

Head 207 - Department of Archaeology

1. Financial Statements

1.1 Qualified Opinion

The audit of the financial statements of the Department of Archaeology 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 Department of Archaeology was issued to the Accounting Officer on 18 May 2022 in terms of Section 11(1) of the National Audit Act, No.19 of 2018. The Annual Detailed Management Audit Report relevant to the Department was issued to the Accounting Officer on 18 May 2022 in terms of Section 11(2) of the National Audit Act, No.19 of 2018. This report will be tabled in Parliament in pursuance of provisions in Article 154(6) of the Constitution of the Democratic Socialist Republic of Sri Lanka to be read in conjunction with Section 10 of the National Audit Act, No.19 of 2018.

In my opinion, except for the effects of the matters described in paragraph 1.6 of this report, the financial statements give a true and fair view of the financial position of the Department of Archaeology as at 31 December 2021, and its financial performance and cash flows for the year then ended in accordance with Generally Accepted Accounting Principles.

1.2 Basis for Qualified Opinion

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

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

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

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

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

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

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

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

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

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

1.5. Report on Other Legal Requirements

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

- (a) The financial statements are consistent with the preceding year,
- (b) The following recommendations made by me on the financial statements of the preceding year had not been implemented.

Reference to Paragraph -----	Audit Observation -----	Recommendation -----
1.6.1 (b)	Although the previous audit reports had also indicated that the property where the department head office is located should be taken over, without such taken over, the land was recorded as Rs. 911.5 million and the buildings were recorded as Rs. 138 million in the financial statements.	Should be taken over the ownership of the property to the department.

1.6 Comments on Financial Statements

1.6.1 Accounting Deficiencies

(a) Reconciliation Statement on Advances to Public Officers Account

Audit Observation	Comments of the Accounting Officer	Recommendation
The total of the balance of single balance classification summary of the advance "B" account of the government officials as at 31 December 2021 submitted for audit by the department was Rs. 108,817,280 and the balance of the credit control account was Rs. 109,243,852. Accordingly, the difference of Rs. 426,572 had not been identified and corrected.	Actions are being made to disclose the difference of Rs. 426,572.	This difference between the single balance sheet and the credit control account should be identified and resolved.

2. Financial Review

2.1 Incurring into Liabilities and Obligations

The following observations are made.

Audit Observation	Comments of the Accounting Officer	Recommendation
(a) The balance of the allocation in relation to the expenditure subject 1301 of programme 01 was Rs. 2,263,948, but the balance of the provision for that expenditure subject had exceeded the provisions and incurred into liabilities of Rs. 5,765,686 due to the total liability was Rs. 8,029,634 according to the financial statements.	I agree with the relevant observation.	Should not have been made to incur liabilities beyond the balance of provisions.
(b) 67 cases were pending in the court as at 31 December 2021 and out of those cases, 02 cases were filed against the officers and employees of the Bandarawela and Matara district courts. Thus, the sum of the contingent liabilities on those two cases, which were assigned by making public officials respondents, was Rs. 141,500,000.	No answers given for the observations.	The work of the department should be properly carried out in the cases examined in these courts.

2.2 Utilization of Provisions provided by other Ministries and Departments

Audit Observation	Comments of the Accounting Officer	Recommendation
Net provision for the Rajagalathenna Archeological Conservation Project of total cost Rs. 323.8 million, which is being implemented under the contribution of American funds for the period of 2012 to 2022, was Rs. 31,069,722 as per the revised estimates for the year under review, but 02 excavation sites and 05 conservation sites were completed during the year due to the suspension of various activities of the project in the year 2021. Accordingly, a	I agree with the relevant observation.	The work was not completed as planned in the year 2021 in the Rajagalathenna work site, which is to be completed in the year 2022.

financial progress of 58 percent and a physical progress of 77 percent had been achieved by spending an amount of Rs. 17,903,317 from the amended provision. This project was supposed to be completed in the year 2022, but due to the financial and various obstacles that have arisen at present, it was not possible to complete the works by that date.

2.3 Non-compliance with Laws, Rules and Regulations

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

	Observation				
	Reference to the Laws, Rules and Regulations	Amount Rs.	Non-compliance	Comments of the Accounting Officer	Recommendation
(a)	Section 02 V of Public Administration Circular No. 03/2018 dated 20 February 2018	-	Although a suitable successor should be identified and trained during the period of re-employment of retirees, employees recruited on contract basis without such practice were repeatedly employed on contract basis.	I will act to get that work from the officials who are currently working.	Action should be taken in accordance with this circular.
(b)	Section 13.2 Part 1 of the Public Finance Circular No. 01/2020 dated 28 August 2020	-	02 motor vehicles in the premises of Kotte archeological museum, 02 motor vehicles in the head office premises of the department, 06 motor cycles and 02 lorries in the regional offices were parked in decaying without disposal.	These vehicles are being disposed and auctioned.	Action should be taken in accordance with this circular.

