survey for the year 2014 had been carried out and those reports had been submitted to the Auditor General as at 31 March 2015 in terms of Public Finance Circular No. 02/2014 dated 17 October 2014 Board of Survey work of the Head Office, and Regional Offices/archeological goods belong to museums had not been carried out.

4.8 **Non-compliance**

Non-compliance with Laws, Rules and Regulations

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

Reference to Laws, Rules and Regulations	Value	Non-compliance
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	Rs.	
(a) Financial Regulations of the Democratic Socialist Republic of Sri Lanka -----		
(i) Financial Regulation 396(d)		Bank Reconciliation Statement relevant to the current account of the Jaffna Regional Archeological Office had not been prepared since April 2014.
(ii) Financial Regulation 756 and 757		Vehicle Survey to be carried out at the year end had not been conducted.

4.9 Weaknesses in Implementation of Projects

Instances abandonment of Projects without commencement, abandonment of Projects without completion and delays in Projects revealed in audit sample checks are shown below.

(a) Non-commencement of Projects

Following Projects had not been commenced during the year under review by the Department.

	Project	Estimated Cost	Due Date of Commencement	Reasons for not Commencing (Briefly)
	-----	-----	-----	-----
		Rs.		
(i)	Ambalanthota Valleypatanvila Gangaramaya	4,429,276	12.03.2014	Delay in approving the Project up to February 2015.
(ii)	Exploration around Kotte Kingdom area. Stage 2	196,665	01.10.2014	Non-performance of physical works due to rain
(iii)	Construction and Conservation of Veragoda Sthupha Building	255,900	21.01.2014	Non-receipt of Funds through Central Cultural Fund.
(iv)	Exploration in Documenting the Archeological locations and monuments in the Northern Province	131,679	03.03.2014	Savings, if any, to be utilized for the next stage.

(b) Delays in Performance of Projects

Although target dates had been mentioned in the Annual Action Plan for the following Projects, there had been delays according to the physical progress reports as shown below.

	Project	Estimated Cost	Date Commenced	date to be Completed	Financial Progress as at 31.12.2014	Physical Progress as at 31.12.2014	Reason for the Delay
	-----	-----	-----	-----	-----	-----	-----
		Rs.			Per cent	Per cent	
(i)	Conservation of Kirinda Puhulwella Purvarama Monastery	1,788,783	10.05.2014	07.10.2014	13	31	Non-receipt of full amount of estimates
(ii)	Maintenance of Mediliya Rest and Preaching Hall	2,620,380	24.07.2014	31.12.2014	14	50	Completed in 2015.
(iii)	Conservation of Kandy Water House	38,085,85	January 2014	December 2014	05	35	Inability in supply of required material .
(iv)	Making foot path in Nalanda Gedige Temple	509,000	01.05.2014	15.09.2014	42	31	Delay in making supplies by the Supplier.
(v)	Conservation of Sagama Dageba	1,599,500	20.02.2014	10.09.2014	02	40	Reasons not given.
(vi)	Steps nearby Situlpavuwa Cave Temple	271,205	10.09.2014	30.11.2014	-	35	Reasons not given

4.10 Performance

Observations with regard to the progress of the Ministry according to the Annual Budget Estimates for 2014 and Action Plan are shown below.

(a) Activities not Adequately Performed

It was observed in audit sample checks that activities which should be performed by the Ministry had not been performed. Few such instances are shown below.

(i) Non-commencement of Deegavapi Dageba Preservation Works

Following observations are made in this connection.

- The Secretary to the Ministry had informed to prepare a pre-plan with the assistance of intellectuals if necessary, having analyzed the parts of works to be completed from stage to stage, within a fixed timeframe for preservation of Deegavapi Dageba and submit that within a month, Vide his letter dated 05 September 2014. However, the relevant full plan had not been prepared even up to 15 June 2015.
- Although the wall around the Dageba which is about 18 feet in height had not been strong enough and about 95 per cent of it had been removed, preservation works had not been commenced immediately. Due to that, the Dageba had been fully uncovered causing risk of danger due to possible changes in weather conditions. In spite of the letter dated 24 December sent by the Assistant Director (East) drawing attention of the Director General in this connection, relevant preservation works had not been commenced even up to end of May 2015.
- While 377,000 bricks had been supplied to the work site incurring Rs. 6,032,000 for preservation works, certain quantity of bricks in lot numbers 04, 05 and heaps of bricks not numbered in various places were melted. According to the sample tests report relating to P.S.I. value carried out by National Building Research Institute, except 7825 bricks in Lot No. 1, it had been confirmed that the balance bricks were in conformity with the standard of Type II, Grade 2 of Specification SLS 39:1978. While entries in the stock books had been made without physical examination of bricks at the time of supplying bricks to the work site, the number of unsuitable bricks in the work site had not been calculated even after 06 month of supplying bricks.

