

Report of the Auditor General on Head 207- Department of Archeology - Year 2016

The audit of the Appropriation Account and the Reconciliation Statements including the financial records, books, registers and other records of the Department of Archeology - Head 207 for the year ended 31 December 2016 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 Director General of the Department on 09 January 2018. 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 Reconciliation Statements

The Chief Accounting Officer and the Accounting Officer are responsible for the maintenance, preparation and fair presentation of the Appropriation Account, Revenue 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 Public Finance and Administrative Regulations. This 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

(a) Total Provision and Expenditure

The total net provision made for the Department amounted to Rs. 1,038.99 million and out of that Rs.1,002.66 million had been utilized by the end of the year under review.

Accordingly the savings out of the net provision made for the Department amounted to Rs.36.33 million and represented 3.5 per cent of the net provision. Details are given below.

Expenditure -----	As at 31 December 2016			Savings as a percentage of Net Provision -----
	Net Provision ----- Rs. Millions	Utilization ----- Rs. Millions	Savings ----- Rs. Millions	
Recurrent	873.49	872.15	1.34	0.15
Capital	165.50	130.51	34.99	21.10
Total	1,038.99	1,002.66	36.33	3.50

(b) Utilization of Provisions given by Other Ministries and Departments

The Central Cultural Fund had made available provisions totalling Rs.115.07 million to the Department for various activities and out of that Rs.19.79 million only had been utilized, thus a sum of Rs.95.28 or 83 per cent had been saved.

2.2 Advances to Public Officers Account

Limits Authorized by Parliament

Limits Authorized by Parliament for the Advances to Public Officers Account item No.20701 of the Department and actual amounts are shown 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
55.0	41.17	31.00	36.39	160.00	98.19

2.3 Imprest Account

Balance of the Imprest Account No.7002/0000/00/0150/0016/000 of the Department as at 31 December 2016 amounted to Rs.1.02 million.

2.4 General Deposit Account

The balances of 02 General Deposit Accounts of the Department as at 31 December 2016 totalled Rs. 178.79 million. Details appear below.

Deposit Account Number	Balance as at 31 December 2016
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	Rs.Million
6000/0000/00/0013/119/000	177.33
6000/0000/00/0016/109/000	1.46

Total	178.79
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2.5 Audit Observation

According to the Financial Records and Books for the year ended 31 December 2016, it was observed that subject to the audit observations appearing in paragraph 1.1 of the Management Audit Report, the Appropriation Account and the Reconciliation Statement of the Department have been prepared satisfactorily. The material and significant observations out of the audit observations included in the same in Management Audit Report appear in paragraph 3 herein.

3. Material and Significant Audit Observations

3.1 Non-maintenance of Registers and Books

The Department had not maintained the Register of handing over Cheques properly and the Inventory had not been maintained in the proper and updated manner.

3.2 Lack of Evidence for Audit

It had been reported that, more than 700 Rajamaha Viharas and 600 Ancient Viharas which have been existed or believed as existed during a period of more than hundred years are seen in Sri Lanka at present in terms of Section 16(1) of the Antiquities (Amendment) Act, No.24 of 1998.

Among those Viharas , the addresses and names of the Rajamaha Viharas and Ancient Viharas which are published in the gazette as archeological places by the Department of Archeology as yet had not been presented to audit.

Eg: Gold plated Standing statue of Buddha and Sitting statue of Buddha in the Nagolla Rajamaha Vihara situated at Dhammapala Mawata ,Kurunegala.

3.3 Appropriation Account

3.3.1 Budgetary Variance

The following observation is made.

Excess provision had been made for 5 Objects and as such the savings, after the utilization of provisions, ranged between 25 per cent to 100 per cent of the net provisions relating to the respective Objects.

3.3.2 Utilization of Provisions made available by other Ministries and Departments

The following observations are made in this connection.

