

Central Cultural Fund - 2020

The audit of the operational activities of the Central Cultural Fund for the year ended 31 December 2020 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 and the Financial Act No. 38 of 1971. This report indicates my comments and observations which I intend to submit to Parliament .

1.2 Responsibilities of Management and Those Charged with Governance for the Financial Statements

Each audit entity should maintain its own books and records of its income, expenditure, assets and liabilities to enable it to prepare annual and periodic financial statements on that entity in terms of Section 16 (1) of National Audit Act No. 19 of 2018 . The Annual Financial Statements for each audit entity should be submitted to the Auditor General by the Chief Accounting Officer along with the Annual Performance Report of such instances as may be specified by the rules in terms of Section 16 (2) of the Act. It should be ascertained to prepare Annual Reports and other financial statements within the required time period in terms of Section 38 (1) (d) of the Act and in addition to that the Chief Accounting Officer should be responsible for presenting of the Annual Reports related to the entity which was being audited to Parliament. However, the financial statements which should be submitted to the Auditor General within 60 days after the closure of the accounting year in terms of Section 6.5.1 of the Public Enterprises Circular No. PED /12 of 02 June 2003 and the Treasury Circular No. 01/ 2004 of 24 February 2004 and approved by the Board of Governors for the years 2018, 2019 and 2020 had not been submitted for audit even by the date of this Report .

02. Audit Observations

2.1 Non- compliance with Laws, Rules , Regulations and Management Decisions

Reference to Non-compliance with Laws, Rules, Regulations etc.	Non-compliance	Comments of the Management	Recommendation
(a) Section 4 (d) of the Central Cultural Fund Act No. 57 of 1980	Although the Board of Governors itself or the Director General authorized by the Board of Governors should enter into agreements in writing on behalf of the Fund, the Chief Administrative Officer who was not given such delegation of authority of the Fund had signed an agreement for a contract valued at Rs. 6,527,400 .	Since there was no one in the post of Director General of Central Cultural Fund during this period, the Chief Administrative Officer had signed these contract agreements instead of the Director General .	Arrangements should be made in accordance with the provisions of the Act.

(b) Sections 2 (1) and 102 of the Inland Revenue Act No. 24 of 2017	The Fund had not taken actions to get exempted from income tax and actions had not been taken to be registered for the income tax and to pay income tax for the assessment years 2018/2019, 2019/2020 .	The Fund was exempted from tax payable under the Inland Revenue Act No. 28 of 1979 as per Section 11(2) of the Central Cultural Fund Act No. 57 of 1980 . Arrangements will be made to get the Central Cultural Fund Act amended and to get exempted it from all Income Tax Acts.	Actions should be taken in accordance with the provisions of the Act.
(c) Sub-sections 6(1) (a) and 12 of the Public Contracts Act No. 03 of 1987	The Fund had awarded construction contracts totalled to Rs.2,132,384,064 from the year 2015 to 2019 for the tenderers who were not registered with the Registrar of Public Contracts.	Agree. It is accepted that the governing authority at that time has not carried out the activities in accordance with the Public Contracts Act No. 03 of 1987 and arrangements will be made as indicated by the audit in future.	Actions should be taken in accordance with the provisions of Public Contract Act.
(d) Establishments Code of the Democratic Socialist Republic of Sri Lanka	(i) Paragraph 1.7 of Chapter II	Recruitments had been made for 8 "Director" posts which were not approved and the benefits including monthly allowances entitled to a director had been given. The services of 06 officers indicated there have been terminated. The rest of two directors have been retained and paid allowances under the approval of the Board of Governors as per the service requirement.	Arrangements should be made to recruit in accordance with the provisions of the Establishments Code.
(ii) Paragraph 1.3 of Chapter II	The approval of the Department of Management Services should be obtained to create new posts in addition to approved staff and to fill up vacancies occur in approved posts after 30 June 2011 in terms of letter No. DMS/E1/ 54/9/241 dated 21 July 2011 issued by the Director General of Management Services	Agree. Out of the 06 posts mentioned here, the services of two officers have already been terminated. Recruitments have been made for remaining 04 posts with the approval of the Board of Governors based on	Actions should be taken to recruit employees only for the approved positions in accordance with to the provisions of the Establishments