2.4 Issuance and Settlement of Advances

Audit Observation	Comments of the Accounting Officer	Recommendation
The sum of the loan balances over 05 years was Rs. 1,392,955 out of the total outstanding loan balances of Rs. 4,413,293 to be received from the employees and officers who are currently not working in the department due to death, retirement, suspension and leaving the service etc. The outstanding loan balances were not recovered till 31 December 2021.	No written answers have been given by the Establishment Division in this regard. The loan balance has not been recovered until now.	Action should be taken to recover these outstanding loan balances.

2.5 Deposit Balances

The following observations are made.

Audit Observation	Comments of the Accounting Officer	Recommendation
(a) The amount of Rs. 2,415,342 allocated for the purchase of equipment required for the photographic reporting division was not used for the related tasks and remained in the general deposit account as at 31 December 2021.	Agree with the observation.	The money retained in this general deposit account should be used for the relevant work and the work should be completed.
(b) According to Financial Regulations 570, deposits exceeding 02 years should be considered as overdue deposits and processed according to Financial Regulations 571, but a total of Rs. 48,068,751 overdue deposits were retained in the deposit account without dealing with the Financial Regulations in relation to 02 deposit accounts.	Agree with the relevant observation.	Action should be taken in accordance with Financial Regulations regarding these deposits.

2.6 Operation of Bank Accounts

The following observations are made.

Audit Observation	Comments of the Accounting Officer	Recommendation
(a) Without identifying and settling the total of Rs. 947,555 direct credited income to the department as at 31 December 2021, these receivings beyond 06 months were recorded as unrecognized receivings and bank reconciliations were prepared.	The relevant observation is correct.	The income directly credited to the bank current account should be identified and settled and bank reconciliations should be prepared.
(b) The total value of 02 receipts deposited, but not credited as at 31 December 2021 was Rs. 303,825. Bank reconciliations had been prepared as at 31 December 2021 without identifying and correcting this value, which had not been realized for more than 06 months.	The relevant observation is correct.	Deposits made, but not credited should be identified and corrected and bank reconciliations should be prepared correctly.

3. Operational Review

3.1 Non-performance of functions

The following observations are made.

Audit Observation	Comments of the Accounting Officer	Recommendation
(a) An amount of Rs. 1,494,434 received as a donation from a public corporation for the preservation of the murals of Kelani Viharaya was credited to the government revenue on 11 December 2020. According to the instructions given in a meeting chaired by the Secretary of line ministry in the year 2021, instructions were given to get that money again and fulfill the objectives and tasks, but the instructions were not acted accordingly.	The instructions given in the meeting have been acted accordingly. Plans have been made for the use of that money.	Should be followed the given instructions.

- (b) The conservation of the murals of the Kelani Viharaya was carried out by the Chemical conservation section of the Archeology Department. The paintings and sculptures are now largely fallen off flakes and subject to destruction. Only 04 employees were assigned for the conservation of these paintings and sculptures and the paintings and sculptures were being destroyed at a faster rate than they were being preserved due to they were carry out work slowly due to various reasons.
- The staff has been engaged for this conservation work as much as possible. If the provision given by the insurance corporation is re-provided, conservation can be done quickly.
- Conservation is an important function among the objectives of the department. Action should be taken to preserve and protect a place like Kelaniya, which is constantly held in public esteem.
- (c) 232 cases of violation of the Antiquities Act were filed in the court in the year 2021 according to the information submitted by the antiquities security unit of the department. Among those cases. 03 cases of the theft of antiquities, 14 cases related to destruction of antiquities, 199 cases related to illegal excavation, 02 cases related to unauthorized acquisitions and 14 other cases were filed. 122 cases were completed during the year and a total of Rs. 38,865,000 in fines had been collected. But, 273,121 and 383 cases of antiquities theft and destruction were reported respectively in the years 2019, 2020 and 2021 and accordingly, these incidents had developed in timely.
- Relevant observation is correct.
- Appropriate action should be taken to prevent theft, damage and destruction of antiquities and more attention should be paid to it.
- (d) The Excavation Division had implemented 12 projects related to excavation of archeological sites and preparation of excavation reports during the year under review with a total financial allocation of Rs. 5,191,499. The work of 04 projects had been completed by the end of the year the overall financial and physical progress was 37 percent and 75 percent respectively. Accordingly, it was not possible to complete the work of 06 projects and the projects that should be referred for time delimitation activities were temporarily stopped.
- 12 excavation and excavation report preparation projects were implemented under the financial allocation of Rs. 5,191,499 and the work of 06 projects had been completed by the end of the year.
- Although the current situation in the country is a hindrance for the performance, the attention should be have been on increasing the progress in the year 2021 compared to the year 2020 due to the country is open and able to perform work.

