

Head - 401 State Ministry of National Heritage, Performing Arts and Rural Arts Promotion

1. Financial Statements

1.1 Qualified Opinion

The audit of the financial statements of the State Ministry of National Heritage , Performing Arts and Rural Arts Promotion for the year ended 31 December 2021 comprising the statement of financial position as at 31 December 2021 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 State Ministry of National Heritage, Performing Arts and Rural Arts Promotion was issued to the Accounting Officer on 17 June 2022 in terms of Section 11 (1) of the National Audit Act No. 19 of 2018. The Annual Detailed Management Audit Report of the Ministry was issued to the Accounting Officer on 11 July 2022 in terms of Section 11 (2) of the Audit Act. This report is presented to Parliament in terms of Section 10 of the National Audit Act No. 19 of 2018 which is read in conjunction with Article 154 (6) of the Constitution of the Democratic Socialist Republic of Sri Lanka.

In my opinion, except for the effects of the matters described in Paragraph 1.6 of this report, the financial statements prepared give a true and fair view of the financial position of the State Ministry of National Heritage, Performing Arts and Rural Arts Promotion as at 31 December 2021 and its financial performance and cash flow 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 appear in Paragraph 1.6 of this report.

I conducted my audit in accordance with Sri Lanka Auditing Standards (SLAuSs). My responsibilities, under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. 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 Accounting Officer on Financial Statements

Preparation of financial statements in a manner that reflects a true and reasonable position and determines the internal control required to enable financial statements to be prepared without inadequate false statements that may result from fraud and error in accordance with Generally Accepted Accounting Principles and the provisions of Section 38 of the National Audit Act, No. 19 of 2018 is the responsibility of the Accounting Officer.

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

The Accounting Officer shall ensure that an effective internal control system is maintained for the financial control of the Ministry in terms of Sub-section 38 (1) (c) of the National Audit Act and it should be periodically reviewed the effectiveness of the system and make any necessary changes to keep the system running efficiently.

1.4 Auditor’s Responsibility on Audit of 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 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, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Sri Lanka Auditing Standards, I exercise professional judgment and maintain professional skepticism throughout the audit. I also furthermore;

- Appropriate audit procedures were designed and implemented to identify and assess the risk of possibility of quantitative misrepresentations occurred in financial statements due to fraud or errors in providing a basis for the expressed audit opinion. More than the impact of quantitative misrepresentations due to misrepresentation, the effect of fraud is strong because of malpractice, forgery, intentional evasion, misrepresentation, or evasion of internal controls can lead to fraud.
- Although it is not intended to express an opinion on the effectiveness of internal control and obtained an understanding of internal control in order to plan appropriate audit procedures occasionally.
- Evaluate that the underlying transactions and events are appropriately and fairly included in the financial statements for the structure and content of the financial statements that include disclosures.
- Evaluated whether the transactions and events underlying the structure and content of the financial statements are appropriately and fairly consisted in and presentation of financial statements including disclosures as a whole.

The Accounting Officer was made aware of important audit findings, key internal control deficiencies and other matters identified in my audit.

1.5 Report on Other Legal Requirements

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

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

1.6 Comments on Financial Statements

1.6.1 Property, Plant and Equipment

Audit Observation

There were 03 vehicles belonging to the Ministry by the end of the year and the value of those vehicles had not been entered in the statement of financial position (Format ACA-P) and the descriptive note of property, plant and equipment (CAC-6) as at 31/12/2021.

Comments of the Accounting Officer

Necessary arrangements are being made to take over the vehicles that currently owned to the Ministry from the relevant institutions to the Ministry.

Recommendation

The value of vehicles should be assessed and accounted for.

1.6.2 Imprest Balance

Audit Observation

As the revenue of Rs.48,410,693 collected by the Ministry on behalf of other heads had been entered as other main ledger account receipts under non-revenue receipts in the statement of financial performance, non-revenue receipts had been overstated by Rs. 48,410,693 and the imprest balance had been understated by Rs.48,410,693 in the statement financial performance as at 31 December 2021 .

