

## **Transactions Report of the Central Cultural Fund - 2021, 2022 and 2023**

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The operational activities of the Central Cultural Fund for the years of 2021, 2022 and 2023 were audited under my direction in terms of the provisions of Article 154(1) of the Constitution of the Democratic Socialist Republic of Sri Lanka read in conjunction with Section 13(1) of the Finance Act, No. 38 of 1971 and Section 9(2) of the Central Cultural Fund Act, No. 57 of 1980. The financial statements of the years of 2020, 2021, 2022 and 2023, which are required to be submitted in terms of section 13(6) of the Finance Act, had not been submitted as at the date of this report. This report only contains my observations on the functioning of the Fund for the years 2021, 2022 and 2023, which I intend to submit to Parliament in terms of article 154(6) of the Constitution of the Democratic Socialist Republic of Sri Lanka.

### **1. Financial Statements**

#### **1.1 Responsibilities of Management and Those Charged with Governance for the Presentation of the Financial Statements**

As per Section 16(1) of the National Audit Act No. 19 of 2018, the Corporation is required to maintain proper books and records of all its income, expenditure, assets and liabilities, to enable annual and periodic financial statements to be prepared of the entity. In terms of Section 16(2) of the said Act, Annual financial statements approved by the Board of Governors in respect of every auditee entity and the annual financial statements in respect of every other auditee entity along with the annual performance reports of those entities shall be submitted by the Chief Accounting Officer to the Auditor-General within such period as may be provided by rules. ensure the timely preparation and submission of annual and other financial statements and in addition the Chief Accounting Officer shall be required to submit annual reports pertaining to the auditee entity to Parliament; In terms of Section 38(1)(d) of the said Act, the Chief Accounting Officer must ensure that annual reports and other financial statements are prepared within the required time and in addition, the Chief Accounting Officer must ensure that the annual reports relating to the audited entity are presented to Parliament.

#### **1.2 Presentation of Financial Statements**

<b>Audit Observation</b>	<b>Comments of the Management</b>	<b>Recommendation</b>
Although the financial statements should be submitted to the Auditor General within 02 months after the end of the accounting year in terms of Financial Regulation 877 (2) (d) as amended by paragraph 15 of the Public Finance Circular No. 01/2020 dated 28 August 2020, the financial statements for the years of 2020, 2021, 2022 and 2023 had not been submitted even by the date of this report.	It had been instructed to conduct a full audit for the period from 2015 to 2019 in accordance with Decision 212.02.01 when the financial statements for the year 2019 were submitted to the Governing Body. Accordingly, a special audit was conducted and a report was submitted on 14.03.2022. Due to these matters, the submission of the financial statements of the years of 2020, 2021, 2022, 2023 for audit was delayed.	The financial statements should be submitted to the Auditor General as per the Circular.

## 2. Audit Observations

### 2.1. Documentary Evidence not made available for Audit

<b>Audit Observation</b>	<b>Comments of the Management</b>	<b>Recommendation</b>
As the fixed deposit certificates or bank confirmations had not been submitted to the audit to verify the value of the fixed deposits amounting to Rs. 405,355,795 held in the Bank of Ceylon, Kollupitiya as at 31 December 2023, it was not possible to satisfy with the accuracy of those balances.	Copies of the fixed deposit certificates have already been provided to the audit. Due to an error in the bank confirmation sent by the bank, the information relating to these 03 fixed deposits was not properly stated. It was informed that the bank would be informed and action would be taken to rectify it.	Balance confirmations or fixed deposit certificates should be submitted to the audit.

