

Head 209 - Report of the Auditor General of the Department of National Archives - 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 National Archives. 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 National Archives - Head 209 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 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 as 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 out of the audit observations included in the Management Audit Report appear in Paragraph 2.1 to 2.15 of this Report. The audit observations revealed in the execution of accountability as the Accounting Officer in accordance with provisions of the Financial Regulation 128 of the Democratic Socialist Republic of Sri Lanka, to ensure the adequacy of the financial administration are summarized and shown in the undermentioned table.

Accountability of the Accounting Officer in terms of Financial Regulation 128 (1)	Non - compliance with those provisions by Accounting Officer	Reference to the Paragraph of the report which 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	<ul style="list-style-type: none"> 1. Action Plan had not been prepared in an accurate manner. 2 .1.1 2. Non - maintenance of Registers and Books. 2. 11 3. Deficiencies in Internal Audit. 2. 13 4. Projects that had not been obtained a progress even if the money released. 2.1.2 5. Management Weakness 2.6 6. Failure to utilize the provisions made available / overprovision 2.7

128 (1) (c)	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.	Non maintenance of Registers and Books	2. 11
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 that these are verified from time to time; and, where they are disposed of, such disposal is according to prescribed Regulations and Instructions.	Deficiencies in Assets Management	2. 3
128 (1) (h)	Special arrangements are made to recover outstanding dues and that the officers assigned that task report to him at least once a quarter or as otherwise directed regarding arrears and action pursued to expedite their recovery	Recovery of Arrears Loan Balances of Advances to Public Officers Account.	2.8
128 (1) (n)	Officers liable to provide Security do so in terms of the law and instructions in force.	Deficiencies in Security Government Officers Required to give Security	2. 15
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 F.R.156 (1) . (It shall be the duty of him to make sufficient arrangements in order to ensure)	Losses and Damages	2. 4

2. Material and Significant Audit Observations

2.1 Performance

2.1.1 Planning

The Action Plan for the year 2017 had not been prepared in terms of the Public Finance Circular No 01/ 2014 dated 17 February 2014. Accordingly, the following shortcomings were observed in respect of the Action Plan prepared for the year under review.

- (a) The updated Organizational Structure of the Institution , the details of the Approved Cadre and the presently employed staff for the year under review had not been submitted with the Action Plan.
- (b) The Activity Plan prepared with the priorities based on the Annual Budget relating to the year under review, Time Line implemented and the desired Output / Outcome of the those activities had not been estimated and stated.
- (c) The Imprest Requirement Plan for the annual activities had not been submitted with the Action Plan.

2.1.2 Not-performing the Functions

(a) Projects not obtained a Progress even Funds were Released

The contract for the refurbishment of the entire electrical circuit network of the old building of the Department of National Archives had been handed over to the Department of Buildings on 29 December 2016 . The estimation submitted by the Department of Buildings for that was amounted to Rs. 13,598,750 and the cheque for a sum of Rs. 5,608,059 out of that amount had been sent to the Department of Building on 31 December 2016. Even though 21 months had elapsed since the release of the money, actions had not been taken to commence refurbishment of electrical circuit or to withdraw money even by 10 October 2018. It was further observed that this delay had occurred due to payment was made only for the refurbishment works of electrical circuit despite a complete repair had to be done in the entire building.

2.1.3 Annual Performance Report

Even though the Performance Report of the Department relating to the year under review should be tabled in the Parliament within 150 days after the end of the financial year in terms of the Public Finance Circular No. 402 dated 12 September 2002, that Report had not been tabled in Parliament even by 30 September 2018.

2.1.4 Achieving Sustainable Development Objectives

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 been aware of how to take measures relating to the activities under purview of their scope relating to the year under review. The following observations are made in this regard.

- (i) Even though an accurate data base is essential to measure the correct performance of any work, the Department had failed to maintain accurate data base to measure the achievement of Sustainable Development Targets.
- (ii) It had not been performed associate with other Government Agencies whilst being prepared to achieve the Sustainable Development Goals .

2.2 Obtaining Supplies and Services through the Procurement

A provision amounted to Rs. 27.7 million had been made available for the supplies and services of which should be obtained by the Department performing as per the Government Procurement Guidelines and out of that a sum of Rs 10 million had been utilized. Accordingly, the provision amounted to Rs. 17.7 million had been saved and that was 64 per cent out of the net provision made available.

2.3 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

Out of the capital expenditure borne by the Department during the year amounting to Rs. 121,700,729 only a sum of Rs. 7,523,104 was shown in the Report of the Movement of Non-current Assets the Appropriation Account. Accordingly, a difference of Rs. 114,177,625 was observed in between the figures shown in the DGSA 4 Format and the figures shown in the Report of the Movement of Non-current Assets.