Comments of the Accounting Officer

Agree. Actions will be taken to correct in future.

Recommendation

The income should be reconciled with the cash flow statement and the cash adjustment account.

1.6.3 Certifications to be made by the Chief Accounting Officer

Even though the Accounting Officer shall certify in respect of following matters in terms of Section 38 of the National Audit Act No 19 of 2018, it had not acted accordingly.

Audit Observation	Comments of the Accounting Officer	Recommendation
<p>(a) The Chief Accounting Officer and the Accounting Officer should ensure that an effective internal control system for the financial control exists 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 and even though such reviews should be made in writing and submitted a copy to the Auditor General, the statements that such reviews were made had not been furnished to audit.</p>	<p>The internal control systems maintained by the Ministry have not been reviewed and it is informed that after making the necessary changes to make the system effective in future, a copy of it will be submitted for audit.</p>	<p>Actions should be taken in terms of the Section 38 of the National Audit Act No. 19 of 2018.</p>
<p>(b) Although the Chief Accounting Officer and the Accounting Officer shall ensure that all audit queries are answered within the specified time limits as required by the Auditor General, 7 audit queries had not been answered.</p>	<p>The answers to the audit queries will be submitted as soon as prepare them for the audit</p>	<p>-do-</p>
<p>(c) Although the Chief Accounting Officer and the Accounting Officer shall ensure that there is an effective system for the proper execution of internal audit functions, appointing of an internal auditor or formulating of necessary arrangements for conducting an internal audit had not been made as per the observations mentioned in Paragraph 4.1 of the report.</p>	<p>A request has been submitted to the Department of Management Services for obtaining the approval for the post of Internal Auditor for this Ministry. An Internal Audit Division is expected to be established as soon as the position is approved. The Internal Auditor of the Ministry of Religious and Cultural Affairs of Buddha Sasana is performing that task.</p>	<p>-do-</p>

2. Financial Review

2.1 Entering into Liabilities and Commitments

The following observations are made.

Audit Observation -----	Comments of the Accounting Officer -----	Recommendation -----
(a) Liabilities amounting to Rs.5,044,625 exceeding the balance of the provision of Rs.3,983,308 pertaining to 8 recurrent expenditure objects and 1 capital expenditure object in contrary to Financial Regulation 94 (1).	Three expenditure objects are not applicable and highly increase of vehicle repairs, payment of telephone bills related to December 2021, having incurred the expenditure under the expenditure object of the Jana Kala Kendraya because of the expenditure object was not created for Ape Gama and also there was no expenditure object for the Inter-Statutory Body for the Protection of Kandyan Heritage were the reason for making these expenses by transferring of F.R. 66 .	All amounts payable should be entered in the statement of commitments and liabilities.
(b) Even though a balance of Rs.4,419,964 pertaining to the 11 expenditure objects had been stated according to the statement of commitments and liabilities of the year under review, in addition to aforesaid liabilities, it was observed at audit test check carried out, a sum of Rs. 12,374,686 had been paid in January and February 2022 in 27 cases related to the year 2021. Accordingly, the total	As the expenses of the National Performing Arts Center are being incurred through the General Deposit Account, the expenses related to it have not been entered in the Register of Liabilities. Those expenses will be entered in the Register of Liabilities in future. The bills related to the preceding year of the Ministry and the	All the year end commitments and liabilities should be accounted for.

commitments and liabilities in institutions have been financial statements have been entered in the Register of understated by Liabilities in the year Rs.12,374,686. 2022.