(ii) Preservation of Neelagiri Dageba

While excavations of Neelagiri Dageba situated in Lahugala Reservation in Ampara District had been completed and Dageba encircling exceeding 600 feet and in a height of 21.4 meter had been unearthed, preservation works had been commenced during the year under review. Following observations are made in this connection.

- A full plan prepared indicating work to be performed in stages within a fixed time frame was not available for preservation of Dageba.

- As there was no strong wall around the Dagaba after unearthing through excavation, there was a possibility of causing damages due to changes in weather conditions in the absence of a proper preservation plan in operation.
- When about half of preservations works of Circular Sections of the Stupa had been completed, it had been stopped on 29 October 2014. Estimates for re-commencement of preservation works had not been approved even up to May 2015.
- In places where excavation works done around the Dagaba ground is getting swamped causing archeological treasures to go underground due to accumulation of water, a system to drain out water should have been made.

(iii) Preservation of Yudanganawa Dageba

Following observations are made in this connection.

- Orders had been placed for the supply of 418,803 bricks for preservation of Yudanganawa Dagaba at the rate of Rs. 16 per brick according to the decisions taken by the Departmental Procurement Committee on 07 May 2014 and 13 November 2014. However, the supplier had failed to supply 112,253 bricks ordered even up to June 2015.
- While 82 cement bags purchased during the year 2011 for preservation works had been out dated, 47 cement bags purchased on 01 December 2014 had not been used even as at 21 May 2015.

(iv) Delay in Repair Works of the Ehelepola Harem Palace in Ratnapura,

The Ehelepola Harem Palace, which is a two storied building situated near Ferguson Ladies College, Ratnapura, had been vested in the Archeological Department during the year 2010. Estimates for Rs. 2,847,610, Rs. 1,563,757 and Rs. 4,256,878 had been approved respectively, during the years 2011, 2012 and 2014 for repair works of this building. It had been proposed to perform these repair works through office of the Deputy Chief Secretary (Engineering Services) of the Sabaragamuwa Provincial Council during the year 2014. An expenditure estimate of Rs. 6,575,000 had been prepared by that office and a request had been made from the Department to sign a memorandum of understanding on 31 December 2014. Although a total sum of Rs. 6,572,000 as Rs. 1,064,220 on 28 July 2014 and as Rs. 5,507,780 had been given by the Ministry of National Heritage, preservation works of the archeological memento had not been

commenced, and entering into an agreement with the Office of the Engineering Services too had not been done.

(v) Preservation of Library Books and Photographs

Following observations are made.

- Out of valuable books in the library of the Head Office Premises, 2000, 3000 and 1000 books had been identified respectively, as very badly damaged, damaged to a certain extent and damaged to small extent. Although the necessity to preserve these books had been pointed out since the year 2001, it had not been fulfilled.
- Action had not been taken to Micro Film or Scan the “The Lorton Photo Album” containing 227 rare photographs taken centered upon ancient locations in Anuradhapura, Polonnaruwa, Sigiriya and Mihintale during the years 1868 and 1880 and information containing in other rare books, in order to preserve on behalf of the future generation.

(vi) Non-commencement of work of the Pre-historical Human Science Museum

It had been revealed in the reports of the Museums Section that close experience relating to various behavioral patterns of the pre-historical human beings, technology, creativity, position relating to plants, animals, geographical and environmental conditions as well as the ability to carry out research could be obtained through establishment of Pre-historical Human Science Museum in the field of Archeology. An estimate for

Rs.363,038 had been prepared for preparation of a plan for the construction of a two storied building and creation of exhibition compartments in order to construct this museum near Pahiyangala Cave in Bulathsinhala during the year 2007. Although 07 years had elapsed after preparation of construction plans, construction works had not been commenced due to problems relating to ownership of the land and financial provisions, although the boundaries of the land too had been marked during the year 2014.