	<p>titled “Staff Approval”. The names of 06 posts of the officers who had been recruited for 12 posts which were not so approved had not been included in Scheme of Recruitment and those officials had been paid a total of Rs.1,161,740 from January 2020 to June 2020 .</p>	<p>the service requirement.</p>	<p>Code.</p>
<p>(iii) Paragraph 9.1 of Chapter II and Public Administration Circular No. 03/2018 dated 20 February 2018</p>	<p>The prior approval of the Cabinet of Ministers had not been obtained for the appointment of retired officers for the posts of Director (Administration and Human Resource Development), Director of Apegama Special Project, and Personal Assistant to Director (Administration) .</p>	<p>The approval of the Board of Governors has been obtained in re-employment of retired officers. The 213th Board of Governors has given the decision to get the services of the Director (Administration and Human Resource Development) until the restructuring process of the Fund is approved.</p>	<p>Actions should be taken in accordance with the provisions in the Establishments Code .</p>
<p>(e) Public Enterprises Circular No. PED-12 dated 02 June 2003</p>			
<p>(i) Paragraph 4.2.6</p>	<p>The Quarterly, Semi-annual and Annual Performance Reports for 2020 were not submitted for audit.</p>	<p>Due to the Covid epidemic, it was not possible to submit the Quarterly, Semi-annual and Annual Performance Reports of 2020 to the audit.</p>	<p>Arrangements should be made to submit performance reports to the Auditor General.</p>
<p>(ii) Paragraph 6.5.3</p>	<p>The Annual Reports of the years 2016 and 2017 had not been tabled in Parliament even by 31 January 2022 .</p>	<p>Revised Notes of Cabinet of Ministers in Annual Reports in 2016, 2017 have been submitted to the Ministry on 06/01/2022 .</p>	<p>Actions should be taken to table Annual Reports.</p>
<p>(f) Paragraph 02 of Public Administration Circular No. 06/97 dated 03 February 1997</p>	<p>Seventy two acting appointments that had exceeded the acting service period of 06 months had been continuing on the acting basis without filling the vacancies.</p>	<p>Since the Scheme of Recruitment is being revised by now according to the Restructuring Process of the Fund, actions will be taken to fill the vacancies after having approval for that.</p>	<p>Actions should be taken in terms of Circular provisions.</p>

(g) Paragraph 02.1 of
Public
Administration
Circular No. 09/2009
dated 16 April 2009
and Public
Administration
Circular No.
09/2009(1) dated 17
June 2009

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| <ul style="list-style-type: none"> . A sum of Rs. 1,338,051 had been paid as salaries for 06 officers from June 2019 to July 2020 without confirmation of arrival and departure. | <p>An internal circular was issued by making aware the relevant officers in the Divisional Heads' meetings in this regard. At present, the officers mark in the finger scanner machine and the sign in the attendance register.</p> | <p>Actions should be taken to recover the payments which had not confirmed the deploying in the service.</p> |
| <ul style="list-style-type: none"> i. A director who took over the duties on 11 June 2019 but not reported for work since that day had been paid Rs. 192,772 as 03 months' salaries . | <p>Answers have not been given.</p> | <p>Arrangements should be made to recover the respective paid salaries.</p> |
| <ul style="list-style-type: none"> iii. Despite there was no such position, an officer has been appointed as a Director, International Affairs from February 2020 and though he had not performed any duty whatsoever in the Fund from that date to October, a sum of Rs. 1,214,284 had been paid by the Fund as salaries for 09 months based on a letter submitted that he had worked in the Prime Minister's Office. | <p>The position has been approved by the Board of Governors Paper No. 212.24.1 Accordingly, the payments have been made . This was based on the dates of service presented by the Secretary to the Prime Minister.</p> | <p>Actions should be taken to recover the payments which had not confirmed the deploying in the service.</p> |

2.2 Operational Activities

Audit Observation	Comments of the Management	Recommendation
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<p>(a) The estimated value of the Sisu Daham Sevana island wide programme was Rs.1,140 Million as per the Budget Estimate 2019 of the Fund and it had been</p>		

planned to donate buildings to 332 Dhamma schools that were in economic difficulty and do not have adequate buildings, according to an equal building plan, which was Rs. 3,433,734 per building and completed by 30 October 2019 . The following observations are made.

(i) Although the procurement exceeding Rs. 250 Million should be implemented by the Cabinet Procurement Committees as per Procurement Guidelines 2.14.1, the programme which was estimated at the value of Rs. 1,140 Million had not implemented by the Cabinet Appointed Procurement Committees.

The Board of Governors has approved the Sisu Daham Sevana Programme by Paper No. 208.57.1 . In the year 2019, the Ministry has submitted a Memorandum of Cabinet of Ministers based on the total value of the procurement to present this procurement to the Cabinet. There, the instructions have been given to resubmit the memorandum by fulfilling the requirements such as the construction progress, the Decision of the Board of Governors and the Decision of the Standing Procurement Committee of the Ministry appointed by the Cabinet.