### 2.2. Noncompliance with Laws, Rules, Regulations and Management Decisions etc.

<b>Reference to Laws, Rules, Regulations etc.</b>	<b>Non compliance</b>	<b>Comments of the Management</b>	<b>Recommendation</b>
(a) Financial Regulations of the Democratic Socialist Republic of Sri Lanka			
i. Financial Regulation 110 (1)	A damage register had not been maintained in terms of F.R. 110(1) in respect of losses caused by road accidents.	It had been informed that instructions had been given to the relevant departments to maintain a damage register.	Action should be taken in terms of the Financial Regulations.
ii. Financial Regulation 316	Although items of financial value such as money, stamps, tickets, etc. should be kept safe in a specially provided vault, safe, secure room or other secure place, such action had not been taken in respect of the printed tickets temporarily stored in the printing house	Action will be taken to allocate a safe place at the head office for storing and maintain the tickets safely.	Action should be taken in terms of the Financial Regulations.

at the end of the printing work and the printed tickets stored in the main warehouse of the fund.

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| iii. | Financial Regulation 835(2) (c)  | When renting 02 buildings worth Rs. 28,800,000, which was the contracted amount for the Fund, the Chief Valuer had not been consulted regarding the monthly rental value of the buildings in terms of the Financial Regulations. | It had been informed that action would be taken in the future to inquire the Chief Valuer about the monthly rental value of the buildings when renting. | Action should be taken in terms of the Financial Regulations. |
| iv.  | Financial Regulation 1647 (b)  | A survey had not been conducted relation to the 162 vehicles owned by the Fund and their equipment.  | It had been informed that instructions had been given to the Director (Administration) to take necessary action in this regard.                         | Action should be taken in terms of the Financial Regulations. |
| (b)  | Paragraph 3.1 of the Public Administration Circular No. 30/2016 dated 29 December 2016   | A fuel combustion test had not been conducted for the 162 vehicles owned by the Fund.  | It had been informed that instructions had been given to the Officer in Charge of Vehicles to conduct a formal fuel combustion test.                    | Action should be taken as per the Circular.                   |
| (c)  | Paragraph 04 of the Internal Control Circular No. 01/2021 dated 05 July 2021 of the Secretary of the Ministry of Buddhasasana, Religious and Cultural Affairs. | Action had not been taken to maintain an account including the expenses incurred in relation to each vehicle.  | It had been informed that the Transport Officer had been informed to maintain an account including the expenses incurred for each vehicle.              | Action should be taken as per the Circular.                   |

## 2.3 Investment Management

<b>Audit Observation</b>	<b>Comments of the Management</b>	<b>Recommendation</b>
Although the powers of the Board of Governors to reinvest and invest fixed deposits had been entrusted to the Chief Accounting Officer (Secretary of the Line Ministry) at the 217 <sup>th</sup> meeting of the Board of Governors held on 17.11.2023, investments were made with the approval of the Director General in contrary to that decision.	As per the Board of Governors Paper 217.04.20, the powers of the Board of Governors have been entrusted to the Chief Accounting Officer (Secretary of the Line Ministry) to reinvest fixed deposits.	Action should be taken as per the approval of the Board of Governors.

## 3. Operational Review

### 3.1 Uneconomical Transactions

<b>Audit Observation</b>	<b>Comments of the Management</b>	<b>Recommendation</b>
(a) Although 02 floors (area of each floor had been 5618.31 sq ft) of the building acquired from Colombo 05 paying a sum of Rs. 1,200,000 each as monthly rental from 01 December 2021 to 30 November 2023 had been acquired on rental basis with effect from 01 December 2021, the Fund had commenced the use of the 02 <sup>nd</sup> floor rented with effect from 14 February 2022. Accordingly, Rs. 1,500,000 comprised of Rs. 600,000 each had been paid idly in relation to that floor almost for 03 months.	In relation to the above, the second floor (5618.31 sq ft) acquired in Colombo 05 was not used from 01 December 2021 to 14 February 2022, and it was the time period used to prepare the floor to match the operational needs (office facilities) of the Central Cultural Fund.  At that time, it had been confirmed from the attendance register that about 35 staff members of the head office had carried out office duties in the ground floor of the said building located in Colombo 05.	When acquiring buildings on a rental basis, action should be taken to avoid disadvantages to the Fund.
(b) Although the head office of the Fund had been operated in buildings belonging to various parties on rental basis until a new building was constructed for the Fund, due to the failure to construct a new building, the payment of Rs. 82,382,757 as building rent from March 2017 up to the date of this report was observed as an uneconomical transaction by the audit.	Since the acquisition of the land at 212/1, Baudhaloka Mawatha, Colombo 07, where the head office of the Central Cultural Fund is located, has not been completed, it has not been possible to proceed with construction work.	A new building for the Fund should be constructed expeditiously.