4.11 Lapses in Operation of Bank Accounts

Balances to be adjusted

According to the analysis of the adjustments shown in the Bank Reconciliation Statements prepared by the Department for December 2014, three unidentified debit balances during January 2008 totalling Rs. 1,009,990 had not been settled even up to end of the year under review.

4.12 Transactions of a Contentious Nature

Issue of Fuel

Contrary to the Public Administration Circular No. 11/2006 dated 14 July 2006, 6071 litres of fuel had been obtained through fuel orders during the period March to October of the year under review by four offices, who are entitled to official vehicles in addition to the fuel allowances obtained by them.

4.13 Losses and Damages

A shortage of 19.90 cubes of sand valued at Rs. 113,430 was observed, out of the stock of sand purchased during the year 2014 for Deegavapi Preservation works.

4.14 Management Weaknesses

Following weaknesses were observed in the sample audit checks.

(a) Antiques Rewards Fund

Following observations are made.

- (i) Antiques Rewards Fund had been established under Section 46(i) of the Antiques Ordinance No. 09 of 1940 as amended by Antiques (Amendments) Act No. 24 of 1998. Fine imposed by courts in various regions had been added to this Fund. A sum of Rs. 64,105,390 accumulated during the period from the year 2010 to 31 December 2014 had been withheld in the Deposits account without being utilized for the objectives of establishing the Fund.

- (ii) Out of a sum of Rs. 6.45 million receivable to the Fund on account of fines imposed in the year 2010 relating to three cases filed in Kahatagasdigiliya Court by the Galenbindunawewa Police, only a sum of Rs. 1.45 million had been received to the Fund.

(b) Irregularities in Procurement Works in the Central Province

Irregularities had been revealed relating to the period from the year 2010 to 2012 in Procurement Works of the Regional Archeological Office in the Central Province. Although preliminary investigations had been carried out with regard to the irregularities, the Ministry had agreed to conduct a preliminary Investigation again on the basis of filing a case in courts against those preliminary investigations. Accordingly, charge sheets had been drafted against five officers based on the preliminary investigation carried out during the year 2014 and had been handed over to the Archeological Department on 11 March 2015. Although a period of 03 months had elapsed after handing over, it had been mentioned that originals or certified copies of the relevant documents are not available and charge sheets had not been handed over to the relevant officers even as at 15 June 2015.

(c) Construction of Alakeshwara Zonal Office and the Stores

Estimates had been prepared for a sum of Rs. 1,281,188 during the year 2013 for construction of a Zonal Office and the Stores Building in Kotte Alakeshwara Work Site. However, the construction works had not been commenced as the plan of the land is not possessed by the Department. Although the plan of the land had been obtained during the year under review, construction works had not been commenced as the approval of the Municipal Council had not been received for the building plan even up to 15 June 2015.

4.15 Human Resources Management

Approved and Actual Cadre

Cadre position as at 31 December 2014 was as follows.

Category of Employees	Approved Cadre	Actual Cadre	Number of Vacancies
(i) Senior level	52	11	41
(ii) Tertiary Level	56	26	30
(iii) Secondary Level	737	487	250
(iv) Preliminary Level	1,610	1,330	280
Total	2,455	1,854	280

Following observations are made.

- (i) Out of the 52 senior level posts including the Director, Deputy Director and Assistant Director relevant to Divisional Heads of the Department, 41 posts had been vacant even up to 31 December 2014.
- (ii) Although 44 posts of Technical Officers had been approved for the Department 21 posts out of those had been vacant even up to 31 December 2014.
- (iii) A sum of Rs. 136,558 was outstanding to be recovered on account of no pay / half pay leave obtained during the period in service from a lady officer of the State Management Assistants Service who had been interdicted.

5. Head 208 - National Museums Department

5.1 Budgetary Variance

Due to excessive provision made for 02 Objects, totalling Rs. 34,200,000 provisions amounting to Rs. 6,872,000 had been transferred to other Objects due to excessive provisions made. Balance after utilization of net provision, savings relevant to those Objects were in a range from 18 to 23 per cent of the relevant net provision.