2.2 Non- compliance with Laws, Rules and Regulations

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

Audit Observation -----	Comments of the Accounting Officer -----	Recommendation -----
Reference to the Laws, Rules, Regulations etc. -----	Non-compliance -----	
(a) Article 149 (1) of the Constitution of the Democratic Socialist Republic of Sri Lanka	The revenue earned by Nelum Pokuna Theater had been retained in the General Deposit Account No. 009-0-020-0-0-6000 belonging to the State Ministry of National Heritage, Performing Arts and Rural Arts Promotion without paying to the Consolidated Fund.	The Budget Department has informed over the telephone that the actions have been taken to create an expenditure object for that institution and to incur its expenses.
(b) Sections 18(1) (a) and 20(1) of the Sri Lanka Atomic Energy Act No. 40 of 2014	Actions had not been taken to inform the Board about the existing of ionizing radiation-related condition when purchasing the luggage scanning machine for the Nelum Pokuna Theatre. Although the	There is a chart with a dimension of the machine. Hence it is observed that compliance of Atomic Energy Agency is fulfilled. It is observed that the length of the conveyor belt is 1 meter.

minimum length of a conveyor belt in the machine should be 1 meter as informed by the letter No. AERC/CS/11/G4/3 dated 09 April 2021 Sri Lanka Atomic Energy Regulatory Council Director General, the machine purchased by the Theatre had not met that requirement.

(c) Financial Regulation of Democratic Socialist Republic of Sri Lanka

- | | | | | |
|--------------|--------------------------------------|--|---|---|
| (i) | Financial Regulation 3 (1) | Actions had not been taken to enter the expenditure related to Nelum Pokuna Theatre in the Annual Estimate and to obtain the Parliamentary approval. | Arrangements will be made to enter the expenditures and plans in the Annual Estimate and to get the Parliamentary approval. | Actions should be taken in terms of Financial Regulation. |
| (ii) | Financial Regulation 156 and 210 (2) | Due to non-payment of monthly electricity bills of Nelum Pokuna Theatre, the Ministry had paid late interest of Rs.281,596 for the period from January to December 2021 and Rs.6,000 to recover the disconnected electricity supply. | As a result of delay in receiving funds from the Treasury for payment of electricity bills, the bill payment has been delayed . | -do- |
| (iii) | Financial Regulation 201 (2) | An officer who had taken unpaid study abroad leave from 15.10.2021 had been paid Rs. 94,747 as salary for the months of October and November 2021. | The letter was sent to the officer on 31.01.2022 informing her to refund the overpaid salary in cash. | -do- |

- | | | | | |
|------|---|---|---|--|
| (iv) | Financial Regulation 261 (1) | Two payment vouchers totaling to Rs.612,061 were not furnished to audit. | All the vouchers will be submitted for audit. | -do- |
| (d) | Procurement Guidelines of the Democratic Socialist Republic of Sri Lanka Guidelines 8.12.4, 5.4.6 and 5.4.8 | In the process of creating the official website of the Mahinda Rajapaksa National Telecinema Park, the full contract amount of Rs. 2,000,000 had paid on 15 December 2021, before the completion of the work and without a guarantee that the work was completed and the website was not operational in a manner accessible to the public even as at 31 March 2022, the date of audit. An amount of retention had not been deducted while making the payment and the performance bond to be obtained covering the maintenance period of the contract up to 1 year after completion of work had been obtained only up to 6 months from the date of commencement of work. | Since the instructions have been received to enter all the commitments in ITMIS computer system before 15.12.2021, the invoices submitted stating as 14.12.2021 has been entered into the computer system. Accordingly, the relevant payment has been made under cheque number 533274 on 31.12.2021 . It is kindly stated that the actions will be taken to extend the maintenance period up to one year. | Actions should be taken as per the provisions in the Procurement Guideline. |
| (e) | Decision of Cabinet Ministers No: CP/17/1557/711/017 dated 18 August 2017 | Steps had not been taken to formally establish the Inter-Statutory Body for the Protection of Kandyan Heritage even by 31 December 2021. | The Attorney General has sent observations on 06.04.2022 for the document prepared for the Statutory Board. Further actions are being taken. | Necessary steps should be taken to formally establish the Inter-Statutory Body for the Protection of Kandyan Heritage. |