### 3.2 Management Inefficiencies

Audit Observation	Comments of the Management	Recommendation
<p>(a) Although a sum of Rs. 727,669,273 had been estimated initially for archaeological research, excavations, conservation, museum and archaeological site maintenance of the projects of the Fund during the year 2023, it had been deducted up to Rs.605,039,238 and revised during the year. Accordingly, the actual value of the work during the year had been Rs.328,669,350 and its progress was 45 percent compared to the initial estimate and 54 percent compared to the revised estimate. Accordingly, it was problematic whether the estimates were realistically prepared.</p>	<p>Although it had been planned to fill the vacancies of staff and workers in the year 2023, the relevant vacancies could not be filled as recruitment was suspended owing to the financial crisis. Similarly, the extension of the period of service of the workers employed on assignment basis in the institution was also suspended. This directly affected the progress of these work sites. Therefore, it had been informed that it was not possible to achieve the targeted progress.</p>	<p>Action should be taken to prepare realistic and accurate estimates.</p>
<p>(b) The basic estimate had been revised by reducing it by Rs.222,952,508 and Rs. 122,630,035 in the years of 2022 and 2023 respectively and evidence had not been submitted to the audit to confirm that the determination of the excavation, conservation, maintenance and infrastructure development activities to be carried out annually at a certain work site, the submission of the relevant estimates and the review of their physical progress had been carried out with the approval and supervision of a qualified engineer or by such a board.</p>	<p>The revised estimates for the years of 2022 and 2023 have been recommended by the Director Development and approved by the Director General and submitted to the Board of Governors and obtained the approval. The relevant annexure has been referred to the Audit for this purpose.</p>	<p>Action should be taken to obtain the services of a qualified person for the preparation of estimates and the review of their physical progress.</p>
<p>(c) The existence of a Board of Governors for the Fund consisted of the Prime Minister as the Chairman of the Board of Governors and several Ministers in charge of each subject as per Section 3(2) of the Fund Act, and since it was not practical to convene the Board of Governors for investment activities and the Fund Act was 44 years old and it had not been amended to suit the present were problematic.</p>	<p>A committee has been appointed to amend the existing Act of the Fund and the amendment has been drafted and submitted to the Ministry. Thereafter, the Ministry has submitted the amended draft to the Cabinet, and the Cabinet has decided to prepare a new Act. It was informed that since a new Board of Governors is scheduled to be appointed at present, further action will be taken with the approval of that Board of Governors.</p>	<p>The amendment to the Act should be made in a timely manner.</p>

(d) Although the administration, management and control of the Fund has been entrusted to a Board of Governors in terms of Section 3(1) of the Fund Act, the number of meetings held by the Board of Governors in the last 03 years was 06. Accordingly, holding only 02 meetings per year had become an obstacle for the effective and efficient achievement of the objectives of the Fund.

The Fund has made requests within the last 03 years to hold the meetings of the Board of Governors, and it has not been possible to convene meetings of the Board of Governors on the relevant dates due to various reasons.

Arrangements should be made to hold Board of Governors meetings in a manner that it is possible to achieve the objectives of the Fund.

