

Head 207 - Report of the Auditor General of the Department of Archeology - Year 2017

The Appropriation Account and the Reconciliation Statement under Head and Item Number stated in the First Schedule and Third Schedule of the Appropriation Act No. 24 of 2016 as amended by the Appropriation (Amendment) Act No. 32 of 2017 were presented to audit by the Department of Archeology. The financial and physical performance reflected from those accounts and the reconciliation statement were audited in terms of Article 154 (1) of the Constitution of the Democratic Socialist Republic of Sri Lanka .

1.2 Responsibility on the Financial Management and Accountability of the Chief Accounting Officer and the Accounting Officer

The Minister of Finance is charged with the raising of Revenue and the collection of other Government monies as well as with the general oversight of all the financial operations of Government in terms of Financial Regulation 124. The Minister of Finance appoints the Chief Accounting Officers to discharge above responsibility in terms of Financial Regulation 124 (2). The Head of the Department will be the Accounting Officer in respect of all financial transactions of his Department in terms of Financial Regulation 125 (1) (a) and the Revenue Accounting Officer has been appointed by the Treasury. This responsibility includes designing, implementing and maintaining internal controls relevant to the maintenance, preparation and fair presentation of Accounts and Reconciliation Statements presented within the limitations imposed by Parliament in accordance with the provisions in Article 148, 149, 150 and 152 of the Constitution of the Democratic Socialist Republic of Sri Lanka, other Statutory Provisions, Government Financial Regulations and Administrative Regulations

1.3 Scope of Audit

The audit of the Department of Archeology - Head 207 for the year ended 31 December 2017 was carried out in pursuance of provisions in Article 154 (1) of the Constitution of the Democratic Socialist Republic of Sri Lanka in respect of designing of financial and physical performance, Government expenditure, Government revenue, management of human and physical resources, applying of internal control systems, compliance with laws, rules and regulations and maintenance of updated books, registers, records and reconciliation statements, preparation and presentation of accounts in timely manner, issuance of performance reports to respective parties based on the performance indicators. The Management Audit Report for the year under review will be issued to the Director General of the Department in due course. The audit observations, comments and findings on the accounts and the reconciliation statements were based on a review of the plans, accounts, reconciliation statements and performance reports 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.

1.4 Audit Observation

The material and significant audit observations revealed at the audit examination conducted by the Department for the year ended 31 December 2017 appear in Paragraph 2.1 to 2.15 of this Report. It was observed that the accountability as the Accounting Officer had been satisfactorily executed, to ensure the adequacy of the financial administration subjected to the following summarized audit observations revealed in the execution of the provisions of the Financial Regulations 128 of the Financial Regulations of the Democratic Socialist Republic of Sri Lanka

Accountability of the Accounting Officer in terms of Financial Regulation 128 (1)	Non - compliance with those provisions by Accounting Officer	Paragraph Reference to the Report included the observation
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Financial Regulation		

128 (1) (a)	The work of his Department is planned and carried out with due dispatch, having regard to the policy laid down by the Government and the intentions of Parliament in granting him financial provision for the activities authorized, and that an endeavor is made to complete the programme of work laid down for the year and/or to attain the targets specified.	1. Non-preparation of Action Plan in an accurate manner. 2.21 2. Non- maintenance of Registers and Books 2.12 3. Deficiencies in Internal Audit. 2.13 4. Non- utilization of the provision made available. 2.8
128 (1) (d)	The Financial Regulations and other supplementary instructions of the Government are adhered to in his Department, and that they are supplemented by Departmental Instructions, where necessary.	Deficiencies appeared in Public Officers' Advance Account . 2.9
128(1) (e)	Adequate and proper arrangements are made for the safe custody and preservation of money, stores, equipment and other assets belonging to the Government, or is in its custody, and	Deficiencies in Assets Management 2.4

that these are verified from time to time; and, where they are disposed of, such disposal is according to prescribed Regulations and Instructions.