5.2 Reconciliation Statement relating to Advances to Public Officers account

Follow up action relating to loan balances in arrears totalling Rs. 1,077,662 that had been outstanding for more than a period of 05 years, out of the loan balances in arrears totalling Rs. 2,205,719 as at 31 December 2014 according Reconciliation statement relating to Item No. 20701 - Advances to Public Officer Account was at a weak level.

5.3 Assets Management

Idle and Under-utilized Assets

Following observations are made.

The assessed value of upper floor in extent of 1209 square feet of the house consist of 02 floors, constructed which had been handed over in the year 2013 on the basis of an agreement entered into with the Sri Lanka Handicraft Board during the year 2011 was Rs. 9,430,200. The part of the building consists of 02 rooms not provided with household equipment remained underutilized even up to June 2015.

5.4 Performance

Activities not Adequately Performed

An estimate for Rs. 3,870,000 had been prepared for repairing the toilet system in the premises of the Kandy Museum during the year 2013 by the Buildings Department. This repair works had not been commenced during the year 2014.

5.5 Delayed Projects

The Department had failed to perform the following tasks which should be performed.

- (a) Sums amounting to Rs. 16,990,000 and Rs. 3,400,000 had been provided respectively to the Buildings Department during the year 2014 for repairing the museum building and the official quarters in the Kandy Museum. Although it had been notified that the Museum will be closed from 10 September to 31 December 2014, due to repairs, it had not been possible to open the Museum even up to June 2015 due to failure in finalizing the repair works.

- (b) While the Project for Construction of Skeleton Compartment of the Colombo Museum had been commenced on 30 May 2013, it was to be completed within 09 calendar months, but, period had been extended number of times. And last extension had been given up to 30 August 2014. It had not been possible to commence floor tiling works, until work relating to setting up the skeleton system of the whale and placement of other skeleton systems are finalized. Setting up skeleton systems had not been finalized even up to June 2015.

5.6 Transactions of Contentious Nature

The floor area in extent of 8000 square feet of the two storied building in the premises of the National Museum with the common amenities relevant to that had been leased out to the Sri Lanka Handicrafts Board for 10 years in order to carrying on a Museum Memorial Hall and a canteen on the basis of an agreement entered into on 10 August 2011. In the sample audit checks carried out with regard to the relevant lease agreement and activities of running Laksala, following lapses were observed.

- (a) While the old building where the carpentry section belongs to the Museum was established had been illegally acquired by the Sri Lanka Handicraft Board when modernizing the leased building situated in the premises of the Museum, it was in the hands of that institution even up to June 2015.
- (b) When erecting buildings according to the agreement entered into with the Laksala Establishment during the year 2011, the Victoria Statue which is an old monument of archeological value had been removed outside for erecting a security fence and it had been kept opened to the main road. Although it had been brought to the notice of the Laksala Establishment number of times that it would result problems relating to the security of the statue, to relocate it to the former position, it had not been attended to even up to June 2015.
- (c) Very ancient 07 carts for exhibition and 04 carts belong to Laksala for sale had been kept in the Carts Booth. Although the ownership of this booth is vested in the Museum, the key of that had not been handed over to the Museum. Maintenance works had been carried out by the Laksala Establishment. Although this building had been arranged as a sealed building utilizing glass, air condition machines were not in operation. Need to get sunlight and air as well as heat should be at a low level, those requirements had not been fulfilled.

Problems relating to responsibility and security had arisen due to keeping goods in one booth for different objectives of two institutions.

- (d) Although the two parties had agreed to amend certain clauses in the agreement entered into with the Laksala Establishment during the year 2011 (such as providing security and maintenance), it had not taken place even up to June 2015.
- (e) Door Locks of the textiles and clay goods compartment located in the upper floor of the Museum had been broken in the night of 16 November 2014. In spite of special security arrangement in operation after the theft took place in the Museum premises in 2012, this unauthorized access had taken place and the security section had failed to identify the person responsible for that even up to June 2015.

5.7 Losses and Damage

Following observations are made.

- (a) While the number of antique goods misplaced due to theft took place in the Colombo Museum on 16 March 2012 had been 221, value of those goods had been assessed as Rs. 4,440,140. While 94 items of goods in original position and, 57 items as parts of goods and stones had been found, other items of goods had been destroyed due to cutting and crushing. Court action had not been finalized even up to June 2015.
- (b) The left side part of the main staircase of the Colombo Museum had collapsed on 28 March 2013. As a result of that and due to repair works of the walls and roofs, some of the booths had to be closed and therefore only half of the entry fees had to be charged. Although the 219,161 numbers of visitors during the years 2012 had taken higher value of 250,333 visitors during the year 2014, the revenue of the Museum had come down Rs. 16,646,570 to Rs. 12,357,560.

