

Head 208 - Department of National Museums

1. Financial Statements

1.1 Qualified Opinion

The audit of the financial statements of the Head 208- Department of National Museums for the year ended 31 December 2022 comprising the statement of financial position as at 31 December 2022 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 Museums was issued to the Accounting Officer on 09 May 2023 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 09 May 2023 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 National Museums as at 31 December 2022, 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 skepticism 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 recommendations made by me on the financial statements of the preceding year had been implemented.

1.6 Comments on Financial Statements

1.6.1 Accounting Deficiencies

Property, Plant and Equipment

The following observations are made.

Audit Observation	Comments of the Accounting Officer	Recommendation
(i) The land and buildings included in the non-financial assets included in the department's financial statements were accounted as Rs. 10,002,369,340 and Rs. 800,000,000 respectively based on a valuation report conducted in the year 2013. Although nearly 09 years have	The land where the Colombo National Museum is located was handed over to this department on 29.03.2022. This land has been referred to the Valuation department on 30.03.2022 for valuation. As the approved plans of the buildings have been requested for that, requests	The head office building and land should be revalued according to the current price fluctuations and the new appraised values should be included in the financial

passed since the cost of these properties was assessed, those assets were not revalued and the correct values were accounted as per the guidelines of Assets Management Circular No. 04/2018 dated 31 December 2018 for valuation of non-financial assets of the government.

were made from the Colombo Municipal Council to provide copies of those plans. The Municipal council has informed that it will expend about Rs. 100,000.00-80,000.00 for getting copies of those plans. After getting provisions for that, further work will be done.

statements.

- (ii) The acquisition of land related to other regional museums belonging to the department, Polonnaruwa museum of ancient technology and Magampura Ruhunu museum had been completed by the date of audit, but the value of the land and buildings had not been assessed and accounted.
- It was decided to the Land Commissioner's office to immediately give the approval to the Colombo District Secretary to transfer the land where the Dutch age museum is located to this department and letters have been sent to the Valuation Department on several times since the year 2021 to appraise the plot of land where the Polonnaruwa museum of ancient technology is located, but the work has not been done yet and only the right to use the property has been given to the department regarding the Kandy museum in accordance with the National Museum Act No. 1941 and the Valuation Department has been informed by letters on 04 times in the year under review to appraise the plot of land where the Ruhunu heritage museum is located.
- The land and buildings other than the Kandy museum property should be assessed and the cost accounted for after taking over the property.

2. Financial Review

2.1 Certification to be done by the Accounting Officer

Accounting Officer should certify the following matters in terms of provisions of section 38 of the National Audit Act No. 19 of 2018, but it had not been done accordingly.

Audit Observation	Comments of the Accounting Officer	Recommendation
The Accounting Officer should 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. Such reviews should be carried out in writing and a copy thereof should be submitted to the Auditor General, but no statements had been furnished to the Audit that the reviews had been carried out.	Periodic reviews of internal control systems are carried out. Reports are to be submitted for audit in future.	Should be followed the provisions of section 38 of the National Audit Act No. 19 of 2018

3. Operational Review

3.1 Vision and Mission

The following observations are made.

Audit Observation	Comments of the Accounting Officer	Recommendation
The Department of National Museums had not made arrangements to publish a artefact collection management policy until December 2022. Also, no action has been taken to get the regulatory power of the museum sector to the National Museum Department by amending the existing law and due to that the authority to regulate the entire museum system in Sri Lanka is given to the National Museum Department.	A committee has been appointed by the Director General of Museums to formulate an artefact collection management policy. The committee has finished preparing a part of the relevant policy.	A policy of collecting artefacts should be developed and a system of regulating the museum system should be developed.

3.2 Delays in Project Execution

Audit Observation	Comments of the Accounting Officer	Recommendation
<p>A project was commenced on 01 January 2021 under a cost estimate of Rs. 98,550,000 to establish a fire protection system for the Colombo National Museum library and the work has scheduled to be completed on 31 March 2022. But, the overall physical performance of the project was 35 percent until 31 December 2022 and the financial cost on that date was Rs. 28,579,655. The work on this project was not completed till 04 April 2023.</p>	<p>DIMO (Contractor) has been informed to complete the work on this project before 30 April 2023.</p>	<p>That the top management should ensure that projects are completed without delay and ensure optimum performance level.</p>

3.3 Procurements

Audit Observation	Comments of the Accounting Officer	Recommendation
<p>The department had not been act in according to the Ministry of Finance, Economic and Policy Development Circular No. PED/e-GP/Circular /2018 dated 17 December 2019 and Ministry of Finance and Mass Media circular No. PED/e-GP/Circular/2018 dated 23 October 2018 which gave instruction on preparing public sector procurement system</p>	<p>According to that circular, there is currently no staff officer who can be appointed as a Liaison Officer in the National museum Department, who has knowledge of public sector procurement, quantitative evaluations and significant experience in information and technology. Due to that this circular is not yet implemented in this department. It is informed that the appointment of such officer is expected to be made as soon as possible and the action will be started under the e-procurement (e-GP) system.</p>	<p>Should be act as per relevant circulars.</p>

3.4 Assets Management

The following observations are made.