128 (1) (i)	The activities of his department are undertaken with due regard to economy, efficiency, propriety and integrity expected in the transaction of public business; (In this context, economy means not merely keeping within the Estimate; but also ensuring that the Government receives best value for money expended.)	1. Key Functions that had not implemented adequately. Desired output level that could not be achieved 2. Delays in performing of Projects 3.	2.2.2 (a), (b) 2.2.2 (c) 2.2.2 (d)
128 (1) (o)	The procedure laid down in Financial Regulations 103 to 108 is adhered to in case of losses to Government by the delays, negligence's, faults or frauds on the part of officers/ employees and surcharges are imposed on officers/employees responsible for such losses in terms of Financial Regulation 156 (1) .	1. Losses and Damages 2. Government Officers Required to give Security.	2.6 2.15

2. Material and Significant Audit Observations

2.1 Key Functions of the Department

- To identify the archeological heritage of Sri Lanka.
- To document movable and immovable archaeological properties in Sri Lanka.
- To protect the archeological heritage in a disciplinary manner, maintain and improvement of infrastructure facilities.
- To implement the provisions of the Antiquities Ordinance.
- To implement the provisions of the Cultural Properties Act.
- To exhibit Archeological places and monuments to public.
- To conduct damage evaluations in respect of damages occur to the places with an archeological value whilst implementation of various development projects.

2.2 Performance

2.2.1 Planning

The Action Plan had not been prepared as the expected key functions to be performed . Achievement of expected targets from the funds receive for the archeological conservation activities from the Central Cultural Fund had not been included in the prepared Action plan .

2.2.2 Not performing Functions

The following observations are made.

(a) Key Functions that had not Performed Adequately

It was revealed that the main activity of documentation of the movable and immovable Archaeological Heritages in Sri Lanka that was one of the main activities of the Department of Archeology as per the below mentioned matters .

- (i) Even though a Report had been furnished to the Head Office by the Deputy Director (Central) on 31 January 2013 for the registration of Historical Mackdowel Fortress, Matale as a protected monument, this had not been included in the Register of Protected Monuments even by the end of the year 2017 .
- (ii) The 130 year old Slave Island De Zoyza building which had been architecturally appraised and decided by the Department that it should be declared as an Archaeologically Protected Monument had not been registered as a Protected Monument even by the year 2018 . This building had been threatened with demolition at present.

(b) Archaeological Sites that was not Gazetted, Unauthorized Acquisition, and being Damaged

The information obtained from 8 provinces regarding the Archaeological Sites that had not Gazetted, unauthorized acquisition and being damaged are appear below .

Province /District	Number of Archaeological Sites not establishing boundary posts by marking borders	Number of Archaeological Sites lack of documented records	Number of Archaeological sites Not-gazetted	Archaeological Sites not explored	Unauthorized settlements reported in Archaeological Sites	Damages occurred to Archaeological Monuments	Identified Archaeological Reserves that had not yet been explored-
<u>North</u>							
Jaffna	79	-	15	-	03	01	-
Kilinchchi	18	15	15	15	-	-	-
Mannar	18	-	-	-	02	02	-
<u>East</u>							
Batticaloa	-	05	05	05	-	05	-
Ampara	-	-	-	-	25	22	186
<u>North-central</u>							
Anuradhapura	38	-	03	-	04	25	-
<u>Central</u>							
Kandy	06	-	-	-	03	-	-
Nuwaraeliya	05	-	-	-	-	-	-
Matale	25	-	-	02	05	-	-
<u>South</u>							
Hambantota	11	01	-	11	06	07	-
Galle	-	-	-	-	21	02	-
Matara	-	-	-	-	-	04	-
<u>Uva</u>							
Monaragala	29	16	16	09	22	09	-
<u>North-west</u>							
Puttlam	02	-	-	02	04	-	-
Kurunegala	10	-	-	-	13	15	-
<u>Sabaragamuwa</u>							
Ratnapura	18	-	-	06	11	-	-
Total	<u>259</u>	<u>37</u>	<u>54</u>	<u>50</u>	<u>119</u>	<u>92</u>	<u>186</u>

The following observations are made in this regard.