- (a) A Deposit Account number had not been obtained from the Department of Treasury Operations for the Archeology Heritage Management Fund for maintenance and management of the archeological places in terms of the Cabinet Memorandum No.11/0169/555/004 dated 2 February 2011. As such, the money issued directly to the Department of Archeology for various activities by the Central Cultural Fund without a proper methodology had been credited to the General Deposit Account of the Department.
- (b) A proper methodology in a manner to compare separately the money credited to the main Account of the Department of Archeology from the Central Cultural Fund as well as other Private and Government Institutions for the archeology conservation activities, had not been followed.
- (c) A sum of Rs.115.07 million had been received to the Department from the Central Cultural Fund during the year 2016 and it had been informed in written as work of all projects completed by the end of the year 2016 and action should be taken for reach the financial and physical progress to the level of 100 per cent . However, it was observed that the financial progress of that Project represented 17 per cent and the physical progress was at a level of less than 50 per cent due to only a sum of Rs.19.79 million out of that money had been spent at the end of the year 2016 .

3.4 Imprest Account

According to the Treasury Computer Note as at 31 December 2016, the balance of the Imprest Account amounted to Rs.1,017,426 and the balance according to the Departmental Books amounted to Rs.188,348. Accordingly, a difference of Rs.829,078 was observed.

3.5 General Deposit Account

Action in terms of Financial Regulation 571 had not been taken on 04 deposits older than 2 years amounting to Rs.507,332.

3.6 Reconciliation statement of the Advances to Public Officers Account

The following deficiencies were observed during the course of test checks of the Reconciliation Statement as at 31 December 2016 relating to the Advances to Public Officers Account Item No. 20701.

- (a) The loan balances recoverable from the officers who retired and deceased as at 31 December 2016 amounted to Rs.1,335,171 and out of that a sum of Rs.125,844 had been remained outstanding from 15 years. The value of unsettled loan balances between 1 year to 3 years amounted to Rs.343,082 and actions had not been taken in terms of Sections 4.1, 4:2:2, 4:2:3 and 4:3 of the Chapter XXIV of the Establishments Code in respect of the recovery of those loans.
- (b) Failure to recovery of the distress loan balances amounting to Rs.68,301 from an officer who proceeded abroad in the year 2005 due to action had not taken according to Section 3.18.1 of the Chapter XXIV of the Establishments Code .
- (c) The loan balances recoverable from the Officers who interdicted as at 31 December 2016 totalling Rs.750,893 and out of that a sum of Rs.358,146 remained outstanding over a period of six years .

3.7 Good Governance and Accountability

3.7.1 Internal Audit

The Post of Internal Auditor had been vacant from 14 September 2016 and an adequate internal audit had not been carried out due to an adequate trained staff had not been attached.

3.7.2 Audit and Management Committee

The Department had participated only 3 sessions of Audit and Management Committee Meetings which had been summoned by the Ministry in the year 2016.

3.8 Non-Compliances

Non-Compliance with Laws, Rules and Regulations, etc.

Instances of non-compliance with laws, rules and regulations observed at audit test checks are analyzed below.

	<u>References to Laws, Rules and Regulations</u>	<u>Value</u>	<u>Non-compliance</u>
(a)	Financial Regulations of the Democratic Socialist Republic of Sri Lanka Financial Regulation 633	0.12	When printing of books and publications at Private Presses by the Department, the authority of the Secretary to the Ministry should be obtained in that connection. However, action had not been so done.
(b)	Establishments Code of the Democratic Socialist Republic of Sri Lanka Sections 1.1 and 1.4 of Chapter XXXIII	89.08	Even though the Attorney-General's advice and opinion should be obtained on the legitimacy of the Agreement before signing of Agreements with outside parties, actions had not been so done before signing of the Agreement relating to the consultancy fees of the Rajagala Project.

- (c) Paragraph 2 of the Public Finance Circular No.02/2012 dated 07 August 2012. 323.89 In the preparation of estimates for the procurement of goods ,work and services of the Public Sector , all Public Institutions should be responsible to prepare the total cost estimate as possible as accurate considering all matters relevant to the procurement. However, the estimate of Rajagala Project in the year 2012 amounted to Rs.89,082,512 , it had been increased by 263 per cent up to Rs.323,897,542 in the year 2016.
- (d) Policies and procure rules for the use of information technology in public sector issued by the Information and Communication Technology Agency of Sri Lanka.
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- (i) Guideline 010203 As the web -site maintained by the Department of Archeology had not been up dated, about 802 archeological monuments which has been published in the gazette after 30 December 2012 had not been shown in the web-site.
- (ii) Guideline 010405 The Archeological Protected Monument Register which was furnished for the audit had not been prepared by Sinhala Unicode.
- (iii) Guideline 010201 Even though the Archeological Protected Monument Register should be maintained in three languages of Sinhala ,Tamil and English, when downloading from the Archeological Web-site, the Archeological Web Page had been maintained only in Sinhala language.