Arrangements should be made in accordance with Procurement Guidelines .

ii. The construction works under 3 phases of the programme had been assigned to Buildings Department, State Engineering Corporation and State Development and Construction Corporation as 45, 112 and 211 buildings respectively being a sum of Rs. 3,484,500 per building under the direct contract system in contrary to Procurement Guidelines 3.1.6. An allocation of Rs. 1,282.2 Million was required for the construction of these 368 buildings in 03 phases. It had exceeded the approved allocation by Rs. 142.2 Million.

According to F.R. 787, the Buildings Department has the ability to assign construction works directly. Actions have been taken as per the Decision of the Cabinet of Ministers No. C.P 15/0219/620/001-1 dated 02.04.2015 and the approval of the Governing Council.

Arrangements should be made to operate the projects according to the Procurement Guidelines and within the approved allocations.

- ii** An advance of Rs. 753,500,000 had been given to the 3 organizations entrusted with the construction work for the construction of 298 buildings by 30 October 2019 . Out of that, a sum of Rs.28,326,073 from the advance amount given to the Building Department, Rs.68,861,887 from the advance amount given to the State Engineering Corporation and Rs.221,932,662 from the advance amount given to the State Development and Construction Corporation as at 31 December 2019 had not been settled.
- The Buildings Department has completed the work on 45 related buildings so far. The works have been completed exceeding the amount of 278.7 Million rupees given as an advance to the State Engineering Corporation and 65 buildings have been properly undertaken and 21 buildings are to be take over after completion of work. Remaining 26 buildings show 65% physical progress. The works have been completed exceeding the amount of Rs. 353.3 Million given as an advance to the State Development and Construction Corporation and 44 buildings have been properly taken over and physical progress of 93% has been shown in 123 buildings. The progress on the remaining 44 buildings is in between 10% and 21% .
- Arrangements should be made to get settled the advances.
- (iv)** Out of the 123 constructed buildings with a value of Rs.428,593,500 assigned to the State Development and Construction Corporation in the second phase, only 77 buildings had been completed. Even though the construction of 86 buildings valued at Rs.299,667,000 had been entrusted to the State Engineering Corporation, it could not be able to ascertain how many buildings had been completed due to the fact that failure of preparing reports on construction progress.
- Out of the 112 buildings given to the State Engineering Corporation, 65 have been completed and handed over and 21 buildings are scheduled to be completed. Rest of 26 buildings show 65% physical progress.
- Arrangements should be made to enter into agreements and obtain proper reports as the construction agencies are subject to commitments.
- (v)** The construction of 88 buildings with a value of Rs.97,566,000 entrusted to the State Development and Construction Corporation
- The State Development and Construction Corporation has completed
- Arrangements should be made to enter into agreements so that

and the construction of 26 buildings assigned to the State Engineering Corporation under the third phase had been stopped while constructing.

and handed over 44 buildings out of 211 buildings. The remaining 123 buildings show 93% physical progress and the rest of 44 buildings show the progress in between 10% and 26% .

the project objectives can be achieved and the construction companies are subject to commitments.

- (b) A total of Rs. 1,036,602,668 in the years 2017,2018,2019 and 2020 as Rs.519,546,178, Rs.121,427,616, Rs.387,947,025 and Rs.7,681,849 respectively had been spent for other cultural activities from the year 2017 to the year 2020 . The following observations are made.

(i) Out of the approved amount, the amount released to 49 Divisional Secretariats and District Secretariats from 2017 to 2020 was Rs. 178,968,648. Out of that, a sum of Rs. 146,538,215 had been utilized by those offices and from the rest of allocation of Rs.32,430,433, a sum of Rs.21,743,656 had been returned to the Fund. Out of that, the sum of Rs.2,682,297 given to 3 Divisional Secretariats had been returned without any use.

When releasing money for other cultural activities, estimates were prepared, approved and submitted by technical officers who had subject knowledge.

Actions should be taken to utilize the funds with proper management.

(ii) Five Divisional Secretariats and 04 District Secretariats had retained the remaining amount of Rs. 10,406,602 in general deposit accounts for a period of 01 to 06 years.

Written notices have been given to the respective Divisional Secretaries to return the money deposited in the general deposit accounts. Actions have been taken to provide a part of this to the Fund.

Arrangements should be made to bring back the money retained in general deposit accounts to the Fund.