2.3 Improper Transactions

----- Audit Observation -----	Comments of the Accounting Officer -----	Recommendation -----
The Chinese Company was allowed to import duty-free equipment, machines and accessories needed for the maintenance of the Theatre as per the Chinese Technical Cooperation Agreement and the Ministry had paid customs duties of Rs. 14,366,103 on 09 occasions for the items imported by the Chinese Company for the Theatre during the period from January to July 2021 . The ownership of the imported goods items had been transferred to Sri Lanka and arrangements had not been made to take over 74 items of 19 types of capital items imported for maintenance purposes stored in the warehouse, to the Theatre. The Board of Survey was not conducted on the items remained in the stores and the reports had not been submitted.	The Board of Survey for the year 2021 has now been completed and a committee of 3 members has been appointed to formally investigate the capital items imported by the Chinese Company and hand them over to the Theatre as per the instructions of the Secretary to the Ministry.	Steps should be taken to undertake the goods properly.

3. Operating Review

3.1 Planning

The following observations are made.

----- Audit Observation -----	Comments of the Accounting Officer -----	Recommendation -----
(a) Although the 4 projects related to the Protection of Kandyan Heritage had been introduced as per the approval of the Cabinet of Ministers No.	Although these projects were included in the revised Action Plan, implementing of these projects were stopped as the closure of the country	The Action Plan should be prepared according to the 4 projects related to the Protection of Kandyan Heritage and necessary steps should be taken to

- MSEW/CM/13/2017 dated 15 August 2017 regarding the Inter-Statutory Body for the Protection of Kandyan Heritage its activities had not been planned based on those 04 projects. Five projects which was allocated Rs. 9,022,841 included in the Revised Action Plan of the Board had not been implemented during the year.
- (b) The Performance Indicators related to the Ministry had not been identified in the Action Plan of the Ministry.
- (c) Although the Insurance Scheme for Artists should be implemented under one entity, the Treasury had provided Rs.15 Million to Tower Hall Theatre Foundation for Preksha Artists' Insurance Scheme for Theatre Artists and Rs. 10 Million to the Ministry for Accident and Medical Insurance Scheme for all Artists.
- for more than 02 months and there was no specific understanding about the time when the relevant guidelines would be reduced.
- complete the tasks mentioned in the Action Plan within the year.
- According to the nature of these projects, because of the Output Index itself is a Performance Indicator, only the Output Index has been included.
- The Medical Insurance on Theatres Artists which is being operated by Tower Hall Theatres Foundation is only available to Theatre Artists registered with Tower Hall Theatre Foundation. The accident and medical insurance implemented by the Ministry for artists has covered the fields of performing arts, the art of writing and drama. The objectives and beneficiaries of the two insurances are also different and therefore a duplication has not occurred.
- Performance indicators should be identified for the Ministry.
- The Ministries/ Institutions should clearly define their objectives and tasks and work on them and measures should be taken to avoid duplication in making provisions.

3.2 Failure to Perform Expected Output Level

The following observations are made.

Audit Observation	Comments of the Accounting Officer	Recommendation
-----	-----	-----
Establishing of an Artists' Database System and creating a digital reference which can coordinate artists and clients had not yet been designed in a user-friendly manner even by the date of audit.	The Database of Artists is operational in the Ministry Website. Artists can register online in the database system and anyone interested can access the Artist Information Database System. Although all the design work on the two digital applications of artists have been completed, it has not currently installed for App Store and Play Store. Since a lot of infrastructure needs to be completed in order to use it, some time has to be spent for it.	Planned tasks should be performed as scheduled.

3.3 Procurements

The following observations are made.

Audit Observation	Comments of the Accounting Officer	Recommendation
-----	-----	-----
(a) Although the warranty period after the sale should be 10 years as per the specifications approved by the Technical Evaluation Committee of the procurement for purchase of Baggage Scanner for	It is pointed out that the decision to extend the warranty period at the end of the warranty period, will be made by the Theatre after the warranty period ends.	The evaluation of bids should be carried out in accordance with the Procurement Guidelines.