- (i) It was observed that the boundary posts had not been established by marking borders at 259 Archaeological Sites and in Jaffna that number was only 79 .

- (ii) Thirty seven Archaeological Sites that were not documented had been reported and there were around 54 Archaeological Sites which were not published in Gazette .
 - (iii) It was revealed that a number of 50 Archaeological Sites that were not explored and 119 Archaeological Reserves and Archaeological Monuments that had been reported damaged due to unauthorized settlements. Unauthorized cultivation, unauthorized constructions, unauthorized settlements had caused for this. However, legal actions had been taken on each of these occasions.
 - (iv) Even though around 92 Archaeological Sites had been destroyed by the activities such as illegal excavations carrying out by treasure hunters at Archaeological Sites, construction of buildings and maintaining quarries, sufficient actions had not been taken to control that situation.
 - (v) It had been reported that there were around 186 Archeological Sites in Ampara District that were not registered as the Reserves and Monuments and the border posts had not been established though identified as Archaeological Sites. The targeted plans had not been prepared to gazette these places as Archaeological Sites through Gazettes by establishing reserve posts.
 - (vi) Even though it had been decided to deploy 200 civil defense personnel due to the number of employees could be able to occupy to protect Archaeological Monuments and Archaeological Reserve not sufficient from the staff belonging to the Department, only 105 had been deployed for the Western Province and 06 other Districts.
 - (vii) The Director General of Archeology had reported that there were around 12 unauthorized settlements in the Archaeological Sites in Polonnaruwa and Vavuniya Districts.
- (c) **Desired output level not obtained**

(i) A number of 648 Archeological Sites had been identified in the Batticaloa District Exploration Project that was implemented as a special project by making provision amounted to Rs. 29,272,045 in the year 2017 and the protection activities of the Archeological Sites identified whereas the objective of that Project had not been carried out even by September 2018 by publishing as monuments and reserved lands setting border posts .

(ii) It had been published by the Extraordinary Gazette Notification No. 2011/ 06 issued on 20 March 2017 as a list of 26 Archaeological Sites explored in 2016 would be declared as Archaeological Sites under the Archeology Ordinance and if there were objections against regarding that to be submitted. Nevertheless, despite there were no objections presented, although after making all the corrections on 15 September

2017 and submitted to the signature of the Minister for Gazette Notification, it had impossible to complete that task even by September 2018 .

(d) Delays in Performing of Projects

- (i) Even though a sum of Rs. 2.5 million had been provided in the year 2017 for the repairs and maintenance of a part of the roof of the circuit bungalow at Kundasale due to it was heavily decayed it had impossible to carry out this repair in the year 2017 due to the deficiencies occurred in the procurement procedure.
- (ii) Even though a sum of Rs. 8 million had been allocated by the Central Cultural Fund for the printing of the book of ‘ Kelaniya Frescoes’, this project had not been completed even by September 2018 that had been planned to complete by the April 2017 .

(e) Projects that had not obtained Progress though the Funds Released

- (i) Even though the provision amounted to Rs. 10 million had been provided to the Regional Engineer Office on 31 December 2016 for a building in Ritigala Archeological Office any progress had not been obtained even by the end of the August 2018 .
- (ii) It had been impossible to obtain the expected output level even from the Budget provision amounted to Rs. 4.5 million provided for the Archeological Projects in the year 2017 due to the above function had not achieved that had planned in the year 2016 .

2.2.3 Annual Performance Report

Even though the Annual Performance Report relating to the year under review should be tabled in the Parliament within 150 days after the end of the financial year by the Department in terms of the Public Finance Circular No. 402 dated 12 September 2002, that Report had not been tabled in Parliament even by 12 September 2018.

2.2.4 Not achieving the Sustainable Development Goals

As per the “ Agenda” of the United Nations in 2030 on the Sustainable Development, each government agency has to act on its own and the Department had not been aware of how to take measures relating to the activities under purview of their scope relating to the year under review.