- (c) Even though the approval had been given for the construction of the Nelligala International Buddhist Center Resting Hall at an estimated cost of Rs.98,590,000, the original estimated cost had increased by Rs. 124,022,750 that is 25 per cent. The construction had been commenced by the Sri Lanka Navy in February 2019 and the physical construction progress was less than

A sum of Rs. 98,590,000 has been estimated for the construction of Resting Hall of Nelligala International Buddhist Center with the labour cost. The cost has been further reduced after removing the labour cost

It should act with optimal planning and coordination and in accordance with Government Procurement Guidelines.

50 per cent by March 2021 .

in that amounting to Rs.98,590,000 as per the government policies on the basis of handing over this construction to the Sri Lanka Navy. The relevant raw materials have been given to the Navy after following the procurement process. The Chief Reverent has agreed to get completed the future works.

- (d) A total of Rs.27,521,531 was given to Kalutara District Secretary on 04 occasions in 2017, 2018 and 2019 according to an estimate of Rs.35,000,000 prepared by a private planning firm on 20 March 2017 related to the construction of the three-storied Sanghavasa building of Sri Samudrarama Temple, Dampiagama , Wadduwa . The Kalutara District Secretary had paid the entire amount received to the Panadura Divisional Secretary in the years 2017, 2018 and 2019 without obtaining confirmation about the physical progress and standard of construction through the supervision and certification of a technical officer. Out of that amount, a sum of Rs 2,276,814 remained in the general deposit account of the Panadura Divisional Secretariat from 12 December 2020 to 11 February 2021 . The Fund had not taken actions to check the progress of the construction and provide necessary funds for the remaining works to make the building usable.
- Observations are accurate. The Divisional Secretary has obtained the recommendations of a Technical Officer and the Assistant Director of Planning before giving approval for the respective payments. Therefore, even if the District Secretary releases the money to the Divitional Secretary, the Divisional Secretary is responsible for its payment. The Technical Officer has recommended Bill of Quantities and payment reports to be submitted in connection with the construction. Although the related construction works have been delayed due to the Covid situation, the construction works in this regard are being done at present.
- Arrangements should be made to operate funds with optimal planning and coordination and to implement and completion of the projects.
- (e) The estimate for the construction of the Sanghavasa of Sri Wijayananda Purana Rajamaha Vihara, Habarakada was Rs.7,345,000 and a sum of Rs.4,478,253 had been given to the Divisional Secretary,
- Observations are correct. So far, 85% of this construction has been completed and it has decided to complete in
- Arrangements should be made to operate funds with optimal planning and coordination and to

- Thawalama for 03 phases out of 04 phases. Although the contract work had to be completed on 28 May 2018, the construction works had not been completed even by December 2021 and a sum of Rs. 4,436,227 had been spent.
- this year. The activities therein has delayed because of funding difficulties due to Covid situation 2020/2021.
- implement and completion of the projects.
- (f) The Board of Governors had approved the construction of a building for the Kirama Galtamgoda Puran Vihara Sanghavasa, Dhatu Mandiraya and Library on 19 June 2019 and before that, 20 per cent of the estimated amount that is Rs. 5,577,800 had been sent on 2 May 2019, to Hambantota District Secretary as the first installment. Although the quotations were called from private contractors and the construction was done considering the amount of Rs. 5,577,800 received as phase I and preparing estimates, this phase allotment was done in contrary to Procurement Guidelines 4.4. The Fund did not carry out follow up actions on this construction or the amount of Rs. 5,577,800 given and the remaining amount of Rs. 681,924 had been retained in the general deposit account of the District Secretariat up to March 2021. The construction had been stopped while carrying out, due to failure to grant funds and the amount spent had also become a futile expense.
- Due to the loss of income in the years 2020/2021, this construction has been temporarily stopped. Nevertheless, without allowing this construction to be a futile expenditure, actions will be taken to commence the work in 2022 and manage it based on the funds received and to finish it promptly.
- Arrangements should be made to operate funds with optimal planning and coordination and to implement and completion of the projects.
- (g) A sum of Rs. 768,000 rupees had been given to the temple for the purchase of raw materials based on the estimate of Rs. 24,233,100 by the Galle District Engineer (Construction) for the construction of Dhamma School and Dharamshala building of Galle Vidyaloka Piriven Maha Vihara. Later on, even though a sum of Rs. 4,693,020 was given as the first release of money to the Sri Lanka Navy on 19 August 2019 for the construction, the approval of the Governing Council had not been obtained. The value of the work done using the decentralized funds of the Buddhasasana Ministry and Provincial
- The Governing Council has given approval to provide this construction to the District Secretariat. A sum of Rs. 768,000 had been given under the supervision of the District Secretary for the purchase of raw materials to Viharashatha Dayaka Sabha. As the Viharastha Dayaka Sabha is the governing body of the Temple, the Treasury had approved as an authorized
- Arrangements should be made to operate funds with optimal planning and coordination and to implement and completion of the projects.

