

Head 209 - Department of National Archives

1. Financial Statements

1.1 Qualified Opinion

Head 209 - The audit of the financial statements of the Department of National Archives for the year ended 31 December 2022 comprising the statement of financial position as at 31 December 2022 and the statement of financial performance and cash flow statement for the year then ended was carried out under my direction in pursuance of provisions in Article 154(1) of the Constitution of the Democratic Socialist Republic of Sri Lanka read in conjunction with provisions of the National Audit Act, No.19 of 2018. The summary report containing my comments and observations on the financial statements of the Department of National Archives was issued to the Accounting Officer on 16 May 2023 in terms of Section 11(1) of the National Audit Act, No.19 of 2018. The Annual Detailed Management Audit Report relevant to the Department was issued to the Accounting Officer on 16 May 2023 in terms of Section 11(2) of the National Audit Act, No.19 of 2018. This report will be tabled in Parliament in pursuance of provisions in Article 154(6) of the Constitution of the Democratic Socialist Republic of Sri Lanka to be read in conjunction with Section 10 of the National Audit Act, No.19 of 2018.

In my opinion, except for the effects of the matters described in paragraph 1.6 of this report, the financial statements give a true and fair view of the financial position of the Department of National Archives as at 31 December 2022, and its financial performance and cash flows for the year then ended in accordance with Generally Accepted Accounting Principles.

1.2 Basis for Qualified Opinion

My opinion is qualified based on the matters described in paragraph 1.6 of this report. I conducted my audit in accordance with Sri Lanka Auditing Standards (SLAuSs). My responsibility for the financial statements is further described in the Auditor's Responsibilities Section. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

1.3 Responsibilities of the Chief Accounting Officer and the Accounting Officer for the Financial Statements

The Accounting Officer is responsible for the preparation of financial statements that give a true and fair view in accordance with Generally Accepted Accounting Principles and provisions in Section 38 of the National Audit Act, No.19 of 2018 and for the determination of the internal control that is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

As per Section 16(1) of the National Audit Act, No.19 of 2018, the Department is required to maintain proper books and records of all its income, expenditure, assets and liabilities to enable the preparation of annual and periodic financial statements.

In terms of Sub-section 38(1)(c) of the National Audit Act, the Accounting Officer shall ensure that an effective internal control system for the financial control exists in the Department and carry out periodic reviews to monitor the effectiveness of such systems and accordingly make any alterations as required for such systems to be effectively carried out.

1.4 Auditor's Responsibilities for the Audit of the Financial Statements

My objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error and to issue an auditor's summary report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Sri Lanka Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate and its materiality depends on the influence on economic decisions taken by users on the basis of these financial statements.

As part of an audit in accordance with Sri Lanka Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- Appropriate audit procedures were designed and performed to identify and assess the risk of material misstatement in financial statements whether due to fraud or errors in providing a basis for the expressed audit opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- An understanding of internal control relevant to the audit was obtained in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Department's internal control.
- Evaluate the structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Evaluate the overall presentation, structure and content of the financial statements including disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with the Accounting Officer regarding, among other matters significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

1.5. Report on Other Legal Requirements

I express the following matters in terms of Section 6 (1) (d) of the National Audit Act, No. 19 of 2018.

- (a) The financial statements are consistent with the preceding year,
- (b) The recommendations made by me on the financial statements of the preceding year had been implemented.

1.6 Comments on Financial Statements

1.6.1 Accounting Deficiencies

(a) Capital Expenditures

The following observations are made.

Audit Observation	Comments of the Accounting Officer	Recommendation
The balance of computer equipment mentioned under machinery and equipment in the statement of non-financial assets 2022 was Rs. 6,171,985 as at 31 December 2021. But, the opening balance of the year 2022 was Rs. 6,038,585. Accordingly, there was a difference of Rs. 133,400 and the relevant value was not included under non-financial assets in the year 2021. Rs. 133,400, which was not carried forward as an opening balance, had been indicated in the ACA – 6 format as at 01 January 2022 under agricultural and dairy farm equipment (No. 6112216).	Agree with the audit observations.	Action should be taken to correct the mistake.

(b) Property, Plant and Equipment

Audit Observation	Comments of the Accounting Officer	Recommendation
The work of renovating the head office building of the department was a contract to commence on 07 January 2019 and to be completed on 01 July 2020 and that construction work was not completed until April 2023. The estimated total cost including all taxes was Rs. 992,230,065. The said reconstruction work was assigned to Central Engineering (Pvt) Ltd. And its	Although the main building of the Department of National Archives has been renovated and the renovation work related to installation of central- air conditioning and advances security system have started, those work have not been completed yet	The expenditure incurred on construction should be disclosed either work-in-progress or through a note under the statement of non-financial assets (ACA – 6).

advisory work was assigned to the Central Engineering Consultancy Bureau.