2.3 Obtaining Supplies and Services from Procurement Procedure

A sum of Rs. 16.7 million had been made available by the Department functioning complied with the Government Procurement Guidelines and out of that a provision amounted to Rs. 14.9 million had been utilized. Accordingly, a sum of Rs. 1.7 million or 10 per cent out of the provision made available had been saved.

2.4 Assets Management

The following deficiencies were revealed during the audit test checks carried out in respect of the Assets of the Department.

(a) Documentation of Assets

- (i) Acquisition of capital assets and work in progress amounted to Rs. 35,085,398 made under one Object had not been included in whilst preparation of the Record of Non - current Assets Movement .
- (ii) The Acquisition of Capital Assets under the Investments had not been included for several years . Hence, it was observed that the accurate assets had not indicated by the Record of Non - Current Assets Movement.
- (iii) Details in respect of 56 motor bicycles purchased in the years 2003 and 2004 had not been included in the report regarding the assets submitted to the Comptroller General Office established under the Ministry of Finance and Mass Media in terms of Assets Management Circular No. 01/ 2017 of 28 June 2017 .

(b) Vehicle Utilization

- (i) Although fuel consumption of all vehicles should be tested in terms of Paragraph 3.1 of the Public Administration Circular No. 30/ 2016 dated 29 December 2016, fuel consumption of 28 vehicles out of 38 vehicles which were occupied on running had not been tested.
- (ii) A Record appearing with the details such as the type of each vehicle, design, registration number and the date of handing over to the drivers or transferring the ownership of the vehicle had not been maintained by the officers in charge of vehicles in terms of Financial Regulation 1647 (e) .
- (iii) Even though the date of purchased, the price, the history, the timely expenses on repairs, the cost incurred for that, the period in idle, the regular inspection, the dates

of service and maintenance and even if any expense had incurred for that, those also should be mentioned there in terms of Financial Regulation 802 (3), the Department of Archeology had not recorded the information in a Register as such.

- (iv) Even though the monthly summaries and daily running charts should be sent to the Auditor General before the day 15th of the following month after the end of every month, aforesaid instructions had not been followed in terms of Financial Regulation 1646 .
- (v) Even though vehicle logbooks should be maintained smoothly and formally in terms of Financial Regulation 1645 (a) the Department of Archaeological had not maintained log books properly as such .
- (vi) The institution had not taken action to paint the State Emblem on vehicles whereas the State Emblem should be printed on vehicles in terms of the Public Administration Circular No. 26/ 92 dated 19 August 1992 .

(c) Idle and underutilized Assets

- (i) It was observed that the 07 vehicles belonging to the Department had not been driven during the year under review .
- (ii) It was observed that the 04 motorcycles were decaying at the Head Office premises whilst the physical examination conducted on 16 September 2018 in Departmental premises.

2.5 Commitments and Liabilities

The following observations are made in this regard.

- (a) It had been entered in to liabilities by exceeding the saving amounted to Rs. 7,433,730 under 19 recurrent expenses due to not managing the expenditure as per the instructions given by the paragraph 2 of the National Budget Circular No. 05/ 2016 dated 28 December 2016 .
- (b) Even though a sum of Rs. 1,832,510 and a sum of Rs. 1,304,300 respectively had been transferred from Programme 1 and 2 under the travelling expenses object to the other recurrent expenditure objects showing that the provisions would be saved due to the

expenditure control , the liabilities amounted to Rs. 1,723,191 had occurred for the travelling expenses due to the lack of provisions at the end of the year under review.

2.6 Losses and Damages

Even though a Register Losses and Damages had been maintained in terms of Financial Regulation 110 that had not been updated. Any information with regard to 05 vehicle accidents amounted to Rs. 830,993 had not included in that Register.

2.7 Unresolved Audit Paragraphs

The Reference to the Audit Paragraphs relating to the Department included in the Reports of the Auditor General in the year 2016 on which corrections had not been made by the Department for the shortcomings pointed out, are given below.