Council allocations was Rs. 2,800,000 as at 18 July 2018 regarding the construction and the actions had not been taken to deduct the value of construction done till then from the total estimated value. The Navy had constructed a devala building on the temple land and reported its physical progress as 50 per cent and this construction was outside the estimate of Dharamshala building. Although the Navy Commander had informed on 08 June 2020 that a sum of Rs.18,772,080 was required for the remaining construction of the Dharamshala building, due to failure to take further steps, the construction works had been stopped and the construction progress was only 60 per cent.

unit to perform contractual functions. The foundation stone for the relevant building was laid on 25.06.2016 and a certain construction of the building has been done with the assistance of the Ministry of Buddhism. The Fund has submitted estimates for the remaining works on the recommendation of the Prime Minister as requested by the Chief Reverent of the Temple for the relevant construction. With the help of donors, these construction works are being successfully carried out with more physical progress.

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| <p>(h) Although the necessary systems to receive payments through electronic means should be established in terms of Public Finance Circular No. PF/4/CM/1(Cir) dated 20 November 2010 , apart from the Sigiriya Project, it had also failed to commence issuing tickets of other projects through online even by 31 October 2021 .</p> | <p>All plans have been made to implement a system of payment through accounts for the issuance of tickets of the Central Cultural Fund with the People's Bank along with all revenue generating projects.</p> | <p>Arrangements should be made to follow efficient methods of earning of income.</p> |
| <p>(i) A total of Rs. 1,666,692 as Rs.1,000 per day for executive officers and Rs.750 for non-executive officers had been paid without obtaining Treasury approval for the Board of Survey for the year 2019 on the approval of the Governing Council for the Board of Survey activities carried out by the panel of Board of Survey on duty days.</p> | <p>Answers have not been given.</p> | <p>Actions should be taken to make payments only on proper approval.</p> |

2.3 Management Activities

Audit Observation	Comments of the Management	Recommendation
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(a) Steps had not been taken to amend the Central Cultural Fund Act No. 57 of 1980 in a timely manner.	Functions to timely amend the Central Cultural Fund Act No. 57 of 1980 are being done by now.	The Act should be amended.
(b) Thirty two regional projects which were implemented under the Fund had been commenced from the year 1980 when the Fund was established, to the year 2018 and 15 projects were commenced from 2015 to 2018 and the approvals of the Board of Governors, Treasury and others were not obtained for 10 projects commenced after 2015 and 03 out of 05 approved projects had been approved after commencing. Further, the inclusion of the functions of the Project in operational plans and budgets had not been done.	Agree. Actions will be taken to correct it.	When starting new projects, it should be included in the plans and budget and necessary approvals should be obtained.
(c) The Head Office of the Fund at No. 212/1, Bauddaloka Mawatha, Colombo was established on 4th floor (5823 sq. ft.) of Battaramulla Setshiripaya Phase II from 01 March 2018 on the approval of Board of Governors Paper No. 202.25.01 dated 26 May , 2017 . Accordingly, the main office was maintained in that premises until 30 April 2021 and a sum of Rs. 65,862,757 had been paid for that, as building rent. However, actions had not been taken for the construction of a new building or the renovation of the existing building and after 04 years, the Head Office had been moved back to the old building from March 2021 .	Due to the weakening of the main source of income of the Fund, and as a result of difficult to pay the monthly rent for the office premises in Setshiripaya, Battaramulla, it had to bring the main office back to the old office premises. The legal proceedings to take over the ownership of Bauddaloka Mawatha office premises are currently in the final stage. Similarly, the preparation of basic plans for the construction of the new office building is in final stage.	Actions should be taken to properly plan the construction and to carry out the fund control formally .