5.8 Human Resources Management

Approved and Actual Cadre

Cadre position as at 31 December 2014 was as follows.

	Category of Employees	Approved Cadre	Actual Cadre	Number of Vacancies
(i)	Senior level	11	06	05
(ii)	Tertiary Level	04	01	03
(iii)	Secondary Level	119	71	48
(iv)	Preliminary Level	219	193	26
	Total	353	271	82

Following observations are made.

- (a) Department had failed to fill 82 vacant post as at the end of the year under review. Within these vacancies there were two posts of additional Directors, 03 posts of assistant Directors out of 06 posts and 05 posts of Superintendents of Museum out of 10 posts.
- (b) Although problem prevailed with regard to the security of the Museum on the basis of incidents such as theft of antique goods took place on 16 March 2012 in the Colombo Museum and unauthorized entry took place in the night of 16 November 2014, recruitments to the post of Chief Security Officer and the three posts of Security Assistants approved on 23 May 2013 had not been made up to 31 December 2014.

6. Head 209 - National Archives Department

6.1 Presentation of Accounts

Although the Reconciliation Statement relating to Item No. 20901 – Advances to Public Officers Account should be submitted to the Auditor General before 30 April 2015 in terms of Circular No. 238/2014 dated 04 November 2014 of State Accounts, it had been submitted to audit on 29 June 2015 after 02 months delay.

6.2 Budgetary Variance

Due to excessive provision made, balance savings after utilization of provision under 05 Objects were in a range between 27 per cent and 65 per cent of the net provision relating to those Objects.

6.3 General Deposits Account

Action in terms of Financial Regulation 571 had not been taken with regard to deposits amounting to Rs.9,645,433 that had elapsed over 02 years.

6.4 Advances to Public Officers Account

According to Reconciliation Statement relating to Item No. 20901 - Advances to Public Officers Account, as at 31 December 2014, the total of loan balances in arrears as at that date amounted to Rs. 290,039. Follow up action for recovery of those balances in arrears was at a weak level.

6.5 Assets Management

Following lapses were observed in sample audit checks carried out with regard to the assets of the Department.

(a) Idle and Underutilized Assets

Following observations are made.

- (i) Four Storied Building in extent of 6836 square meters had been constructed having spent a sum of Rs. 638,329,722 for the Department under expansion of buildings. That building had been opened during November 2012. The building had been underutilized due non-procurement of necessary furniture equipment, computer equipment and Mobile Racking System even up to June 2015.
- (ii) Three Micro Reader Machines had been purchased having spent a sum of Rs. 4,788,000 during October 2014. While there are 04 old Reader Machines belong to the Department as well, those had not been entrusted to officers who had received training to operate those machine or to a responsible officer.
- (iii) A Scanner Machine had been purchase having spent a sum of Rs.2,757,000 on 31 December 2014. While there is an old machine belongs to the Department, had not been entrusted to officers who had received training to operate those machine or to a responsible officer.

(b) Conducting Annual Board of Survey

Although the Board of Survey for the year 2014 should be carried out and those reports should be submitted to the Auditor General before 17 March 2015 in terms of Public Finance Circular No. 02/2014 dated 17 October 2014; those reports had not been furnished to audit even as at 30 June 2015.

6.6 Non-compliances

Non-compliance with Laws, Rules and Regulations.

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

Reference to Laws, Rules and Regulations	Non-compliance
(a) Financial Regulations of the Democratic Socialist Republic of Sri Lanka	
(i) Financial Regulation 396(d)	Bank Reconciliation Statement relevant to the current account of the Jaffna Regional Archeological Office had not been prepared since April 2014.
(ii) Financial Regulation 756 and 757	Vehicle Survey to be carried out at the year end had not been conducted.
(b) Public Enterprises Circulars	
Paragraph 8 of Circular No. 96 dated 16 August 1994.	A proper control account had not been maintained with regard Advance Accounts.

6.7 Performance

Following observations are made with regard to the progress of the Department according to the Budget Estimates and Action Plan for the year 214.