Nelum Pokuna Theatre, there should be a 05 years warranty period offered by the supplier and after exceeding it, a service contract agreement costing Rs. 3,196,520 should be entered into. Nevertheless, that cost had not been taken into consideration in the price evaluation.

- | | | |
|--|---|-------------|
| <p>(b) Three bidders had submitted bids for the work of creating the official website of the Mahinda Rajapaksa National Tele-cinema Park. The reasons such as failure to submit information about the qualifications and experience of the team members employed for the work and failure to submit the bid on a company letterhead and signature of an authorized office had not been considered by the Technical Evaluation Committee and Procurement Committee.</p> | <p>Two institutions who had submitted bids were rejected due to non-submission of time frame for completion of the contract and the Technical Evaluation Committee was satisfied that the selected institution had submitted the bid with all those elements and selected that institution.</p> | <p>-do-</p> |
|--|---|-------------|

3.4 Securities Given by Public Officers

Audit Observation	Comments of the Accounting Officer	Recommendation
<p>Arrangements had not been made to obtain securities from the officers who would sign the cheques of the State Ministry.</p>	<p>Since this Ministry is a newly established Ministry, the security activities have not been done up now and those activities are being done.</p>	<p>Arrangements should be made to obtain securities from the relevant officers.</p>

3.5 Losses and Damages

	Audit Observation	Comments of the Accounting Officer	Recommendation
(a)	<p>A 6039 square feet building within the Kandy Municipal Council area had been obtained on lease for the office premises of the Inter-Statutory Body for the Protection of Kandyan Heritage at a monthly rental of Rs.1,000,000 and although the lease agreement had expired on 31 October 2020, due to the fact that the necessary procurement activities for selecting a new location had not been done at that time, the agreement had been extended by 3 months until 31 January 2021. Although the area required for the office premises was 3400 square feet, as a result of the extension of the previous agreement for 03 months, the agreement had to be taken for 6039 square feet and the expenditure of Rs.18,000,000 paid additionally was a loss to the Ministry.</p>	<p>Due to the difficulty of attending of officers to work in the situation of the Covid epidemic in 2020, it has not been possible to carry out the procurement work on the prescribed date. Nevertheless, the agreement has been extended by 3 months till the commencement of the procurement activities to ensure the carrying out the office activities without interruption.</p>	<p>Taking steps to recover the additional amount of Rs.18,000,000 paid.</p>
(b)	<p>One organization had submitted 02 bids for the purchase of a baggage inspection machine for Nelum Pokuna Theatre and even though it had been stated that the Rs. 2,999,000 as the first bid and Rs. 5,400,000 as the second bid by the Bid Opening Committee, the</p>	<p>Submission of alternative prices is the reason for rejection of the bid in terms of Procurement Guideline 5.3.17.</p>	<p>Measures should be taken in terms of Procurement Guidelines in the event of the evaluation of bids.</p>

Technical Evaluation Committee had noted the price of Rs.5,400,000 as the first bid and the price of Rs.2,999,000 as the second bid and the second bid had been rejected during bid evaluation. In this, by accepting the price of Rs. 4,800,000 offered by another company as the lowest price and recommending to buy the machine from that company, the Ministry had incurred a financial loss of Rs.1,801,000.

3.6 Uneconomic Transactions

The following observations are made.

Audit Observation -----	Comments of the Accounting Officer -----	Recommendation -----
In entering into agreements for charging lease rent for supplying services for transmission antennas maintained by three private communication companies in Nelum Pokuna Theatre lease agreements had been entered into in 2020 for the same values agreed in 2015 . Although the amount of lease rent unpaid by the three private communication companies pertaining to the period from January to October 2021 was Rs.1,550,000 and the amount to be received for the electricity used was Rs.1,222,263 , as the amount of penalty to be charged for late payment had not been specified in entering into the agreements, the late payment could not be able to levy.	The rent and electricity bills payable to the Theatre have been cleared by the communication agencies by now. It is informed that further actions will be taken to include a condition regarding the imposition of a penalty for late payments in those agreements.	Arrangements should be made to enter into lease agreements on the basis of new assessments and to enter into agreements so that communication agencies are subject to commitments.