- (d) Although the 25 per cent of the income earned by the Fund was to be given to the Ministry of National Heritage for the maintenance of archaeological sites in terms of the Decision of the Cabinet of Ministers No. AMP/11/0/169/555/004 dated 02 February 2011, a total of Rs. 1,760,086,783 which should be provided in the years 2017, 2018, 2019 and 2020 as Rs.764,254,863, Rs.571,273,485 Rs.213,778,942 and Rs.210,779,543 respectively had not been given to the Ministry. It has not been possible to give 25% of the earned income to the Department of Archeology due to having to implement 2 major projects based on the policy decisions taken by the government in the respective years. Arrangements will be made to provide 25% of the remaining amount to the Department of Archeology after deducting administrative expenses from the basic income with the concurrence and supervision of the Treasury. Actions should be taken in accordance with the Decision of the Cabinet of Ministers.
- (e) A sum of Rs.526,341,581 had been spent for the development of 1049 temples and religious places in 20 Districts from 2017 to 20 May 2018 under 03 phases by the Sasunodaya Programme. The following observations are made.
- (i) A total of Rs.46,486,385 had been provided on 15 August 2017 for 150 temples under Phase I. There were 09 temples where the development and conservation works had not been commenced and there were 07 temples where the works had not been completed as per the report on follow-up actions of the Officer-in-charge (Panduvassnuwara) . The financial aid made for those temples was Rs.2,743,585 and Rs.2,504,315 respectively. The facts indicated on the 09 temples where the development and conservation works have not been commenced and the 07 temples where the works have not been completed related to the projects of Dambadeniya, Yapahuwa, Polonnaruwa, Monaragala, Paduvasnuwara under the first phase are correct. It is informed that as soon as the reports on follow-up actions are received, the necessary actions will be taken. Arrangements should be made to operate Funds and to carry out follow up actions on Projects with optimal planning.
- (ii) A total of Rs.405,439,004 had been given on 04 December 2017 for 815 religious places under Phase II. According to the reports on follow-up actions given with regard to the projects, the development works of 14 religious places had not been The Project Managers have been assigned to carry out the follow-up actions under phase II and it is informed that the necessary further actions will be taken immediately after the reports received. -do-

commenced and the development works of 45 religious places had not been completed. The amount of financial aid given for that was Rs. 6,995,876 and Rs.22,445,810 respectively. Other works had been done using of financial aid given to 09 religious places amounting to Rs. 4,500,000 .

(iii) A total of Rs.26,500,000 had been given as a sum of Rs. 500,000 each for 53 religious places which were undergone in a test check as 34 religious places related to Dambadeniya Project and 19 religious places related to Padduvasnuwara project under Phase III . Files had not been maintained for the 53 religious places aided or reports on follow-up had not been obtained on the development works done.

The Directors were assigned to carry out follow up actions and provide the relevant reports. It is kindly informed that the necessary further actions will be taken immediately upon receiving the report.

Arrangements should be made to carry out follow up actions on funds given and the Projects.

2.4 Procurement Managements

Audit Observation -----	Comments of the Management -----	Recommendation -----
(a) The security service had been procured from the same company that had submitted the bid in contrary to the Procurement Guidelines 7.12.1 in providing security services to the Head Office of the Fund and Ape Gama premises in Battaramulla.	Although it was inquired from the Civil Defense Department of the government as per Public Finance Circular dated 12 August 2010, it was impossible to get the services.	Actions should be taken in terms of Procurement Guidelines.
(b) A sum of Rs. 13,407,480 had been spent for the reconstruction of St. Sebastian's Church in Katuwapitiya, which was destroyed in the Easter Sunday attack in 2019 . The renovation was done by providing Army labour and the execution of the tasks was not done on the basis of the regulation of the Fund or an external consultancy institution . Further, the	Actions have not been taken in respect of this under the Decision of the Cabinet of Ministers No.C.P. 19/3086 /122/066-1 dated 05.11.2019 .	It is not covered by the Decision of the Cabinet of Ministers and it is necessary to operate the Funds and complete the projects with optimal planning.

contract with a cost estimate of Rs.49,961,750 (including tax) for the construction of the Daham School Building and internal access roads of the Church and installation of a generator was awarded as a direct contract to the National Equipment and Machinery Organization in contrary to Procurement Guidelines 3.1.6 and the said agency had subcontracted the said project to the State Engineering Corporation on the same day. Although the procurement should be initiated only after pre-planning and the availability of adequate provision is ensured, the construction of the Daham school building had been stopped because of the unavailability of provisions due to failure to make arrangements accordingly .

- (c) The Buildings Department had prepared an estimate of Rs.96,920,505 for the construction of the Sanghavasa building in Sri Visuddharama Vihara, Debarawewa, Tissamaharamaya and the construction valued at Rs. 6,527,400 had been awarded as direct contracts to the National Equipment and Machinery Organization as its first phase as per the Decision Cabinet of Ministers No. අ.ම.ප 19/3086/ 122/066-1 in contrary to 3.1.6 Government Procurement Guidelines. Although the contract had been entered into on 27 August 2019 for the related construction a sum of Rs.4,487,361 that is 79 per cent of the contract value of the first phase had been paid to the construction company before entering into the agreement. Even though it had been contracted that the construction of the first phase should commence on 18 February 2019 and be completed by 18 May 2019, the construction had not been completed by the date of audit, 31 December 2021 .
- As per the approval of the Cabinet of Ministers received to award the contract directly to National Equipment and Machinery Organization , the project for the construction of the Sanghawasa building was directly awarded to the National Equipment and Machinery Organization. Due to the financial difficulties faced by the Fund during the year 2020/2021, construction activities have been delayed. According to the progress reports sent, the construction of this Project has been completed at about 85% by now.
- The period covered by the Decision of Cabinet of Ministers has exceeded. It should be done with optimal planning and coordination and in accordance with Government Procurement Guidelines.