It was observed that an amount of Rs. 435,747,176 out of the actual estimated amount had been utilized as at 31 December 2022 and an amount of Rs. 8,205,900 had to be paid for the completed tasks. Accordingly, it was observed that a total value of Rs. 443,953,076 had been spent for the repair of the main building, but the actual value was not included in the property, plant and equipment value under non-financial assets in the statement of financial position as at 31 December 2022. Further, the above value of Rs. 443,953,076 was also not included in Buildings/9151 in the report of non-financial assets generated by the new CIGAS web application that is being referred instead of ACA 6.

Also, the new building which was completed in the year 2012 and currently used for office purposes was calculated at cost or assessed value and its value was not indicated in the financial statements.

and the relevant expenditures has been included in the head of 209-02-02-20001 (Rehabilitation of buildings).

Accordingly, since the renovation work has not been completed, the said expenditure is not accounted as a construction work under the expenditure subject 209-02-02-2101, but as a renovation work under the budget subject 209-02-02-2001. The value of the work done is not recorded under the property, plant and equipment and after the completion of the renovation work, the value of the entire building should be assessed and capitalized.

Also, a request has been made by a letter to the Valuation Department to assess the value of the new building (Building B) of the Department of National Archives and after the relevant activities are completed, that will be accounted and reported in the financial statements.

2. Financial Review

2.1 Expenditure Management

Audit Observation	Comments of the Accounting Officer	Recommendation
Rs. 850,000 by 100 percent was saved in relation to 02 expenditure subjects.	It cannot be agreed that the saving of the 10 expenditure subjects for the year 2022 in the department was due to over estimation.	That estimates should be done with due care.

2.2 Certification to be done by the Accounting Officer

Accounting Officer should certify the following matters in terms of provisions in section 38 of the National Audit Act No. 19 of 2018. However, it had not been done.

Audit Observation	Comments of the Accounting Officer	Recommendation
The Chief Accounting Officer and the Accounting Officer should ensure that an effective internal control system for the financial control exists in the department and carry out periodic reviews to monitor systems, and accordingly make any alterations as required for such systems to be effectively carried out. Such reviews should be carried out in writing and a copy thereof should be submitted to the Auditor General, but no statements had been furnished to the audit that the reviews had been carried out.	I agree with the audit observation. Action will be taken to review the internal control systems as appropriate and submit the relevant reports to the audit.	Action should be taken in accordance with provisions in section 38 of the National Audit Act No. 19 of 2018.

3. Operational Review

3.1 Non-performance of Duties

Audit Observation	Comments of the Accounting Officer	Recommendation
The project proposal to establish a digital archive with a capacity of 500 terabytes was approved by the cabinet decision No. AMP/21/0511/305/010-1 dated 05 April 2021. A project cost of Rs. 120,208,320 was estimated for the project period of 05 years and accordingly, the total estimation of Rs. 92,906,820 including information technology, infrastructure facility software, staff report development,	The work of this project had to be temporarily suspended in accordance with sections 03 (iii) and (iv) of the National Budget Circular No. 03/2022. Rs. 80 million has been allocated from the budget for this project in the year 2023 and as the reply to mu letter No. DNA/15/ARO I/1/1 dated 28.06.2021, approval has been received to proceed with the	The work of the project to establish the digital repository should be completed immediately.

consultancy services and suspense costs for the first phase of the project in the years 2021 and 2022 and the total estimation of Rs. 27,301,500 for the service and maintenance for the period from 2023 to 2025 had been made.

Although the total net provision for the said project in the year 2022 was Rs. 7,500,000, the financial and physical progress of the project is zero as per the annual action plan of the department as at 31 December 2022. The first phase of the project is estimated to be completed in the year 2021, but the project was not completed till 30 April 2023 due to the inability to complete the Memorandum of Understanding related to the said project.

signing of the Memorandum of Understanding by the letter No. CA/NH/15/02/01/04 dated 15.02.2023 of the Secretary of the Ministry of Buddhasasana, Religious and Cultural Affairs. Arrangements are being made to obtain the agreement of the Sri Lanka Information and Communication Technology Agency for the said Memorandum of Understanding.

3.2 Procurements

The following observations are made.