3.7 Management Inefficiencies

The following observations are made.

Audit Observation -----	Comments of the Accounting Officer -----	Recommendation -----
<p>(a) As per the letter No. SA/AMP/Deposit/Transfer dated 09 January 2022 of Director General of State Accounts. considering the Nelum Pokuna Theatre as a separate Project, actions had not been taken even by the date of audit to make available the necessary provision for its maintenance through the Budget and to credit the revenue earned to an appropriate Revenue Head with the consultation of Department of Fiscal Policy till the date of audit and the transactions have been operated through deposit account number 6000-0-0-020-009-0.</p>	<p>Even though the Director General of State Accounts has given instructions to the Budget Department to provide a suitable expenditure object for the allocation of the year 2020 , the activities have been temporarily stopped. It is kindly informed that the discussions will be made with the state Accounts Department and carry out further work.</p>	<p>Considering the Theatre as a separate Project, steps should be taken to make provision for its maintenance through the Budget and to consult the Department of Public Financial Policy and credit the revenue earned to an appropriate Revenue Head.</p>
<p>(b) Even though it had been entered into agreements with the lessee in handing over the Nelum Pokuna Theatre on rent basis, as the actions had not been taken to establish as an entity with formal legal personality by the date of audit, there was no legal validity in that agreement.</p>	<p>Agree with the observation. Arrangements are being made to establish Nelum Pokuna Theatre as a formal institution with the approval of the Cabinet of Ministers.</p>	<p>Arrangements should be made to establish Nelum Pokuna Theatre formally.</p>

- (c) The electricity consumption cost of Nelum Pokuna Theatre at the time of the imposing of curfew in the country, was Rs.1,448,590 and Rs.1,261,714 in the months of May and June 2021 respectively and also a high cost such as Rs.1,519,859 in the month of September 2021, when there were no activities. Further, although the price charged per unit was very high under the General Purpose - 03 meter reading type of kva-209152249 in the electricity billing system of the Centre, actions had not been taken to change this recovery system to reduce electricity charges.
- Due to the fact that the officers were not allowed to go out during this period, the light bulbs and fans have been turned on as the officers stayed inside for 24 hours. In addition to that, during that period the replacement of Sound System, Lighting System, CCTV etc. has been done by the Chinese company by these days as per the second Memorandum of Understanding signed for the maintenance of Nelum Pokuna. Therefore, it is kindly informed that the electricity bill has not decreased during this period.
- Attention should be drawn on reducing electricity charges.
- (d) Arrangements had not been made to acquire the ownership of the land of 13 Acres 03 Roods 25.1 Perches where Ape Gama premises is located and its buildings etc. properly from the Urban Development Authority under the Ministry of Urban Development and Housing.
- The letter No. AG/01/08 dated 14.12.2021 has been sent to the Chairman of the Urban Development Authority with copies to the Secretary to the State Ministry of Urban Development, Waste Disposal and Community Cleanliness to arrange for the transfer of the land belonging to Ape Gama premises as per the Decision of the Cabinet of Ministers.
- Arrangements should be made to formally take over the ownership of the land.
- (e) Even though the Ape Gama premises (excluding Ape Gama office premises) had been handed over to the Ministry of National Heritage, Performing Arts and Rural Arts Promotion by the Special Gazette Notification No. 2202/25
- Although the Ape Gama premises has been transferred under the purview of the State Ministry of National Heritage, Performing Arts and Rural Artist Promotion as per the Extraordinary Gazette Notification No.
- Making arrangements to recover the relevant expenses from the Central Cultural Fund.

dated 20 November 2020, the Central Cultural Fund had handed over the premises to the Ministry from 01 April 2021. The income earned from Ape Gama premises amounting to Rs. 1,264,500 had been used by the Central Cultural Fund during the relevant period. Although the Fund should bear the employee expenses related to that period, the State Ministry had paid Rs. 254,000 as labour allowances from January 2021 to March 2021.