(e) Although 25 percent of the income earned by the Fund was to be given to the Ministry of National Heritage for the maintenance of archaeological sites in accordance with the Cabinet Decision No. CP/11/0/169/555/004 dated 02 February 2011, a total of Rs. 2,656,876,370 comprised of Rs. 173,782,870, Rs. 66,961,268, Rs. 47,298,263, Rs. 381,601,938, Rs. 989,828,887 and Rs. 997,403,144 had not been provided to the Ministry for the years of 2019, 2020, 2021, 2022, 2023 and 2024 respectively.

The Fund was maintained under strict cost control. Due to this, it has not been possible to provide the 25% contribution amount as per the requests made by the Department of Archaeology in those years.

Action should be taken as per the decision of the Cabinet of Ministers.

It was informed that plans are underway to provide funds in the future.

(f) Although the building of the International Information Centre belonging to the Fund, located near Sri Dalada Maligawa, had been handed over for the needs of the Sri Patthini Devalaya, Kandy, for the period from 23 July 2017 to 16 August 2017 as per the request of the Senior Additional Secretary to the President bearing No. PS/DSP/RAU/01/10/KP dated 14 July 2017, steps have not been taken to hand the building back to the Fund, and therefore, the services provided by the Information Centre located in this building, such as providing free information to local and foreign tourists, conducting free audio-visual programmes, selling books and replicas related to culture, and conducting educational programmes related to Sri Lankan culture and heritage had not been provided for a period of about 4½ years. Furthermore, the assets of the Fund in the relevant building, which were stated to be

Since 2018, the Project Manager of Kandy has informed the Basnayake Nilame on several occasions regarding the re-acceptance of this building, and the Director General has also sent letters informing the Basnayake Nilame in this regard. The Kandy Project has also taken steps to lodge a complaint with the Kandy Police Station. I would like to inform you that the Director General of Archaeology has sent a letter to Basnayake Nilame and the Director General had referred a letter dated 2024.12.29 to the Secretary on this matter.

Action should be taken to properly take over the property owned by the Fund.

over 05 million, have also remained idle and underutilized.

(g) A cost of US\$ 109,992 had been estimated for the archaeological reporting of the sunken wooden vessel at Godawaya of Galle and implementing the artifact conservation proposal, and it had been agreed to provide a sum of US\$ 82,192, out of that, by the US Embassy and to contribute the remaining amount of US\$ 27,800 by the Central Cultural Fund. Accordingly, a sum of US\$ 28,754 had been received by the project as at 31 December 2023. The following observations are made in this regard.

(i) In accordance with paragraph 5.4 of the State Accounts Circular No. 30/94 dated 20 April 1994, foreign aid should be credited to the account of the Deputy Secretary to the Treasury. However, considering the technical error that occurred in receiving the above grant to Sri Lanka in accordance with the letter of the Director General of the Department of Treasury Operations bearing No. -TO/GR/01/1/1/10/971 dated 30 November 2023, the approval had been obtained to receive this money directly to the account of the Bank of Ceylon, which is the official bank account of the Central Cultural Fund only for obtaining this grant. However, the Fund had taken steps to receive this money to the account number 204302170015194 of the People's Bank, which was not the official bank account of the Fund.

(ii) Although further commitment or Modes of Understandings should not be entered into without the approval of the Cabinet of Ministers in receiving foreign aid as per paragraph 02 of the Circular of the Presidential Office bearing No. ps/sp/sb/circular/06/01 dated 19 December 2019, the Central Cultural Fund had been working on preparing MoUs, but had not

I would like to kindly inform you that since the foreign funds for the archaeological reporting of the sunken ship in Godawaya of Galle and for the implementation of the artifact conservation proposal could not be transferred to the account of the General Treasury due to a technical error, and arrangements have been made to directly transfer the funds to the People's Bank Dollar Account of the Central Cultural Fund with the verbal approval of the General Treasury, and the Central Cultural Fund has taken the necessary steps to transfer the funds back to the account of the Deputy Secretary to the Treasury.

Instructions given by the Treasury should be followed.

I would like to inform you that the relevant approval has been received by the paper of the Board of Governors bearing No. 217.03.02.