Reference to the Auditor General's Report	Subject Referred
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Paragraph No.	
(a) Paragraph 3.2	Non - submission of details of the Raja Maha Viharas and ancient Temples identified as Archaeological Sites in terms of Section 16 (1) of Antiquities (Amendment) Ordinance No. 24 of 1998 .
(b) Paragraph 3.3.2.	Establishment of a proper methodology to deploy the receiving funds from the Central Cultural Fund for the Archaeological purposes.
(c) Paragraph 3.8 (d)	Not updating the website maintained by the Department of Archaeology.
(d) Paragraph 3.09 (a)	Even though the provision granted in the year 2014 for the conservation of Dambulla Cave Temple should be completed by utilizing, the works had not been completed even by 31 December 2017 .

2.8 Utilization of Provision made by Parliament for the Execution of Activities

The particulars relating to the provision made available, utilization and savings of the Department for the 05 years period ended 31 December 2017 and the audit observations in respect of that are appear below.

Year	Category of Expenditure	Net Provision Rs. Million	Utilization Rs. Million	Savings Rs. Million	Savings as a percentage of Net Provision
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2013	Recurrent	572.75	571.68	1.07	0.18
	Capital	172.45	123.97	48.48	28.11
	Total	745.20	695.65	49.55	6.65
2014	Recurrent	662.55	659.90	2.65	0.40
	Capital	168.29	154.84	13.45	7.99
	Total	830.84	814.74	16.10	1.94
2015	Recurrent	849.50	824.88	24.62	2.90
	Capital	151.50	86.07	65.43	43.19
	Total	1001.00	910.95	90.05	9.00
2016	Recurrent	873.49	872.15	1.34	0.15
	Capital	165.50	130.51	34.99	21.14
	Total	1038.99	1002.66	36.33	3.50
2017	Recurrent	892.70	891.93	0.77	0.09
	Capital	66.10	50.58	15.52	23.48
	Total	958.80	942.51	16.29	1.70

Non – utilization of the Provision Made Available

Out of the total net provision amounted to Rs. 4.5 million that had been made available in the year 2017 for two Objects had been totally saved without any utilization.

2.9 Advances to Public Officers' Account

Limits Authorized by Parliament

The limits authorized by the Parliament for the Advances to Public Officers Account of the Department Item No. 20701 and the actual amounts are given below.

Expenditure		Receipts		Debit Balance	
Maximum Limit	Actual	Minimum Limit	Actual	Maximum Limit	Actual
Rs. Million	Rs. Million	Rs. Million	Rs. Million	Rs. Million	Rs. Million
45	40.7	30	34.8	150	104.5

The following observations are made in this regard.

- (a) As per the Reconciliation Statement presented to audit, the total of balances outstanding as at 31 December 2017 excluding loan balances of the officers who had transferred out was Rs. 4,401,933 and though these outstanding balances had been remaining ranged from one year to 16 years, the follow-up actions of recovering of those arrears loans was at a weak condition.
- (b) Actions had not been taken to recover the 02 distress loan balances amounted to Rs. 186,719 receivable from 02 officers who have not employed in the service currently in the Department for more than 01 year . It was observed that one officer out of this was an officer who had been released from the service and the attention had not been drawn in respect of the recovery of the distress loan when approving release in terms of Section 4.8 of Paragraph XXIV of the Establishment Code.
- (c) The loan balance of the officers who had been interdicted as at 31 December 2017 was Rs. 672,214 and out of that 88 per cent or Rs. 595,982 was the balances remained for more than 05 years was observed.

2.10 General Deposit Account

The total of 02 General Deposit Accounts under the Department as at 31 December 2017 amounted to Rs. 232 million. The following observations are made in this regard.

- (a) The value of receipts detained in the General Deposit Account due to not completion of Archaeological Conservation activities in island wide that was received from the Central Cultural Fund, the Department of Irrigation , from other Government Institutions and

individuals by 31 December 2017 was Rs. 229.19 million and the value consisted therein for more than 03 years was Rs. 22.22 million.