(iv) Guideline 010802

Even though the connection should be received by the Governments gov.lk for the Archeological Protected Monuments Register and Registers of the Archeological Reserves , it had not been so done.

(e) Section 33 of the Antiquities Amendment Act, No. 24 of 1998

A Register of Archeological Reserves which was published by Gazettes had not been shown in the Archeological Web -site

3.9 Implementation of Projects Under Domestic Financing

The following observations are made.

(a) Delays in the implementation of Projects

(i) A sum of Rs.3,299,975 had been granted in the year 2014 from the Central Cultural Fund for the conservation of the paintings in the Conservation Project of Len Vihara at Dambulla. Even though those activities should be completed by 31 December 2015, according to the files ,it was observed that the financial progress and the physical progress were 42 per cent and 83 per cent respectively even by 31 December 2016. Accordingly, an unusual delay of the completion of the Project was observed.

(ii) It was observed that the physical progress of 23 Projects which were commenced by the provisions provided by the Central Cultural Fund was less than 50 per cent as at 31 December 2016.

(b) Non-commencement of Projects

Despite the provisions received during the year 2016 to the Department, 28 Projects valued at Rs.34,502,088 had not been commenced. Even though, only 12 Projects of that had been commenced in the year 2017 , 16 Projects had not been commenced even by 31 December 2017.

Key Functions not Adequately Performed

The Department had not performed the key functions adequately and the deficiencies observed accordingly relating to archeological places are given below.

- (a) It was observed that delimitation had not been carried out and boundary posts had not been placed in 259 archeological places and the number only in Jaffna District was about 79.
- (b) Fifty two unregistered archeological places had been reported and there were about 54 archeological places which were not published in the gazette .
- (c) It was observed that 50 unexplored archeological places existed and it had been reported that archeological reserves and 119 archeological places had been destroyed due to un authorized occupancy. Activities such as un authorized cultivations ,unauthorized constructions , unauthorized occupancies had been caused in this connection. However, legal actions had not been taken in each instances.
- (d) Due to the activities such as illegal mining done by the looters, constructions and maintaining quarries in archeological places , 92 archeological places had been destroyed. However, adequate action had not been taken for the control of that condition.
- (e) It was reported that about 186 archeological places which has been identified as archeological places but not registered as reserves and monuments and boundary posts not placed ,existed in the Ampara District. Targeted plans had not been prepared to publish those places in the Gazette as archeological places by placing protected polls .
- (f) As the employees deployed for the protection of archeological monuments and archeological reserves were not adequate from the staff available in the Department , it had been decided to deploy 200 soldiers of Civil Defense Force . However, only 105 soldiers had been deployed for the Western Province and other 06 Districts .
- (g) According to the Information Calling Letter referred by audit on 31 October 2016, the information on the encroaching of archeological places relating to the Polonnaruwa and Vaunia Districts had not been submitted.

(h)Details relating to the key function not adequately performed are given below.

Province/ District	No.of Archeological Places which the boundary posts not placed and delimitation not done	No.of Un registered Archeological Places	Archeological Places which were not published in the Gazette	Archeological Places not explored	Archeological Places which an unauthorized occupancies reported	Damages made for the Archeologic al monuments	Identified Archeological Reserves which the explorations not made as yet.
North							
Jaffna	79	-	15	-	03	01	-
Kilinochchi	18	15	15	15	-	-	-
Mannar	18	-	-	-	02	02	-
East							
Batticoala	-	05	05	05	-	05	-
Ampara	-	-	-	-	25	22	186
North Central							
Anuradhapura	38	-	03	-	04	25	-
Central							
Kandy	06	-	-	-	03	-	-
Nuwaraeliya	05	-	-	-	-	-	-
Matale	25	-	-	02	05	-	-
South							
Hambantota	11	01	-	11	06	07	-
Galle	-	-	-	-	21	02	-
Matara	-	-	-	-	-	04	-
Uva							
Monaragala	29	16	16	09	22	09	-
Wayamba							
Puttalam	02	-	-	02	04	-	-
Kurunegala	10	-	-	-	13	15	-
Sabaragamu							
Wa							
Rathnapura	18	-	-	06	11	-	-
Total	259	37	54	50	119	92	186