(b) Vehicle utilization

Not testing the Fuel Combustion

Although the fuel combustion of all vehicles should be checked in accordance with Paragraph 3.1 of the Public Administration Circular No. 30/ 2016 dated 29 December 2016, it was not so done.

(c) Non-essential and Under-utilized Assets

(i) Even though the steel shelves and accessories had been purchased at a cost of Rs. 2,927,481 for the Ratnapura sub office in the month of December 2015, due to it was impossible to acquire the proposed office building from the Department of Archeology, these equipment remained without utilizing even by the month of October 2018.

(ii) The raw material required for the shelves valued at Rs. 2,459,553 purchased in the year 2015 for the Legal Deposit Section of the Department and the devices amounted to Rs. 975,168 had not been used for the intended purpose and remained without utilizing until October 2018.

(iii) Even though the cafeteria of the Department of National Archives had been constructed by incurring a sum of Rs. 14,853,858 by the Urban Development Authority in the year 2014 the roof of that had not been constructed in proper standard and instead of windshield walls, polythene covers had been used. As a result rainwater flows into the cafeteria, the cafeteria had to be closed after opening in 18 months. Even though it had been planned to correct the defects of this closed cafeteria which was closed down in the month of May 2016 those plans had not been implemented even by 31 December 2017.

2.4 Loss and Damages

Even though the Large-scale cracks spread in entire four floors of the new building premise which was built in the year 2012 had been renovated in the same year, occurring these cracks within a short period of 05 years after construction were observed as an unusual matter. Further, after the establishment of Mobile Racking System for the second, third and fourth floors of this new building and it was observed that these cracks in the building could further expand and arise a more dangerous situation whilst settling a large number of documents on it .

2.5 Unresolved Audit Paragraphs

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 to the shortcomings pointed out, are given below.

**Reference to the Auditor
General's Report**

Subject Referred

Paragraph No.

3.2

Non-submission of the evidences such as original letter of the manufacturer's authorization in respect map scanner machine purchased for a sum of Rs. 15.7 million, Warranty Certificate for a period of 3 years and supporting documents for the confirmation of the production year.

3.14 (b)

The absence of a suitable place for having meals for the staff consisted of 118 members due to the closure of the cafeteria for a long period.

2.6 Management weaknesses

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

- (a) The Rain water is leaking in several places of the second floor of the old building consisted of 06 storied where the Legal Deposit Repository was established. It was observed that the rainwater would be caused to destroy the documents due to moisture, existence of the building and also life risk could be caused. Although this risk remained for several years, actions had not been taken to prevent this condition.

- (b) Although works should have been completed before the 26 of December 2016 under the condition of No. 26 (1) of the Agreement for the contract amounted to Rs. 169 million for the installation of mobile shelves, that period had been extended up to the second week of March 2017, due to not so happened. However, even though the work was completed and handed over on 15 September 2017, the delayed charge amounted to Rs.16.9 million had not been charged.

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

The particulars relating to the provision made to the Department and utilization and savings for the 05 years period ended by 31 December 2017 are given below .

Year	Category of Expenditure	Net Provision	Utilization	Savings	Savings as a percentage of Net Provision
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		Rs. Million	Rs. Million	Rs. Million	
2013	Recurrent	81.9	77.4	4.5	5.49
	Capital	294.2	67.5	226.7	77.06
	Total	376.1	144.9	231.2	61.47
2014	Recurrent	93.8	90.2	3.6	3.84
	Capital	77.2	75.7	1.5	1.94
	Total	171.0	165.9	5.1	2.98
2015	Recurrent	109.8	98.7	11.1	10.11
	Capital	176.4	35.5	140.9	79.88
	Total	286.2	134.2	152.0	53.11
2016	Recurrent	112.1	104.7	7.4	6.60
	Capital	220.8	95.3	125.5	56.84
	Total	332.9	200.0	132.9	39.92
2017	Recurrent	113.9	97.7	16.2	14.22
	Capital	247.8	121.7	126.1	50.89
	Total	361.7	219.4	142.3	39.34

The following observations are made in this regard.

(a) Appropriation Account

The following observations are made.

(i) Non- utilization of the Provisions made available

The total net provision made available for the Department was Rs. 361.7 million and a sum of Rs. 219.4 million had been utilized by the end of the year. Accordingly, out of the total net provision made available to the Department a sum of Rs. 142.3 million or 39 per cent had been saved.

