

Report of the Auditor General on the Head 207 – Department of Archaeology – Year 2015

1. Scope of Audit

The audit of the Appropriation Account and the Reconciliation Statements including the financial records, books, registers and other records of the Department of Archaeology for the year ended 31 December 2015 was carried out in pursuance of provisions of Article 154(1) of the Constitution of the Democratic Socialist Republic of Sri Lanka. The Management Audit Report for the year under review was issued to the Director General of the Department on 08 August 2016. The audit observations, comments and findings on the accounts and the 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 Accounts and the Reconciliation Statements in accordance with the provisions in Articles 148, 149, 150 and 152 of the Constitution of the Democratic Socialist Republic of Sri Lanka, other statutory provisions and Public Finance and Administrative Regulations. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of Accounts and Reconciliation Statements that are free from material misstatements whether due to fraud or error.

2. Accounts

2.1 Appropriation Account

Total Provision and Expenditure

The total net provision made for the Department amounted to Rs.1,001.00 million and out of that, a sum of Rs.910.94 million had been utilized by the end of the year under review. Accordingly, the savings out of the total net provision made for the Department amounted to Rs.90.06 million or 9 per cent of the net provision. Details appear below.

<u>Expenditure</u>	<u>As at 31 December 2016</u>			<u>Savings as a Percentage of the Net Provision</u>
	<u>Net Provision</u> Rs.Millions	<u>Utilisation</u> Rs.Millions	<u>Savings</u> Rs.Millions	
Recurrent	849.50	824.88	24.62	2.90
Capital	151.50	86.06	65.44	43.19
Total	1,001.00	910.94	90.06	9.00
	=====	=====	=====	

2.2 Advance Account

Advances to Public Officers Account

Limits Authorised by Parliament

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

Expenditure		Receipts		Debit Balance	
Maximum Limit	Actual	Minimum Limit	Actual	Maximum Limit	Actual
-----	-----	-----	-----	-----	-----
Rs.Millions	Rs.Millions	Rs.Millions	Rs.Millions	Rs.Millions	Rs.Millions
50.59	31.46	30.59	37.05	130.00	93.86

2.3 General Deposit Account

The balance of the General Deposit Account bearing No.6000/0000/00/0015/0089/000 of the Department as at 31 December 2015 amounted to Rs.100.38 million.

2.4 Audit Observation

The Appropriation Account and the Reconciliation Statement of the Department of Archaeology for the year ended 31 December 2015 have been satisfactorily prepared subject to the Audit Observations appearing in the Management Audit Report referred to in Paragraph 1.1 above. The material and significant audit observations out of the audit observations appearing in that Management Audit Report appear in Paragraph 3.

3. Material and Significant Audit Observations

3.1 General Deposit Account

Action in terms of the Financial Regulation 571 had not been taken on 17 deposits totaling Rs.12,062,055 older than 2 years.

3.2 Reconciliation Statement of the Advances to Public Officers Account

According to the Reconciliation Statement of the Advances to Public Officers Account bearing Item No.20701 as at 31 December 2015, the follow-up action on the recovery of outstanding loan balances totaling Rs.1,237,806 existing over a period of 3 years as at that date had been at a weak level.

3.3 Good Governance and Accountability

3.3.1 Internal Audit

The Internal Audit of the Department had not been carried out due to the post of the Internal Auditor remaining vacant since 14 September 2015 and the unavailability of an adequately trained Internal Audit Staff.

3.3.2 Audit and Management Committee

The Department had held only one meeting of the Audit and Management Committee during the year 2015.

3.4 Assets Management

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

(a) Conduct of Annual Boards of Survey

Even though the Annual Board of Survey for the year 2015 should have been conducted and the reports thereon should have been presented to the Auditor General by 17 March 2016 as specified in the Public Finance Circular No.02/2014 of 17 October 2014, such reports in respect of the Head Office and the Eastern Provincial Office had not been presented even by June 2016.

Curios of the Head Office and the Regional Museums had not been included in that Survey.

(b) Underutilised Assets

The following observations are made.