- (b) The value of security deposits, retentions and other deposits that should be repaid was Rs. 2,160,897 and the balances for more than 02 years included in that was Rs. 244,439 .

2.11 Operating Bank Accounts

The following observations are made.

(a) Dormant Bank Accounts

A current account maintained by the Department was in dormant by 31 December 2017 .

(b) Balances to be Adjusted

The following observations were made whilst examination of the Bank Reconciliation Statements presented relating to 05 Bank Accounts implemented in the year 2017 by the Department.

- (i) The value of unidentified receipts as at 31 December 2017 was Rs. 2,489,855 and the value for more than 06 months was Rs. 978,266 .
- (ii) The number of cheques that had not presented for the payments as at 31 December 2017 and exceeded 06 months in the Bank accounts of Head Office in Colombo, 02 Regional Offices at Kandy and Anuradhapura was 145 and the value of them was Rs. 2,257,832 . Actions had not been taken in terms of Financial Regulation 396 (d) regarding these cheques .
- (iii) The value of unrealized receipts amounted to Rs. 1,351,132 and the value relating to the year 2016 therein pertaining to a sum of Rs. 600,237 .
- (iv) Out of the cheques shown in above (ii), eleven cheques valued at Rs. 410,089 belonging to the Head Office had been retained in the Department without handing over to the customers in contrary to the Financial Regulation 388 (3) even by the 04 May 2018 .

2.12 Non – maintenance of Registers and Books

The Vote Ledgers had not been maintained properly to be able to control expenses by the Head of the Institution showing the way of the balance left in terms of Financial Regulation 447 (1) and Financial Regulation 447 (3) .

2.13 Internal Audit

The post of Internal Auditor had been in vacant since 2016 and the Internal Audit Division of the Ministry had carried out the Internal Audit.

2.14 Human Resources Management

Approved Cadre, Actual Cadre and expenditure for Personal Emolument

The particulars in respect of the Approved Cadre, Actual Cadre and the Vacancies as at 31 December 2017 for the achievement of the functions appear in the Paragraph 2.1 are given below. The Department had incurred a sum of Rs. 808 million for the Object of personal emoluments for the year under review . Accordingly, the per capita expenditure had been a sum of Rs. 408,493 .

	Category of Employees	Approved Cadre	Actual Cadre	Number of Vacancies	Number of Excess	Expected posts to abolish
(i)	Senior Level	53	12	41	-	-
(ii)	Tertiary Level	56	31	25	-	-
(iii)	Secondary Level	812	550	217	-	45
(iv)	Primary Level	1,569	1,410	152	-	07
(v)	Casual/Contact	-	01	-	01	-
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		2,490	2,004	435	01	52
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The following observations are made in this regard.

- (a) Additional Director General, 08 posts of Directors, 16 posts of Technical Officers, 01 Draughtsman post and 8 posts of Archaeological Reprographer are in vacant and although requests had been made to amend the Schemes of Recruitment for these positions , these posts were in vacant due to the delays in obtaining of the approval.
- (b) The vacancies exists in 64 Development Officers, 01 Librarian post, 11 Information Technology Communication Assistant posts and 12 Public Management Assistant posts from the year before 2015 and even though it had been informed to the Ministry of Public Administration and Management from the year 2015 to fill them, actions had not been taken to fill the vacancies.
- (c) Even though 75 Technical Assistant posts had been approved by 18 March 2016 the recruitments had not been made even by the year 2018 .
- (d) Despite the actions had been taken to conduct a limited competitive examination for the posts of Deputy/ Assistant Director (SL-1) which were the Departmental posts, the examination had to be postponed without the due dates because of a case filed in the Supreme Court by a group of officers belonging to the MN-04 service category of the Department. Therefore, the vacancies could not be filled and the requests had been made to revise the Scheme of Recruitment.

2.15 Government Officers Required to give Security

The officers who had to keep security in terms of Financial Regulation 880 had not kept Security.