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| (e) | It was proposed to gazette 65 places within the Western Province by the Western Regional Office of the department. But, the works were not completed during the year under review as per the monuments gazette document. | Necessary arrangements have been made for publication of these places in the gazette. Accordingly, the relevant documents have been forwarded to the Legal Draftsman Department. | Attention should be given to the work of gazetting monuments. |
| (f) | The conservation and excavation work related to the Pahiyangala quarry under the Western Provincial office of the department had been stopped for about 09 years after the year 2012. According to the field inspection carried out by the audit, the boundary posts had not been placed and the survey work was done around this quarry, which has an area of about 40 acres and no exploration report has been issued regarding this quarry. | No answers. | The surveying work around this quarry should be completed and the boundary posts should be placed and related exploration reports should be issued. |
| (g) | In the year 1998, 1270 years old, 59 foot and 11 inch long ferry found in Aththnagalla Oya was brought by the Department of Archaeology and placed in a water tank at the Colombo National Museum. The task of preserving this ferry was assigned to the Department of Archaeology and the chemicals called polyethylene and glycol were also purchased at a cost of Rs. 04 million. However, the preservation of the ferry was not done using those chemicals until the year 2001 and the chemicals were used for two other purposes. Accordingly, the chemical conservation division had taken steps to perform the task of preserving this ferry using another method. But, due to the conservation method and the work not being done appropriately within the stipulated time frame by the end of the year 2021, the wooden parts of the ferry had severely decayed and the ferry was completely destroyed. | Most of the parts of the ferry have been severely decayed by the end of the year 2019 due to lack of taken action to display under proper conditions and natural damage after completion of the conservation process. | The primary responsibility of the department is exploration, excavation and preservation of archeological sites and antiquities. These antiquities were damaged and destroyed because the perform, which is one of the main tasks, was not performed properly. Action should be taken to prevent such situations from occurring in future and appropriate action should be taken to protect and preserve all the antiquities. |

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| <p>(h) Due to the lack of necessary shelves for the safe storage of chemicals in the laboratory and the chemicals that should be disposed have not been disposed under the various reasons, the chemicals were stored unsafely. Furthermore, there were a large number of antiquities found by the excavation and conservation departments from around the year 1950 in the same laboratory and some antiquities were also not conserved. Since ancient times, there were no formal record of antiquities and although the documentation of antiquities will be started in the years of 2020, 2021, a large number of antiquities remained unprotected without documentation until now.</p> | <p>Listings and documentation started in the year 2022. It is planned to handover the finished antiquities to the respective appropriate locations.</p> | <p>Action should be taken to dispose of chemicals to be disposed and safe storage of usable chemicals should also be done. Action should be taken to preserve and protect the antiquities under the department custody and document all such antiquities properly.</p> |
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3.2 Non-achievement of expected output levels

 The following observations are made.

Audit Observation	Comments of the Accounting Officer	Recommendation
<p>(a) The Architectural Conservation Division had planned to carry out 32 projects at a total expenditure of Rs. 54,145,000. A total of Rs. 24,154,948 had been spent and work on 13 projects had been completed. Accordingly, the number of projects that could not be completed due to various reasons was 19.</p>	<p>Due to non-availability of allocations, 18 projects proposed for the last quarter could not be completed.</p>	<p>There was not even 50 percent progress had been achieved due to that only 13 out of 32 projects were completed. Action should be taken to accomplish the task as planned.</p>
<p>(b) 13 Archaeological sites had been sent for the approval of the Commissioner General of Lands to be declared as archeological reserves under the division of exploration and documentation. But among them, approval had been received only for the historic cemetery at Mamaduwa Mula. Further, although requests were made to the Surveyor General for obtaining</p>	<p>Relevant observation is correct.</p>	<p>Attention should be paid to accomplishing the tasks planned to be done during the year at a high level of performance.</p>

survey plans of 176 declared reserves, survey plans were received for only 56 sites.

3.3 Assets Management

The following observations are made.