2.5 Human Resources Management

Audit Observation	Comments of the Management	Recommendation
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<p>(a) The Department of Management Services had approved a number of 3008 staff of the Fund such as 16 Senior Level Posts, 46 Tertiary Level Posts, 478 posts at secondary level and 2,468 posts at primary level posts by letters No. DMS/E1/54/9/241 dated 21 July 2011 and 22 November 2011 and No. DMS/1731 Vol-I dated 28 April 2017 . A number of 830 posts such as 05 senior level posts, 19 tertiary level posts, 144 secondary level posts, 662 primary level posts were in vacant as at 31 December 2020 and 146 posts had remained in excess in 69 secondary level posts and 77 primary level posts.</p>	<p>Actions are being taken to fill those vacancies by giving promotions to qualified officers internally for the posts currently lying vacant as per the approved Scheme of Recruitment of the Central Cultural Fund.</p>	<p>Arrangements should be made to fill the vacancies as per the approved Scheme of Recruitment .</p>
<p>(b) The Fund had not taken steps even by the 28 February 2022 the date of audit to obtain the approval of the Department of Management Services for the Scheme of Recruitment of the Fund which was sent on 14 February 2022 .</p>	<p>The new Scheme of Recruitment is being prepared and will be submitted for the approval of the Management Services Department as soon as it is completed.</p>	<p>Arrangements should be made to obtain the approval for the Scheme of Recruitment.</p>
<p>(c) The Governing Council had approved on 17 October 2017 for the recruitment of 3,401 employees for the Department of Archaeology as 2,271 Watchmen and 1,130 Labourers which were not included in the approved cadre of the Fund or the Department of Archaeology without obtaining the approval of the Director General of Management Services to create new posts or to increase the number of employees in terms of Section 1.2 of Chapter II of the Establishments Code of the</p>	<p>The services of all the Archaeological Assistants and Watchmen hired for the Department of Archeology have been terminated.</p>	<p>Recruitment of employees on behalf of another Department should not be done without the approval of the Director General of Management Services.</p>

Democratic Socialist Republic of Sri Lanka. Accordingly, the Fund had recruited a total of 1,487 including 934 Archaeological Assistants (labourers) and 553 Watchmen by 30 September 2019 . Thus, the Fund had paid salaries of Rs. 479,356,993, Rs.581,773,108 and Rs.123,499,165 for the years 2018, 2019 and 2020 respectively to the employees recruited so on behalf of another Government Department.

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| (d) | A sum of Rs. 1,921,251 had been paid from January 2019 to December 2020 as monthly transport allowances of Rs.50,000 each and fuel allowances of Rs.16,440 each in terms of Paragraph 3.3 of Circular No. 1/2015(I) dated 27 October 2016 for 5 officers recruited without obtaining the approval of the Management Services Department. | The recruitment has to be done on casual basis and contract basis since the approved staff is not enough as the institutional activities expand. | Actions should be taken to recover payments made in contrary to circular provisions. |
| (e) | Official vehicles were provided to the officers recruited for 03 positions who were not entitled to official vehicles and a sum of Rs. 1,312,222 had been spent for 12,629.27 liters of fuel used for those vehicles. | Among the officials mentioned here, only one person is currently employed. The service of other officers has been terminated. | -do- |

2.6 Internal Control

Audit Observation	Comments of the Management	Recommendation
(a) Matters arising from Internal Audit Reports		
(i) The restaurant near the west gate of Sigiriya was given to the rental base for Rs. 130,000 per month according to an agreement made in 2016 and the same rent was had been charged in 2017,	This has been entrusted to the Legal Division to take relevant legal actions to collect the arrears of rent and late fees. Currently, the restaurant has signed an agreement with a	Agreements for services should be entered into annually and arrangements should be made according to the

2018 and 2019 without entering new buyer and is providing contracts. into agreements again. Arrears of services to tourists. rent and late charges amounting to Rs.1,303,366 had not been collected from the tenant from March to December 2019.