2202/05 dated 20.11.2020, the financial provisions had not been made for the maintenance of Ape Gama premises. Because of the staff was not assigned for that, the Central Cultural Fund has managed to administer it during that time. The Central Cultural Fund has spent a sum of Rs. 8,516,760 for the activities of Ape Gama premises during that period of 04 months. However, Ape Gama has been formally handed over to the State Ministry from 01.04.2021.

(f) Although the Gramodaya Folk Art Centre had been handed over to the State Ministry by Gazette No. 2187/27 dated 09 August 2020, the State Ministry had not taken steps to legally establish the Centre.

Folk Art Centre has been formally established by an Act on 09.08.2020.

Taking necessary steps to legally establish the Rural Community Centre.

(g) Due to the fact that the necessary steps were not taken to pay the relevant charges and release two confiscated vehicles which were to be released to the State Ministry by Sri Lanka Customs, as per letter No. CDD/MISC/CASE/127/2020 dated 11 April 2021 it had also been informed to pay a late fee of Rs. 1,376,462 for the respective vehicles by 29 April 2021.

Even though the confiscated vehicles have been released from the customs to this Ministry, adequate provision had not been made available for that for the payment of charges payable. Requests have been submitted to the Treasury for that. The relevant provisions have not been received by now.

Taking necessary steps to release the two vehicles after paying the relevant fees and cover the late fees.

- (h) An Advisory Board consisting of 10 people with special knowledge related to the Protection of Kandyan Heritage was appointed until a proper Statutory Body/Authority for Kandyan Heritage is established for the Protection of Kandyan Heritage and this Advisory Board had met only once from September 2020 to December 2021.
- There are respectable citizens of the country, Heads of busy Ministries and institutions as Members of the Advisory Board and because in view of the great risk and difficulty in attending them in the prevailing epidemic situation and the giving of health advice in connection with the holding of meetings from time to time by the Government, the Advisory Board Meetings were postponed until the situation has calmed down.
- Inter-Statutory Body for the Protection of Kandyan Heritage should be established.

4. Achieving Sustainable Development Goals

Audit Observation	Comments of the Accounting Officer	Recommendation
-----	-----	-----
Arrangements had not been made to identify the Sustainable Development Goals and the projects implemented by the Ministry and the activities under it had been stated as Sustainable Development Goals.	The Sustainable Development Goals have been recorded in the Performance Report and the goals of the projects implemented by the Ministry to achieve that goal have been adjusted with sustainable goals and noted .	Measures should be taken to identify Sustainable Development Goals.

5. Good Governance

5.1 Internal Audit

Audit Observation	Comments of the Accounting Officer	Recommendation
<p>-----</p> <p>Preparation of plans or appointing an internal auditor had not been carried out to conduct an internal audit in terms of Section 40 of the National Audit Act No. 19 of 2018.</p>	<p>-----</p> <p>As there was no approved post of Internal Auditor in the approved staff for this Ministry, a request has been submitted to the Department of Management Services to approve the post. An Internal Audit Division is expected to be established as soon as the position is approved.</p>	<p>-----</p> <p>Steps should be taken to conduct an internal audit.</p>

6. Human Resources Management

Audit Observation	Comments of the Accounting Officer	Recommendation
<p>-----</p> <p>A staff of 62 had been approved for the Ministry with 9, 3, 37 and 13 senior, tertiary, secondary and primary level officers respectively and the actual staff was 7, 0, 50 and 5 respectively. Accordingly, there were vacancies of 13 officers and at the senior, tertiary and primary levels and an excess of 13 officers at the secondary level.</p>	<p>-----</p> <p>The secondary level excess officers related to the approved staff of the Ministry have been assigned from the Ministry of Public Services, Provincial Councils and Local Government without the request of this Ministry. The said Ministry has been briefed on the excess cadre by the letter No.NH/AD/02/GT dated 28.10.2021.</p>	<p>-----</p> <p>The approved number of employees for senior, tertiary, secondary and primary levels should be maintained.</p>