Audit Observation	Comments of the Accounting Officer	Recommendation
(a) The vacuum oven, humidification chamber, water treatment system and eyewash system governed by the department unable to use for related conservation tasks and remained in the laboratory as inactive assets due to electrical supply faults and high pressure water supply provided to the department's laboratory.	Although the work of laboratory was to be done as a new construction, renovation work was planned as the new construction was stopped.	Electricity supply faults and water supply faults should be resolved by the maintenance department and thus, the inactive assets should be used in a productive manner.
(b) A large number of ancient coins which are movable antiquities found during various archeological excavations remained without formal documentation in the division of epigraphy and numismatics, laboratory division and zonal offices from long time. According to the 2020 Auditor General's report, these coin registrations had started, but the work had not been completed until April 2022.	Relevant observation is correct.	Action should be taken to document and preserve movable antiquities as immediately.

3.4 Losses and Damages

Audit Observation	Comments of the Accounting Officer	Recommendation
The ownership and preservation of the Aththanagalla ferry, which was found in the Aththanagalla Oya and buried in the Colombo National Museum, was entrusted	It cannot be disposed even if it exceeds the conservation limits due to the historical and archeological importance of	The management should also have paid attention to the situation like the financial crisis in the

to the Department of Archaeology. Due to non-preservation of this ferry in accordance with proper preservation methods in due time, it had been reduced to very small pieces of wood. A total of Rs. 1,770,876 had been spent in the year 2021 to prepare a support for placing its wooden parts that were destroyed and the decayed pieces of wood are beyond conservation limits at present and have been brought back to the Department of Archaeology for making a full-size replica. Accordingly, it was observed that this iron support prepared to place the wooden parts of this ferry, which was severely damaged in an unrecognizable condition, was an unnecessary expense.

above ferry. It will be country and worked to displayed again after reduce non-productive restructuring. expenses and minimize damages and losses.

3.5 Management Inefficiencies

The following observations are made.

Audit Observation	Comments of the Accounting Officer	Recommendation
<p>(a) The Yan oya reservoir project excavated and removed the antiquities, excavations in the area under the reservoir and an amount of Rs. 10,000,000 was given to the Archaeology Department by the Irrigation Department on 19 January 2019 to carry out the related excavation works. According to the damage assessment report, it was proposed to build a museum for the safe storage of the antiquities and according to the notice to the department of Archaeology to submit the basic plans and estimates for that, the plans for the construction of a museum building had been prepared and handed over to the Irrigation Department. But, the buildings for the museum had not been constructed by the year 2022 and the antiquities were further stored safely</p>	<p>The architectural plans of the Yan oya museum have been revised and forwarded to the Project Director of the Irrigation Department. After the construction of this museum, the antiquities will be displayed.</p>	<p>Action should be taken to protect these antiquities and should be given support of the project related to the construction of the museum for that.</p>

in the Anuradhapura analysis branch and Padaviya archaeological zone office due to that the department did not pay attention to the construction of this museum.

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| (b) | A legal division had been established for the affairs of the Department of Archaeology. The assistant legal officers working in there had participated to represent the department in various courts all over the island in the year 2021. However, although these legal officers had participated in representing the department in various cases pending in the courts, prior approval had not been obtained before participating in such court cases in the months of June, July and August 2021. | The monthly advance programmes of the legal department could not be approved in the months of June, July and August. | It was observed that the work of the legal department needs to be streamlined and participating courts representing the department should be done more formally and only with the prior written permission. |
| (c) | The roof, walls, ceiling and plaster of the department's laboratory building were broken and the electricity supply system was heavily damaged. Although the building was in a condition where the equipment and property inside can be damaged, the building had not been repaired to maintain an office or the office removed from that place. | Observation is correct. | Suitable action should be taken for this building as per the answer given. |
| (d) | Although the approval of the Public Service Commission is required to re-employed the retired officers on contract basis, 09 retired officers of the Department of Archaeology were re-recruited on contract basis after their retirement without obtaining the prior approval of the Public Service Commission and among those officers, only 02 officers were approved for employment by the Public Service Commission on 15 October 2021. | Employed due to the covering approval of the Secretary to the ministry was given for the pending approval of the Public Service Commission. | The prior approval of the Public Service Commission should be obtained before employing the retired officers and should be act only in accordance with the existing valid rules and regulations. |

4. Human Resources Management

Audit Observation	Comments of the Accounting Officer	Recommendation
There were 2515 vacancies as at 31 December 2021 due to there was an approved staff of 4373 and actual staff of 1858. Among these vacancies, there were 39 executive level vacancies and 34 tertiary level vacancies. Employees were employed on the basis of acting and covering work for these vacancies and there were various obstacles to permanent recruitment for those posts. Accordingly, 58 percent of the total approved carder was vacant due to various obstacles in fulfilling the desired work role.	Actions are being taken to fill up these vacancies at various levels.	Action should be taken to fill up these employee vacancies expeditiously on the basis of recruitment as per the recruitment procedure and prevailing rules and regulations.