Action should be taken to obtain the approval of the Cabinet of Ministers as per the circulars.

obtained the approval of the Cabinet of Ministers.

(iii) As per the grant letter of the US Ambassador's Fund, the performance period was specified as 30 September 2022 to 30 November 2024 and although that period had expired, the work on the project had not been completed. A sum of Rs. 7,483,594, out of the assistance received as at 30 July 2024 had not been spent for the relevant purposes.

This project is being carried out in the deep sea by deploying several officers of the Fund and the Department of Archaeology. Since it is a project that is being carried out in the deep sea, it is difficult to carry out the work as per the planned duration due to the prevailing sea conditions (roughness and turbidity of the sea). Furthermore, bids had to be called again due to non-receipt of bids for goods that matched the specifications in purchasing various capital goods of huge values required for this in accordance with the procurement process. Although bids were called for the second time, and procurement decisions were obtained for the purchase, it was informed that there was a delay in the supply of goods since these specific goods and materials had to be imported and provided by the suppliers.

The work should be planned in such a way that the grants can be used efficiently and effectively.

(h) In the year 2014, a contract was entered into for leasing out of 37 stalls including stalls and stalls made with umbrellas in the Moragahamula area near the Sigiriya Foreign Car Park and it was observed that the arrears of rent to be further recovered to the Fund from the year 2015 to 30 June 2024 had been Rs. 2,584,000.

Necessary action is being taken to recover the remaining instalment arrears from the owners of the stalls.

Action should be taken to recover the rent paid without delay in accordance with the agreement.

(i) As per the instructions given to the Central Cultural Fund by the Ministry of Culture to pay prioritized attention to the construction of a roof for the Buduruwayaya Reclining Buddha statue, which had been constructed by using a weak rock, had become very weak by undergoing physical and chemical weathering due to exposure to sunlight and rain, the contract for the construction of a roof for the Reclining Buddha statue was awarded on 04 November 2019 to the Construction

The work plan has been approved by the Board of Governors. The contractor had commenced this work. However, the then Director General had not signed the written agreement related to this. Accordingly, the relevant payments could not be made. Due to the non-signing of the agreement and the financial crisis of the Central Cultural Fund occurred due to the Corona disaster, the work of this contract had been stopped.

Action should be taken expeditiously for the protection and conservation of archaeological monuments as per the Act.



Company for a value of Rs. 1,941,433 to be completed within 150 days after the procurement process subsequent to obtaining the approval from the Department of Archaeology. However, the relevant construction had not been carried out even though 4 ½ years had passed. Owing to this, it was not possible to prevent the further deterioration of the statue as it degrades due to the non-availability of a proper cover for the statue, and it was observed that the Fund had allowed the destruction of the archaeological monuments.

(j) A Memorandum of Understanding (MoU) was signed without date and value between Sri Lanka State Engineering Corporation and the Fund on the basis of completing the work on 31 October 2019 for the construction of 26 Dhamma School Buildings comprised of 16 Dhamma School Buildings under Package A of third phase of Sisu Daham Sewana, and 06 Dhamma School Buildings under Package B, and 04 Dhamma School Buildings under Package C. However, the physical progress of the construction of those buildings was only 65 percent even by 30 June 2024. Although the Fund had paid an advance of Rs. 33,600,000 to the Corporation for this work, the expected objectives had not been achieved.

(k) A Memorandum of Understanding (MoU) was signed without date and value between State Development and Construction Corporation and the Fund on the basis of completing the work on 31 October 2019 for the construction of 88 Dhamma School Buildings comprised of 28 Dhamma School Buildings under Package A of third phase of Sisu Daham Sewana, and 32 Dhamma School Buildings under Package B, and 28 Dhamma School Buildings under Package C. However, work of 20, out of those Dhamma school buildings, had not been commenced even by 30 June 2024. The physical progress of 68

A discussion has been scheduled to be held with the said contractor in the near future, and I kindly inform you that this work will be included in the work plan for the year 2025 in order to protect this statue, which was built in a weak rock, and the remaining work of constructing this roof will be carried out expeditiously.