(a) Activities not Adequately Performed

The Central Engineering Consultancy Bureau had been assigned the function of providing consultancy service with regard to the purchase of 285 items of furniture equipment, 105 computer items and Mobile Racking System required for the entire four floors for various sections in the new building premises. A sum of Rs. 12.5 million (with Value Added Tax) being 50 per cent of 6 per cent consultancy fee of the total estimated amount of Rs. 373.5 million had been paid on 04 July 2014. However, at least the advertisement calling for bids relevant to purchase of equipment had not been published even as at 30 June 2015.

(b) Planning

Failure to Comply with the Annual Action Plan

Following instances of non-compliance with the Action Plan were observed.

- (i) Although it had been planned to preserve 36 volumes of supra records, only 21 volumes of supra records had been preserved during the year 2014.
- (ii) Although exhibition targets had been achieved under the Programmes for Exhibitions and Schools Awareness Programmes, 02 programmes for Awareness had not been implemented in selected districts.
- (iii) While 380 volumes of voters' lists in Colombo District had been scheduled to be numbered, only 228 voters' lists had been numbered.
- (iv) The expected number of documents to be combined under Combination of Government Documentation had not been shown on quantitative basis in the Action Plan of the year 2014. Therefore it was not confirmed whether the expected targets had been achieved during the year.

6.8 Lapses in Operation of Bank Accounts

Following observations are made.

(a) Balances to be adjusted

Information revealed according to the analysis of the adjustments shown in the Bank Reconciliation Statements prepared by the Department for December 2014 are shown below.

Details relating to Adjustments	Age Analysis			Total
	More than 06 months and less than 01 year	More than 01 year and less than 03 years	More than 03 years	
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	Rs.	Rs.	Rs.	Rs.
(i) Unrealized Deposits	1,377	231,061	69,409	301,847
(ii) Cheques issued, but not Presented for payment	118,111	1,050,443	842,508	2,011,062
(iii) Unidentified Debits	1,155,208	1,183,848	1,791,293	4,130,349
(iv) Unidentified Credits	121,455	2,402,204	1,022,313	3,545,972

(b) **Bank Transactions not Corrected**

Bank transactions not corrected, pointed out in the report for the preceding year as well were observed in the preparation of bank reconciliation statements as at 31 December 2014 too.

- (i) The total 2 cheques issued during the years 2011 and 2012, but not presented for payment to the bank amounted to Rs. 681,594.
- (ii) Value of a cheques deposited during the year 2013, but not realized was Rs. 152,900.
- (iii) The total of 13 un-identified payments during the period from the year 2008 to 2013 amounted to Rs. 4,007,628.
- (iv) The total of 6 un-identified receipts during the period from the year 2010 to 2013 amounted to Rs. 3,273,322.

6.9 Management Inefficiencies

Following Inefficiencies were observed in audit sample checks.

- (a) A sum of Rs. 1,383,000 had been spent respectively for printing of 500, 1000 and 500 copies of three books, Alphabetical Index, Dutch Sinhalese Dictionary and Dutch Political Council which had been printed during the year 2013. While the sale of these books after expiry of two years had been at a lower level as less than 25 per cent, balance stock of books by June 2015 had been 392, 870 and 378 respectively, while printing cost of the balance stock of books was Rs. 1,115,520.
- (b) While 1000 copies of the book, "Sri Lanka Reflection of History" had been printed at the end of the year 2013, in connection with the opening function of the new building of the Archives Department, out of that 522 books printed at a cost of Rs. 520,643 were in the balance stock by July 2015.
- (c) Value of 3126 copies of books of 05 categories in a low level in sales included in the stocks of books during the years 2011 and 2012 was Rs. 2,061,628. There were 192 and 1426 copies of books of another two categories which were in un-saleable condition in the balance stock.

7. Human Resources Management

Approved and Actual Cadre

Cadre position as at 31 December 2014 was as follows.

Category of Employees	Approved Cadre	Actual Cadre	Number of Vacancies
(i) Senior Level	06	03	03
(ii) Tertiary Level	41	09	32
(iii) Secondary Level	133	53	80
(iv) Preliminary Level	74	50	24
Total	254	115	139

Following observations is made.

Department had failed to fill 139 vacant posts as at the end of the year under review. While more than half of the approved cadre had been vacant, a number of essential departmental posts too had been vacant.