

Report of the Auditor General on Head 208 -Department of National Museums - 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 National Museums -Head 208 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 of the Department on 28 December 2017. 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 Responsibility 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 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 Account

Total Provision and Expenditure

The total net provision made for the Department of National Museums amounted to Rs. 337.79 million and out of that Rs. 333.76 million had been utilized by the end of the year under review. Accordingly, the savings out of the net provision of the Department amounted to Rs. 4.03 million represented 1.2 per cent of the net provisions. Details are given below.

| Expenditure | As at 31 December 2016 | | | Savings as a percentage of Net Provisions |
|--------------|------------------------|---------------|--------------|--|
| | Net Provision | Utilization | Savings | |
| | Rs. Millions | Rs. Millions | Rs. Millions | |
| Recurrent | 159.87 | 157.85 | 2.02 | 1.3 |
| Capital | 177.92 | 175.91 | 2.01 | 1.1 |
| Total | 337.79 | 333.76 | 4.03 | 1.2 |

2.2 Advances to Public Officers Account

Limits Authorized by Parliament

The limits authorized by Parliament for the Advances to Public Officers Account No.20801 of the Department and the actual values are given below.

| Expenditure | Receipts | | Debit Balance | |
|---------------|--------------|---------------|---------------|---------------|
| | Actual | Minimum Limit | Actual | Maximum Limit |
| | Rs. Millions | Rs. Millions | Rs. Millions | Rs. Millions |
| Maximum Limit | 13.00 | 6.00 | 7.79 | 45.00 |
| Actual | 12.90 | | | 32.19 |

2.3 Imprest Accounts

The balance remained as at 31 December 2016 in the Imprest Account No.7002/0000/00/0149/0016/000 of the Department was amounted to Rs. 9.3 million .

2.4 General Deposit Account

The balances of the 03 General Deposit Accounts of the Department as at 31 December 2016 amounted to Rs.4.77 million. Details appear below.

| Deposit Account Number | Balance as at 31 December 2016 |
|----------------------------|-----------------------------------|
| ----- | ----- |
| | Rs. |
| 6000/0000/00/001/0123/000 | 65,000 |
| 6000/0000/00/0016/0119/000 | 4,591,456 |
| 6000/0000/00/0002/0172/000 | 110,439 |
| | ----- |
| Total | 4,766,895 |
| | ===== |

2.5 Audit Observation

The Appropriation Account and the Reconciliation Statements of the Department of National Museums for the year ended 31 December 2016, 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 audit test checks that the Department had not maintained the Appropriation Vote Ledger of the Department in terms of Financial Regulation 447 in the proper and updated manner.

3.2 Imprest Account

The following observation is made in this connection.

Even though according to the Treasury Computer Printouts, the debit balance of the Imprest Account as at 31 December 2016 amounted to Rs.9,282,458, a balance had not been shown in the Appropriation Account according to the Treasury Printouts or the Departmental books.

3.3 **Reconciliation Statement on Advances to Public Officers Account**

The following deficiency was observed at the audit test check carried out in respect of the Reconciliation Statement on Advances to Public Officers Account Item No. 20801 as at 31 December 2016.

According to the Departmental books ,the entire debits of the Reconciliation Statement on Advances to Public Officers Account totaled Rs.13,654,282 and according to the Treasury Computer Printouts ,the entire debit during the year totaled Rs.14,096,713 .Accordingly, a difference of Rs.442,431 was observed.

3.4 **Assets Management**

The following deficiencies revealed at the audit test checks carried out in respect of the assets in the Department.

(a) **Conducting Survey on Artifacts**

Even though a survey on artifacts in the Colombo Museum had been carried out , the reports had not been furnished to audit. However, a survey on artifacts in Regional Museums had not been carried out even by 30 June 2017.

(b) **Utilization of Assets not Vested**

The lands 4,9282 hectares in extent which the Colombo National Museum and Ruhunu Uruma Museum at Magampura situated, had not been vested to the Department even by 30 June 2017. Further, action had not been taken to obtain plans and vest the lands which the Marine Museum at Galle ,Galle National Museum and the Dutch Museum situated .