(ii) The Fund had employed a large number of workers monthly for Maha Vihara and Jetavana Projects during the year 2019 and payments had been made for 10,599 and 16,264 man-days out of 35,478 and 36,389 man-days respectively. Due to this, a sum of Rs.20,816,436 and Rs.28,787,280 were unnecessarily paid as labour wages for Maha Vihara and Jethavana Projects out of Rs.69,685,545 and Rs.64,423,509 respectively, a sum of Rs. 49,603,716 had lost.

Observation is accepted.

Arrangements should be made to avoid the idle employment and reduce costs.

(iii) The approval was given to recruit for those positions on contract basis for 02 years in the Board of Governors meeting No. 199 on 25 November 2016 for 10 posts of Accounts Officer not approved by Management Services Department and the appointment was not made with the approval of the Board of Governors.

Due to insufficient number of approved staff with increasing number of projects proposals have been submitted to the Department of Management Services to get increased the number of posts. Thus, until the number of posts is approved, account officers had to be recruited on contract basis for new projects as per the service requirement.

Actions should be taken to recruit to the approved posts Only with transparency.

(iv) Even though the International Information Center Building belonging to the Fund near Sri Dalada Palace had been handed over for the needs of Sri Paththini Devalaya, Kandy for the period from 23 July 2017 to 16 August 2017 as per the request of Senior Additional Secretary to the President No. PS/DSP/RAU/01/10/KP and dated 14 July 2017, steps had not been taken even by now to undertake the building to the Fund. Due to this, it was impossible to provide the service for a long time from the center located in this building such as free information to local and foreign tourists, conducting free audio-visual programmes, selling books and copies related to culture, and conducting educational programmes related to Sri Lankan culture and heritage for about 4½ years. Furthermore, the assets of the Fund, which indicates more than Rs. 05 Million in the relevant building, were in idle and underutilized.

Legal proceedings are being carried out to get this building back to the Central Cultural Fund.

Necessary steps should be taken for the security and optimal utilization of assets and to achieve objectives.

(v) The Polonnaruwa Project Office had awarded the construction of the Heritage Management Operations Center to the Central Construction Engineering Bureau with the approval of the Cabinet of Ministers at a cost of Rs.38,926,902 on a design and construction basis. Even though the Bureau had accepted the contract on 6 September 2018, the contract had been signed on 20 March 2019. Prior to entering into the contract, an advance of Rs.8,953,188 that is 23 per cent had been paid on 07 September

Observations are accepted.

Procurement should be done in accordance with Procurement Guidelines and in economy.

2018 in contrary to Procurement Guidelines 5.4.4 . Even though the basic plans of the construction had been changed, approval had not been obtained from the relevant authority as per Procurement Guidelines 8.13.4 .

(vi) Since the arrangements were not made to prepare a permanent roof for the protection of the shrine room on Gadaladeniya Vihara from the year 2001 until now, its murals faced the risk of being destroyed and although a sum Rs. 645,000 was spent in the year 2018 for the structural report of constructions, as the archeology consultant had not given the approval for those plans, the relevant expenditure had been become futile. Despite there was 24-hour police protection for the temple, a number of 24 Security officers were employed from 2010 to 2020 for the security of the temporary roof constructed and the cost incurred as wages and overtime for that was Rs.15,244,100 .

(vii) While the Fund had archaeologists, conservation officers, engineers, architectural officers and workers, the renovation of the Jethavana Museum was awarded to a contractor at a cost of Rs.44,592,080 (including VAT) and its consultancy service was outsourced to a chartered architect for a Rs.2,326,541. A formal agreement was not entered into with the contractor for the contract and although more than a year had passed for the work to be completed in 268 days, the work

All the security officers who were employed here for conservation duties have been assigned to other work sites of the Fund by now.

Necessary measures should be taken to ensure the safety of assets and prevent unnecessary expenses.

It is informed that, we will get consulting services according to the Procurement Guidelines and whenever possible we will get the officials of the institution to perform those tasks for every construction carried out by the Fund in the future. The final payment of this contract has not yet been made and it if informed that the arrangements will be made to adjust the relevant late fees when making the final payment.

Arrangements should be made to enter into contract agreements and conduct procurement activities in economy so that the construction agencies are to be committed .

had not been completed even by the audited date of 28 February 2022 .

(iii) A sum of Rs. 3,191,122 for fuel for a cab, 02 three-wheelers and 03 tractors in the Jethavana Project and Rs.1,677,167 for entertainment expenses which were the higher expenditures of the Project had been incurred in the year 2019. A programme has been introduced to carry out the financial control of the Fund in a formal manner by now and actions are being taken accordingly. Necessary measures should be taken for cost control.