3.11 Deficiencies in the Operation of Bank Accounts

(a) Preparation of Bank Reconciliations

Bank Reconciliations Statement had not been prepared after June 2014 even by 31 December 2017 by the Regional Archeological Office at Jaffna .

(b) Balances for Adjustment

The following observations are made according to the analysis on the adjustment shown in the Bank Reconciliation Statement prepared for the month of December 2016 by the Department.

- (i) The value of cheques issued exceeded 6 months amounted to Rs.2,138,901 and action had not been taken in terms of Financial Regulation 396 in that connection.
- (ii) Action had not been taken even by 30 June 2017 on the examination and settlement of the deposits amounting to Rs.914,802 exceeded 6 months and unrealized, which were shown in the Bank Reconciliation Statement as at 31 December 2016.
- (iii) Even though a sum of Rs.1,162,963 had been shown as un identified payments in the Bank Reconciliation Statement as at 31 December 2016 , action had not been taken to settle those balances even by 20 February 2017.
- (iv) Even though a sum of Rs.5,856,631 had been shown as un identified deposits in the Bank Reconciliation Statement as at 31 December 2016 , action had not been taken to examine and settle those balances.

3.12 Irregular Transactions

It was observed that a sum of Rs.1.68 million granted to the Ceramics Corporation from the General Deposits Account , 3 cheques valued at Rs.11.83 million wrote to the Ritigala Provincial Engineering Office and a Private Supplier from the Expenditure Head and the value of those had been reported fraudulently as the expenditure of the Appropriation Account and the General Deposit Account for the contracts which the relevant work had not been completed actually on 31 December 2016.

3.13 Human Resources Management

 Approved Cadre and the Actual Cadre

The position of the cadre as at 31 December 2016 was as follows.

Category of Employees	Approved Cadre	Actual Cadre	Number of Vacancies
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(a) Senior Level	53	10	43
(b) Tertiary Level	56	35	21
(c) Secondary Level	812	466	346
(d) Primary Level	1555	1345	210
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Total	2476	1856	620
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The following observations are made

- (a) Vacancies existed in 43 posts out of the 53 Senior Level Posts in the Department , had been caused to the degradation of the performance of the Department.
- (b) Posts of Additional Director General, Legal Officer, 8 posts of Directors, 16 Technical Officers ,01 Planning Officer and 8 Archeological Copywriters were vacant and although requests had been made for the revision of the Recruitment Procedure for those posts, those Posts were vacant due to the delay of obtaining approval.
- (c) Even though information had been made to the Ministry of Public Administration and Management in the year 2015 as fill the vacancies of 62 Development Officers, 01 post of Librarian, 11 posts of Information Technology Technical Assistants and 12 posts of Public Management Assistants existed before the year 2015 and it had been informed to the Ministry of Public Administration in the year 2015 as fill those vacancies, action had not been taken to fill those vacancies.
- (d) Even though 75 posts of Technical Assistants had been approved by 18 March 2016, even the initial steps of the recruitments had not been commenced at the end of the month of October 2017.
- (e) Approval had been received on 09 December 2016 for the recruitment of 30 posts of Excavation and Museum Technician,07 posts of Conservation Technician, 02 posts of inscriptions collectors ,29 posts of masons, 04 posts of Carpenters, 01 post of planning printer, 03 posts of Bungalow Keeper ,05 posts of Chief Security . Although it had been informed as the initial work is being carrying out as at 23 November 2017, the recruitment had not been made at present.
- (f) Despite action taken for the conduct of Limited Competitive Examination for the Departmental post of Deputy/Assistant Director (SL-1), the examination postponed indefinitely due to a case filed by the officers of the Department belonging to the service category of MN-04 in the Supreme Court.