I kindly inform you that a committee has been formed regarding the construction of Dhamma school buildings belonging to the third phase under the Sisu Daham Sewana Island-Wide Programme and regarding the remaining payments. A paper had been submitted by the Board of Governors to discuss with the state institutions and take steps to make payments, and further action will be taken as per the decision given by the Board of Governors.

I kindly inform you that a committee has been formed to discuss with the government institutions regarding the construction of Dhamma school buildings under the third phase of the Sisu Daham Sewana Deepa Wide Programme and the remaining payments and take steps to make payments. I kindly inform you that a Board of Governors paper will be submitted and steps will be taken to take further action as per the decision given by the Board of Governors.

The projects should be completed efficiently and effectively as per the decision of the Cabinet.

The projects should be completed efficiently and effectively as per the decision of the Cabinet of Ministers.

Dhamma school buildings, of which work had been commenced, was between 10 and 23 percent. However, although the Fund had paid Rs. 21,800,000 as an advance to the Corporation for the construction of these Dhamma school buildings, the administration had not taken steps to complete the work.

(1) An officer of the Fund had changed the interest rates submitted by the letter sent by the General Manager of the Bank of Ceylon of Kollupitiya bearing No. PBU143 dated 13 December 2023 regarding the investment of Rs. 100,000,000 in the Fund. Although steps had been taken to change the interest rates incorrectly using the letterheads of a state bank for making investment decisions, action had not been taken to conduct an investigation in this regard and to identify the responsible parties.

The internal auditor has also submitted a report on the matters highlighted in this query, and it has been referred to the Ministry for conducting a preliminary investigation.

The investigations should be concluded expeditiously and disciplinary action should be taken against the responsible parties.

### 3.3 Operational Inefficiencies

Audit Observation	Comment of the Management	Recommendation
<p>(a) Printing of the tickets issued by the Fund to access and visit the places administered by the Fund and the stock of printed tickets had been maintained in the Athapattu building belonged to the Central Cultural Fund. 74 categories of tickets had been printed for this purpose and two stock books; as a register for the receipt of the stock of these printed tickets and a register for the issuance of the tickets, had been maintained. However, the accuracy of the ticket stock balance could not be verified as a separately maintaining control mechanism with Bin Cards included with the particulars related to the receipt and issuance of the printed tickets belonged to the 74 categories of tickets had not been maintained.</p>	<p>The necessary actions were taken to correctly proceed regarding the issues pointed out by this audit inquiry on the same day the relevant location was inspected by the Audit Officer. Accordingly, I kindly inform you that the steps have already been taken to record and maintain the details on the receipt and issuance of printed ticket stocks in a single register.</p>	<p>Formal registers should be maintained for the stocks.</p>
<p>(b) A proposal for a new system of issuing electronic tickets for the local and foreign tourists and executable in combination with</p>		

all other projects including Siririya, Polonnaruwa, Anuradhapura which are the main projects of the Central Cultural Fund had been presented by the People's Bank for next 5 years. The approval for the said proposal had been granted by the Board Paper No. 215.05.09 dated 28 April 2022. Following observations are made regarding this matter.