3.5

Implementation of Projects under Domestic Financing

Delays in the execution of Projects

Instances on delays in the execution of Projects revealed during the audit test checks are given below.

- (a) The contract of the construction of the Fire Alarm system in the National Museum had been granted at a sum of Rs.17,968,550 without tax to a Private Company situated in Colombo on 14 October 2015 . Even though agreements had been entered into complete the constructions on 14 January 2016 , it had been failure to complete the work even at the end of September 2017 and handed over to the National Museum.
- (b) The construction of the new toilet system in the Museum at Rathnapura had been handed over to the Regional Engineering Office in the Sabaragamuwa Provincial Councils. The Regional Engineering Services Office had prepared the estimates and approval obtained on 19 November 2014. A sum of Rs.1,858,000 had been paid to the Regional Engineering Services Office of the Sabaragamuwa Provincial Councils in three instances by the Department of National Museums. However, that work had not been completed even by September 2017.

3.6

Deficiencies in operating Bank Accounts

The following observations are presented.

- (a) Action in terms of Financial Regulation 396 had not been taken in respect of 6 cheques valued at Rs.130,162 not presented to the Bank, which had been remained a period of one year by 31 December 2016.
- (b) Ten cheques valued at Rs.27,495,771 wrote in the name of Sate Engineering Corporation and a private contractor and those had not been handed over to the relevant Institutions and had been remained even by May 2017. It was observed that despite the work relating to that payments had not been fulfilled actually, those cheques wrote and the values of those cheques had been reported erroneously in the Appropriation Account as expenses .

3.7 **Transactions of Contentious Nature**

Matters revealed at the audit examination carried out in respect of renting out the buildings belonging to the Department to the outside parties are given below.

(a) **Leasing out the Old Canteen Building**

- (i) The Old Canteen Building about 8000 square feet in extent and belonging to the Department of National Museums had been handed over to the Laksala at a monthly rent of Rs.25,000 for maintaining a Laksala gifts and souvenir sales centre .However, the Government Valuer had reported that the monthly rent of that building as Rs.801,000 and as such the rental income for the year 2016 had been under recovered by Rs.9,312,000.
- (ii) An area about 500 square feet in extent of that building had been sub-leased to a private Company under a monthly rent of Rs.100,000 and a rent of 7.5 per cent to 25 per cent on the increasing turnover of that Institution for maintaining a restaurant by the Laksala contrary to the agreements and conditions.

(b) **Leasing out the Canteen at Colombo Museum**

Even though the canteen belonging to the Department of National Museums had been leased to an outside party at a monthly rent of Rs.16,000 by the Welfare Society , only a monthly rent of Rs.6,000 to the income of the Department and the remaining amount of Rs.10,000 had been credited to the income of the Welfare Society instead of the total income being credited to the income of the Department.

3.8 **Losses and Damage**

The following matters were observed at the audit test checks carried out.

- (a) While the number of artifacts 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 valuable stones had been found, other items of goods

had been destroyed. The Acting Director General of the Museums had informed to audit that , those items of goods are in the Court as Court Productions even by June 2017.

- (b) Estimate of Rs.1,079,000 made and had been approved in the year 2013 by the Sabaragamuwa Provincial Engineering Services Office by identifying the repairing of the Museum Keeper's official quarters situated at Rathnapura Museum. Even though 04 years elapsed from the preparation of estimates, this building had not been repaired and was being decayed by July 2017. However, provisions had not been allocated for the repairing in the year 2017.

3.9 Management Weaknesses

The following weaknesses observed during the course of audit test checks.