Audit Observation	Comments of the Accounting Officer	Recommendation
(a) According to the information submitted to the audit, it was stated that the Technical Evaluation Committee has not prepared the specifications as per the procurement progress submitted on 31 December 2021 for the installation of the departmental CCTV camera system project and it was observed that the technical evaluation committee was preparing the specifications as the progress of the project as at 31 December 2022. Thus, even after one year, the procurement activities for the project had not been started, which was observed as an internal management weakness.	Quotations have been invited for CCTV maintenance and service contracts in the year 2021. However, a technical evaluation committee has been appointed to prepare an estimate for obtaining CCTV and it had to be minimizing the expenses as the received instructions according to the public expenditure controlling circular 03/2022. However, I expect to start procurement and complete these works in this year.	That procurement should be completed immediately as commodity prices fluctuate rapidly.
(b) The new building constructed under the building expansion of the department was opened in November 2012 and CCTV system was installed in the building by VS	The installation of all the systems installed in the new building and its procurement is done by CECB, who is the	The CCTV system needs to be repaired.

Information System (Pvt) Ltd (VSIS) in the year 2013. However, VSIS was not an authorized agency as per procurement guideline No. 3.2 and after the expiry of the warranty period, the repair work of the CCTV system was not carried out systematically due to lack of service agreement with the department and VSIS for maintenance and service.

contractor of the construction of the building, and the relevant system has been installed by VISIS. There was no service agreement after the warranty period after installation and no payment was made for the service agreement. The prices for this have been called from 05 institutions for obtaining annual maintenance and services.

3.3 Assets Management

The following observations are made.

Audit Observation	Comments of the Accounting Officer	Recommendation
(a) The department had installed CCTV cameras at 23 locations in the new building in the year 2012, but only 09 cameras were in operational at the audited date of April 2023. Although after more than 10 years had passed, the department had not taken steps to provide adequate security for the documents of national value due to that it had not taken steps to identify and correct its deficiencies until 31 December 2022.	The CCTV camera system needs to be repaired and the work is expected to be completed within this year.	That the department should provide adequate security for documents with national value.
(b) Although the approval had been given to release the land where the head office of the Department of National Archives is located to the department for use by the letter No. 4/14/5994 dated 17 November 2022 of the Department of Commissioner General of Land, the respective taken over proceedings had not been completed until March 2023.	The release of land at the head office of the Department of National Archives to the department has been approved by the Department of Commissioner General of Land and the Thimbirigasyaya Divisional Secretary informed that further activities related to handing over the pleasure are going on. An officer of	The taken over of the land where the main office is located should be done immediately.

the department has been nominated and sent for taking over.

3.4 Management Inefficiencies

The following observations are made.

Audit Observation	Comments of the Accounting Officer	Recommendation
(a) Although the approved number of employees for the post of document preservation was 27, currently only 02 employees are working in the department. As this situation has continued in the department, various problems are faced to due to lack of employees in document preservation activities and it was reflected slow motion in the daily work and overall performance of the division. As it is, the physical condition of these documents is destroyed day by day because, not doing the preservation process of documents, which are to be in the preservation condition, from time to time and it was observed that the need to properly manage government documents had also been adversely affected.	New recruitment procedures have been developed for approved posts after the restructuring of the Department of National Archives. Accordingly, necessary arrangements were being made for new recruitments and as per the National Budget Circular No. 03/2022, the activities had to be temporarily stopped due to the suspension of new recruitment. However, new recruitments are being made under the approval of the Director General of the Department of Management Services and the officers of the committee appointed by the cabinet to review the recruitment process in the public service.	That work should be done to fill the employee vacancies.
(b) It was observed that all 03 machines of 02 document preservation machines received by the department under the aids of Netherland for documents preservation and one machine purchased by the department in the year 2011 at a value of Rs. 5,040,000 (With VAT) have been idle for about 02 years due to lack of sufficient employees. Thus, it was observed that due to not physically using the preservation machines for preservation purpose, there are negative effects on the performance of those machines and the liability to	Agree with the audit observations.	That work should be done to fill the employee vacancies.

reduce the time spent under the traditional preservation technique is also reduced.

- (c) According to of the authority 179 of the National Archives Act No. 48 of 1973 of the National Government Council and the purposes and functions, the department conducts a press inspection in the function of carrying out regulatory activities as all legal deposit archive of publications in Sri Lanka. Only one officer was working as a press inspector till the audited date of 04 January 2023 and it was observed thus, one officer is not enough for the press inspection which are carried out throughout the province. Also, due to this, the department has not conducted a press inspection for about 02 years and prosecutions for cases of non-compliance with the Act have not been carried out for about 10 years.
- Catalogue Assistant/ Catalogue Officer posts are entrusted with the responsibility of providing relevant information to prosecution against printers who have not submitted their monthly reports after the inspection of the presses. Although 09 posts have been approved, currently only one Catalogue Assistant is working. The officer currently only carries out subject classification for publications. However, although three Development Officers have been assigned and the activities of acquiring newspapers in this division, forwarding of receipts, computerization of publications etc. are done, it is not enough. This situation may be mitigated in future by filling up the vacancies in the posts of Press Inspectors and Catalogue Officers.
- That work should be done to fill the employee vacancies.
- (d) According to section 2 of the Printers and Publishers (Amendment) Act No. 66 of 1976 of the National Government Council, 05 copies of newspapers, magazines and books printed in Sri Lanka should have been given to the Department of National Archives. It was observed that the copies of newspapers, magazines and books printed by registered and unregistered presses and publishers have not been systematically provided to the Department of National Archives.
- Agree with the audit observations. Steps have been taken to minimize the risk of printers and publishers not delivering their publications and leaflets properly.
- Should be followed the provisions of the Printers and Publishers (Amendment) Act No. 66 of 1976.