Audit Observation	Comments of the Accounting Officer	Recommendation
(a) It was observed that the auditorium of the National Museum Department remained idle due to non-use on a daily basis for a long time.	Although the use of the museum department's auditorium is minimal during the Covid epidemic, it is currently being used for the activities of the department and the requests of external parties.	The assets owned by the department should be used without underutilization.
(b) The second floor left near to the National Science Museum's bio-science studio of the Natural science museum has been completely closed and it has been out of public display since the year 2012. Appropriate repairs have been made to this section and there has been no immediate opening for public exhibition or use of this section for effective work.	A Master Plan has been prepared for the modernization of the studios of the National Museum of Natural Science and part from part will be modernized according to that plan from the year 2016. It is being carried out depending on the receiving provisions and available technicians.	Action should be taken to complete with adequate provisions and necessary staff in order to avoid delay in this work, which has been carried out from around 07 years.

3.5 Management Inefficiencies

The following observations are made.

Audit Observation	Comments of the Accounting Officer	Recommendation
(a) The department had commenced the work to preserve the body of Vijayaraja elephant of	The building that has been leased to Laksala Institute belonging to the Department	That a suitable place to reconstruct the body of Raja elephant

Nedungamuwa who died 07 March 2022. Sri Dalada Maligawa had spent Rs. 375,530 and the department had spent Rs. 284,833 for the basic work of skin preparation and an amount of Rs. 1,182,453 had been given by Sri Dalada Maligawa for the departmental expenses in this regard. Due to that the skin removed from the dead body of the elephant on 16 March 2022 was kept in a freezer belonging to the Department of Wildlife Conservation and due to that a suitable place for screening the elephant for future conservation activities was not selected promptly, the conservation activities were delayed and the quality of elephant skin was also at a risk.

of Museum has been identified as the suitable place for preserving the body of the Vijayaraja elephant in Nedungamuwa. Accordingly, Laksala has been notified to remove the goods and the action will be started immediately after the goods are removed.

and make it on public display should be decided soon and that the work of reconstructing the elephant should be expedited.

- (b) 272 Gemstones of the Geological division of the department were held at the Metropolitan branch of the Bank of Ceylon from 18 September 1964 and after the physical examination conducted in the year 1993, one of the gemstones was found to be an artificial stone and the stone was deposited in the Geology Department. It was observed during the audit that the present financial value of the remaining 271 gemstones had not been assessed with the help of a Gemologist from the National Gem and Jewellery Authority.

A request has been made to the Gem and Jewellery Authority to assess the relevant gemstones and provide a report.

Top management should conduct a survey and estimate the current financial value.

4. Human Resource Management

The following observations are made.

Audit Observation	Comments of the Accounting Officer	Recommendation
(a) There were 203 vacancies as although approved staff was 566; actual staff was 361 as at 31 December 2022. Out of these vacancies, 06 out of 16 executive level posts and 04 out of 05 tertiary level posts were vacant and 103 secondary level posts and 90 primary level posts were vacant. This lack of employees could not be completed during the year under review.	<p>A request has been submitted to Ministry of Buddhasasana, Religious and Cultural Affairs for providing multi-purpose development assistants for primary level vacancies.</p> <p>A request has been submitted to the Prime Minister's Secretary seeking approval for filling the secondary level post vacancies.</p>	These employee deficiencies should be completed and action should be taken to increase the performance of the institute.
(b) The post of Chief Security Officer of Grade MN – 4 included in the vacancies was a departmental post and it has requested written permission from the Ministry of Public Administration to complete this highly responsible role, which has been vacant more than 10 years, but due to lack of permission, the post remained vacant.	The department had carried out necessary activities to fill the vacancies of 05 more posts in the category of MN-4-2016 including the post of Chief Security Officer, but the Secretary of the Ministry of Public Services, Provincial Councils and Local Government to make inquiries for the appointment of suitable graduates based on the instructions of the relevant ministries and the instructions received from the Director General of	These employee deficiencies should be completed and action should be taken to increase the performance of the institute.

Budget and in addition to this, letters were sent to the relevant ministries again on 30.03.2023 to fill the necessary vacancies.

- (c) Due to lack of adequate trained officers to provide public understanding of the artifacts in the National Museum and to maintain the collection of artifacts used for research, documentation, storage and collection of new items in Natural Science Departments such as Entomology, Zoology, it was observed that adversely affected for the efficiency of those departments.
- Development Officers are expected to be attached to these sectors as directed by the Director General of Combined Services to the department to fill the vacancies.
- These employee deficiencies should be completed and action should be taken to increase the performance of the institute.