(i) Non-opening of the Ranchamadama Museum

Sums of Rs.5,500,000 and Rs.728,800 had been spent in the years 2012 and 2014 respectively for the Ranchamadama Prehistoric Museum. The Museum remained underutilized even by May 2016 due to the problems relating to the ownership of the land, maintenance of the buildings, access road and the common amenities remaining without being settled.

(ii) Use of Roofing Sheets for the Circuit Bungalow, Polonnaruwa.

A stock of 336 roofing sheets of 5, 8 and 10 feet in sizes and 96 roof top covers valued Rs.1,141,950 purchased on 31 December 2014 had not been used even by May 2016.

3.5 Performance

Key Functions not adequately executed.

The Department had not adequately executed key functions and several such instances observed are given below.

(a) Amendment of the Antiquities Ordinance

Proposals had been made for making separate amendments to the Antiquities Ordinance, No.9 of 1940 and the Antiquities (Amendment) Act, No.24 of 1998 in order to give more powers to the Department for the protection of the Archaeological Heritage. The recommendations relating to the Ordinance had been forwarded to the Ministry of National Heritage in February 2014. The expected objectives had not been achieved even by May 2014 due to the weak level of the follow-up action of the Department in taking future action in accordance with the Cabinet Memorandum dated 12 August 2014.

(b) Registration of Antiquities

“Registration of archaeological Sites, monuments and movable antiquities” had been cited as the third objective of the Antiquities Policy of the Democratic Socialist Republic of Sri Lanka published in the year 2008. Even though the Department had been implementing the registration of the movable antiquities coming under the Archaeological Heritage of Sri Lanka, a large number of antiquities in the possession of other Government Institutions, Private Institutions, places of Religious Worship and persons remained to be registered.

(c) Conservation of the Dighawapi Stupa

Even though about 95 per cent of the wall about 18 feet high around the Dighawapi Stupa had been dismantled and removed by March 2015 as the wall was not stable, the conservation work had not been commenced concurrently. Subsequent to the on site observations made by the Council of Scholarly Consultants for the conservation of the Dighawapi Stupa on 19 February 2015, consensus had been reached that “it should be conserved in a manner to preserve the form of the Stupa, coated with white slaked lime and installing the pinnacle.” The architectural and engineering designs and the total cost estimate prepared for this purpose amounting to Rs.772 million had been approved in June 2015. It had been decided to complete the work in 5 years. Even though the work had been scheduled for commencement on 24 August 2015, work had not been commenced even by the end of the year 2015. The following deficiencies were observed at the audit test check carried out in this connection.

- (i) A stock of 377,000 bricks had been supplied to the work site for Rs.6,032,000 in the year 2014 for conservation purposes. A test check report on the PSI value of those bricks was obtained for audit purposes from the University of Moratuwa in October 2015 to check the strength of those bricks (compression capacity of a brick). All the bricks in the sample were less than the PSI 400 as stated in the procurement specifications. The bricks had not been subjected to a standards check at the time of supply to the work site. Payment to the supplier had been made, based on the test check report obtained at the brick kiln.
- (ii) Services (labour and vehicles) had been procured from outside parties in December 2014 and the first quarter of the year 2015 in connection with the conservation of the Dighawapi Stupa. Such services had been procured without obtaining approval for the estimates. Even though it was revealed that a sum of Rs.1,685,050, was payable for the work executed, the bills of the Civil Security Force and the other parties could not be settled due to the existence of problems relating to the materiality of the services supplied.

(d) Archaeology Reward Fund

The Archaeology Reward Fund had been established with the objectives of enhancing the efficiency and productivity of the persons, officers, informers and implementing officers who contribute to the recovery of illegally used antiquities or the protection of antiquities. The Archaeology Reward Fund had received a sum of Rs.73,486,473 during the period from the year 2010 to 31 December 2015. The money had been retained in the General Deposit Account due to the internal problems of the Department with regard to the recipients of benefits. The total amount had been credited to the government revenue by 31 December 2015. The objective of establishing the Fund had not been achieved as the officers of the Department and the Police Officers had not received their benefits.