(ii) Overprovision of Recurrent Objects

As a result of availability of net provision totalled to Rs. 32.02 million for 13 Recurrent Objects for the year under review the provision amounted to Rs. 11.14 million had been saved after utilizing a sum of Rs. 20.87 million for those Objects. Accordingly, the

provisions had been saved ranging from 25 per cent to 100 per cent out of the allocation made available for the Expenditure Objects.

(iii) Overprovision of Recurrent Objects

As a result of availability of net provision totalled to Rs. 237.40 million for 13 Capital Objects for the year under review the provision amounted to Rs. 125.43 million had been saved after utilizing a sum of Rs. 111.97 million for those Objects. Accordingly, the provisions had been saved ranging from 25 per cent to 100 per cent out of the allocation made available for the Expenditure Objects.

2.8 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. 20901 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
7.00	6.54	3.50	3.52	25.00	18.30

The following observations are made in this regard.

Non- recovery of Arrears Loan Balances

As per the Reconciliation Statement submitted for audit, the aggregate of balances of loans outstanding besides the loan balances of the officers who had station transferred was Rs. 415,833 and although those outstanding balances had been existing for more than 5 years, the Department had failed to recover the those arrears loan balances.

2.9 General Deposit Account

- (a) Even though a Reconciliation Statement should be prepared in terms of the Financial Regulation 427 for the comparison of Departmental Accounting Books with Treasury Books, such a comparison statement had not been prepared with regard to the General Deposit Account.
- (b) Even though according to Departmental Books, there was no final balance in the General Deposit Account No. 6000/0000/00/0015/0091/ 000 dated 31 December 2017 it was observed that as per the Treasury Final Computer Printout there was a negative balance of Rs. 742,282 as at the date and the debits during that year amounted to Rs. 10,000. A comparison had not been made in respect of these changes.

2.10 Operating Bank Accounts

The following observations are made.

Balances to be Adjusted

The following deficiencies were observed whilst examination of the Bank Reconciliation Statements submitted in relation to the bank account maintained in the year 2017 by the Department.

- (i) The value of the unidentified payments was Rs. 281,309 and the value of unidentified receiving was Rs. 273,310 consisted in the Bank Reconciliation Statements prepared for the 31 December 2017 .
- (ii) A cheque deposited but not realized amounted to Rs. 88,500 remaining from the date of 31 December 2014 in the Bank Reconciliation Statements prepared as at 31 December 2017 had been carried forward without conducting any inquiry.

2.11 Non-maintenance of Registers and books

The Department had not maintained the following Registers and it was observed that certain Registers had not been maintained properly and in an updated manner.

	Type of Register -----	Related Regulation -----	Observation -----
(a)	Register of Fixed Assets	Treasury Circular No. 842 of 19 December 1978 .	Had not been maintained
(b)	Register of Losses and damages	Financial Regulation 110	Had not been maintained
(c)	Register of Fixed Assets for Computer Accessories and Software	Treasury Circular No. IAI / 2002/ 02 of 28 November 2002	Had not been maintained
(d)	Register of Inventory	Financial Regulation 454 (1)	Had not been maintained properly and in an updated manner

2.12 Non - Compliances

Non-compliance with Tax Requirements

After the payment made for covering the Value Added Tax (VAT) for the year 2017 as per the Guideline 5.4.12 of the Procurement Guidelines, it had not been informed to the Inland Revenue Commissioner in respect of the aforesaid payment before 15 of the following month.

2.13 Internal Audit

Although a post of Internal Auditor had been approved, an Internal Audit Unit had not been established as per Financial Regulations 133 .

2.14 Human Resource Management

Approved Cadre, Actual Cadre and Expenditure for Personal Emoluments

Details of the approved, actual and vacant staff as at 31 December 2017 are as follows. The Department had paid about a Rs. 57 million for the personal emoluments for the year under review. Accordingly the per capita expenditure had been a sum of Rs. 485,855.

	Category of Approved Cadre Employees -----	Actual Cadre -----	Number of Vacancies -----
(i)	Senior Level	16	03
(ii)	Tertiary Level	27	16
(iii)	Secondary Level	163	107

(iv) Primary Level	86	48	38
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	292	118	174
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The following observations are made in this regard.

Out of the 292 approved cadre for the Department of Archives, 174 posts existed in vacant and , it was observed that the 29 vacancies exists out of 43 Senior Level posts of the Department and it could lead to decline the performance of the institution.

2.15 Public Officers Required to give Security

The officers who should keep Security Deposits had not kept Security in terms of Financial Regulation 880 .