4. Good Governance

4.1 Providing Services to the Public

Audit Observation	Comments of the Accounting Officer	Recommendation
<p>There are 09 main archives related to the Department of National Archives and it was observed that 02 archives namely, DNA 07 confidential document division and DNA/19/A/2 archive among them were sealed for a period of 10 months from March 2022 to the audited date of 04 January 2023. There were more than 200 sets of documents stored in the secret rooms of the new and old building belonging to the secret division and 15 sets of documents were stored in the DNA/19/A/2 archive. The confidential documents and Dutch documents were in the relevant 02 archives. The sealed archives were opened on several occasions on the basis of necessity for purposes such as providing documents securely stored in the sealed archives to users, issuing copies, providing information for judicial proceedings or other government institutions. It was observed that due to the closure of the storage rooms for almost year, there was a problem related to temperature, humidity, other chemical and environmental factors and safety related to the existence of the confidential and Dutch documents contained therein.</p>	<p>Agree with the audit observations. The power cut and the air condition systems were not working, which was a situation that existed before, due to the renovation work of the old building and due to the operation of a central air condition system in the new building, the restriction of reporting to service in the year 2022 was not affected for the maintenance of optimal environmental conditions in the archives. As daily cleaning, inspection of archives, humidity control machines etc. for the preservation of documents were not done properly during this period due to only the authorized officers were allowed to enter the relevant archives during this period. At present, the necessary construction work is being carried out.</p>	<p>The problems that have arisen in the warehouses should be resolved.</p>

4.2 Audit and Management Committee

Audit Observation	Comments of the Accounting Officer	Recommendation
<p>Although audit and management committee meetings should be held at least 04 meetings per quarter as per paragraph 5.3 of Management Audit Circular No. DMA/01-2019 dated 12 January 2019, audit and management committee meetings had not been held till 31 December of the year under review.</p>	<p>Matters of the last quarter of 2022 were also discussed in the audit and management committee meeting held on 15 February 2023.</p>	<p>Should be act as per the circular provisions.</p>

4. Human Resource Management

The following observations are made.

Audit Observation	Comments of the Accounting Officer	Recommendation
(a) After the restructuring of the National Archives Department by letter No. DMS/1135/VOL-I of the Department of Management Services dated 15 September 2016 and even number 08 February 2017 and 17 February 2017 and 28 April 2017, the staff of the department was approved as 286. Out of that, there were 133 staff in service as at the audited date of 31 December 2022 and it was 47 percent of the total number of staff in service. Also, the number of vacancies on that date was 153 and it is 53 percent of the total number of employees. Thus, it was observed that due to more than 50 percent of the approved number of employees in the department are vacant, the ability to maintain the department in future and achieve the overall performance is at a minimum level.	New recruitment procedures have been developed for approved posts after the restructuring of the National Archives Department. Accordingly, the necessary activities for new recruitments were being carried out, but due to the suspension of new recruitments according to the National Budget Circular No. 03/2022, those activities had to be temporarily stopped. However, new recruitments are being made under the approval of the Director General of the Department of Management Services and the official committee appointed by the cabinet to review the recruitment process in the public service.	Should be filled the employee vacancies.
(b) It was observed that 50 percent of senior level posts in the department, 75 percent of secondary level posts and 68 percent of tertiary level posts are vacant and it was observed that there is a severe shortage of professional officers even before the year 2021. It was observed that due to the non-recruitment of departmentalized professional officers and the lack of creation of a back line equipped with knowledge to perform the specific tasks of the department after the retirement of the existing professional employees, the document management and higher document management had also been affected by the delays in those tasks.	New recruitment procedures have been developed for approved posts after the restructuring of the National Archives Department. Accordingly, the necessary activities for new recruitments were being carried out and due to suspension of new recruitments as per National Budget Circular No. 03/2022 that activities had to be stopped temporarily. However, new recruitments are being made under the approval of the Director General of the Department of Management Services and the official	Should be filled the employee vacancies.

committee appointed by the cabinet to review the recruitment process in the public service.