(e) Conservation of Neelagiriya Stupa

Provision amounting to Rs.8 million had been made for the year 2015 for the conservation of Neelagiriya Stupa and plans had been made to incur expenditure half yearly at the rate of Rs.4 million. Conservation work had not been done in the first half of the year as the conservation estimates therefor had not been approved. Materials such as cement and sand only had been purchased in December 2015. Subsequently a sum of Rs.2.3 million had been transferred to another object and out of the balance net provision of Rs.5.7 million, a sum of Rs.2.1 million only had been spent.

(f) Conservation of Yudanganawa Stupa

Even though provision amounting to Rs.4 million had been made for the year 2015, provision amounting to Rs.3.7 million or 93 per cent had been saved due to the inability to obtain bricks.

3.6 Losses and Damage

The following observations are made with regard to the losses and damages of the Department.

(a) Irregularities in the Construction of the New Circuit Bungalow, Anuradhapura

The following observations are made in this connection.

- (i) A sum of Rs.443,000 had been paid in the year 2012 to a Chartered Architect for the Architectural Consultancy Services (Design and Construction). Nevertheless, no services whatsoever in connection with the construction of this Circuit Bungalow had been obtained from him.
- (ii) A sum of Rs.1,418,483 had been paid to the contractor contrary to the recommendations of the Deputy Chief Secretary (Engineering Services) of the North Central Province.
- (iii) According to the Guideline 8.13.4(b) of the Government Procurement Guideline, payments for additional work should be made only after submitting all documents along with a statement prepared by the Head of Department to the Chief Accounting Officer and obtaining his approval. Nevertheless, payment for

additional work amounting to Rs.4,222,928 representing 25.3 per cent of the contract value had been made without taking action as referred to above.

(b) Purchase of Timber for Repairs to the Circuit Bungalow, Polonnaruwa

The timber valued at Rs.617,433 purchased on 26 December 2015 for carrying out repairs to the roof had included substandard timber. An investigation in connection with the substandard timber had not been conducted even by May 2016.

(c) Use of Motor Cycles

The Department had 57 Motor Cycle Registration Books and the information of the officers using or the Regional Office to which 13 of those Motor Cycles were issued was not available. Ten motor cycles taken off from running had been retained in the Head Office from October 2015 even up June 2016 without being disposed of.

3.7 Management Weaknesses

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

(a) **Use of the Anuradhapura Circuit Bungalow**

The new Circuit Bungalow Anuradhapura had been constructed by incurring expenditure amounting to Rs.15.8 million in the year 2014 and Rs.4.3 million in the year 2015. Action had not been taken even by May 2016 for the purchase of the household equipment required for the Circuit Bungalow. As such the objectives of construction of the building had not been achieved.

(b) **Acquisition of the Muruthawelawatta Land at Attanagalla Palkumbura**

The Muruthawelawatta land situated in the Divisional Secretariat Division, Attanagalla consisted of 09 acres, perches 22. It was revealed in the year 2000 that there exist the features of an ancient fortress or a town. Even though action for the acquisition of the land was commenced in the year 2011 for declaring the land as a Protected Archaeological Site, it had not been acquired even by the end of the year under review due to the weakness in the follow-up action. In the circumstances, there were problems such as the loss of revenue from the produce of the land since the year 2013 and existence of unauthorized roads traversing the land.

3.8 Human Resources Management

Approved Cadre and Actual Cadre

The position of the cadre as at 31 December 2015 had been as follows.

Category of Employees	Approved Cadre	Actual Cadre	Number of Vacancies
(i) Senior Level	53	09	44
(ii) Tertiary Level	56	38	18
(iii) Secondary Level	737	461	276
(iv) Primary Level	1,610	1,205	405
Total	2,456	1,713	743

The following observations are made.

- (a) Out of 53 Senior Level posts of Divisional Heads relating to Director, Deputy Director and Assistant Director, 44 had been vacant even by 31 December 2015. Officers had been appointed on acting basis over periods exceeding 06 years. This situation had been the reason for the decline in the annual performance of the Department.
- (b) Even though 44 posts of Conservation Assistant (Architecture/Technical Officer) had been approved for the Department, 32 of those posts remained vacant and as such the preparation of estimates for the Conservation Project and Supervision had been at a weak level.