- (a) The Cabinet Memorandum No.14/1269/555/010 dated 29 August 2014 had been presented with a view to create a new Act, in accordance with the present and future requirements of Sri Lanka by breaching the National Museums Ordinance No.31 of 1942. According to the Orders made after the discussions, the revisions made by the Attorney General's Department and completed by 07 July 2015. As a result of non-completion of the task of passing the new Act even by the month of May 2017, the restructuring activities of the Department as suitable for the present and future requirements had been delayed.
- (b) The repairing work of the main building and the building called Pita Geya in the Rathnapura Museum had been handed over to the Engineering Services Office of the Sabaragamuwa Province. The estimate of Rs.5,771,000 approved in this connection and had been presented to the Department of Museums on 26 October 2015. Even though the total amount of Rs.5,771,000 had been paid to the Engineering Office in the year 2015 , repairing had been made only in the Pita Geya building at a cost of Rs.1,949,194. However, it was observed that the same repairing also at a very weak level.
- (c) The backup of the CCTV system of the Colombo Museum is connected with only one place at the server and the fire extinguishers also had not been fixed at that place.
- (d) It was observed at audit that the huts built by using roofing sheets at the boundary area which the carpenters shed situated are used by the outsiders.
- (e) Even though more than 800 visitors including students come to visit the Museum per day, the minimum facility for having food in the canteen had not been available there. Therefore, it was observed at the spot audit test carried out on 08 March 2017 that the visitors had to consume foods on the grass.

(f) **Deficiencies Existed in the Library**

The following observations are made.

- (i) It was observed at audit that a delay in computerizing the books in the Library has been occurred. It was revealed at audit examination carried out on 08 March 2017 ,although the number of books more than 100 pages which had been entered in the Acquisition Register of the Library was 162,620 and the number of books less than 100 pages was 40,338, out of that the number of books computerized was 35,457 .
- (ii) The maintenance and required repairing of the Library had not been carried out from many years.
- (iii) Even though a CCTV Camera system had been established inside and outside of the Library, it had not been connected with the observation gallery.
- (iv) The necessary computers for the use of the readers such as 80 Ola Books , 15 rare books and gazettes in the years 1924-1925 which had been digitalized and received for the library at present , had not been established.

(g) **Deficiencies in the Conservation Division of the Colombo Museum**

A Fire Alarm System and a CCTV Camera System had not been fixed in the Conservation Division.

(h) **Deficiencies in the Publication Division**

- (i) Even though all books and publications printed should be registered at National Library and Documentation Service for obtaining the ISBN numbers according to the Internationally accepted methodology ,the publications printed in the Publications Division of the Museum had not been registered accordingly.
- (ii) The price and Bar code had not been mentioned in the books issued by the Publications Division. It was observed at audit that the same publications could have been sold at a higher price by the Institutions which those publications are sold again according to that reason.

3.10 **Human Resources Management**

Approved Cadre and the Actual Cadre

Cadre position as at 31 December 2016 was as follows.

| Category of Employees | Approved Cadre | Actual Cadre | Number of Vacancies |
|------------------------------|-----------------------|---------------------|----------------------------|
| Senior level | 15 | 06 | 09 |
| Tertiary Level | 04 | 02 | 02 |
| Secondary Level | 123 | 72 | 51 |
| Preliminary Level | 258 | 190 | 68 |
| | ---- | ----- | ---- |
| Total | 400 | 270 | 130 |
| | == | == | == |

The following observations are made in this connection.

- (a) Even though the staff existed in the Library was 07, only 04 persons had been deployed at present. Accordingly, action had not been taken since many years to fill the 3 vacancies existed. In the entering of books which received from the Department of Archives to the Acquisitions Register, a delay period of nearly two years had been reported. As such, it was observed that nearly two years period would be spent to use those books.
- (c) Even though problems in the security of the Colombo Museum were existed on the incidents such as theft of artifacts took place in the Colombo Museum on 16 March 2012 and the intrude occurred on 16 November 2014 at night, the post of Chief Security Officer, 06 posts of Curator out of 10 posts, 05 posts of Security Assistants which had been approved on 23 May 2013 were vacant by 31 December 2016.
- (d) Even though two Technical Officers included in the approved cadre, those vacancies had not been filled even up to date. As such, it has to be maintained the technical works of the CCTV Camera system under the supervision of the officers of the Company who installed the system.