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| <p>(i) A Memorandum of Understanding had been entered between two parties on 16 September 2022 without an approval of the Cabinet of Ministers and a consent had been given to open and maintain a foreign currency account (American Dollars) and local currency account (Rupees) in the People's Bank by the Fund as per the Section 2.6 of the Agreement. However, despite the fact that the fund account should be maintained only in the Bank of Ceylon as per the Section 06 of the Central Cultural Fund Act No.57 of 1980, it had been agreed through a Memorandum of Understanding to maintain a foreign currency account in the People's Bank without making amendments to the Act.</p> | <p>All the particulars pointed out in this audit inquiry are accepted as correct. ICTA had informed in 2017 that the estimated cost for the project to issue electronic tickets through online method for all the projects instead of the tickets printed and issued only through the ticket counters for local and foreign tourists was Rs. 27 million. A new system; that can issue Smart Tickets for local and foreign tourists using modern technology for all the projects to provide an efficient and quality service to tourists, has become essential.</p> | <p>The proceedings should be done as per the Act and the Procurement Guidelines.</p>                   |
| <p>(ii) A Cabinet Memorandum had been presented after 07 months upon entering into the said agreement; that is 27 April 2023, to obtain the approval for the above proposals and the approval for that had been granted by the Cabinet Decision No. CP//23/0884/620/026 dated 30 May 2023.</p>  | <p>As per the proposal presented by conveying to give fullest contribution of People's Bank, a Cabinet Memorandum (23/0884/620/026) was submitted to the Cabinet of Ministers to establish an electronic ticketing system that</p>   | <p>The correct particulars should be presented to the Cabinet Memorandum.</p>                          |
| <p>(iii) Also, it had been agreed to maintain 100,000 American Dollars of the Foreign Currency Account opened as per the Section 2.9 of the Memorandum of Understanding or 10 percent of the total deposits of the year whichever is higher, and as the fulfillment of the objectives of the Central Cultural Fund Act can be limited by maintaining such an amount in a deposit frequently and as the interest amount related thereto is missed, it was</p>  | <p>can be implemented jointly by all the projects of the Central Cultural Fund for a period of next five years, and the Cabinet approval had been granted on 22.05.2023 taking the matters stated in the memorandum into consideration. A new E-Ticketing system has been introduced reaching a consent through an initial</p>   | <p>The proceedings should be done in a manner favorable to the Fund when entering into agreements.</p> |

observed in the audit that making such an agreement is problematic.

Memorandum of Understanding with the People's Bank. It is kindly informed that further discussions will be held with the Board of Governors regarding this and the actions will be taken in the future as per its decisions.

The proceedings should be done in a manner favorable to the Fund when entering into agreements.

- (iv) Although the electronic system of issuing tickets should be established within 03 months upon the receipt of the approval of the Fund as per the Section 2.2 of the Memorandum of Understanding, this system had not been established until 31 December 2024. However, the fee charging machines through the electronic cards (POS Machines) belonging to People's Bank had been installed at all locations. Accordingly, a sum of Rs. 21,978,335 had been collected by the People's Bank as commission from the income earned through electronic cards during the year 2023.

- (c) The Fund had obtained fuel from 02 private filling stations for the year 2022. The following observations are made thereon.

- (i) The actions had not been taken to issue formal fuel orders when the fuel was obtained for the vehicles of the Fund, and the fuel for the vehicles of the Fund had been obtained using a bill taken from the fuel filling station as the order of the Fund.

In order to rectify this, the actions will be taken to provide fuel for the vehicles by using the general form printed by the Government Press.

The government fuel orders should be used.

- (ii) Although the fuel should be obtained on the recommendation of the officer in charge of the vehicles and the approval of the Director (Admin) / Administrative Officer, the fuel worth Rs. 4,371,918 had been obtained for 16 vehicles without the recommendation and the approval of the said officers.

The proceedings have to be done in such manner due to the urgent requirement at the instances where the relevant officers are not available. The proceedings are being made correctly at present.

The responsible parties should be identified and the required actions should be taken.

- (iii) As the approved fuel applications related to the order numbers mentioned in the monthly bill summary presented by the fuel filling station were not in the files, no evidence was available for the audit to verify whether fuel for the vehicles was obtained with a due approval. Such instances have to be encountered within the duties done on daily basis. The actions are being taken at present minimizing such instances. Government fuel order register should be used.

### 3.4 Transactions of Contentious Nature

Audit Observation	Comments of the Management	Recommendation
<p>(a) Due to totally collapse of the tourist industry owing to spread of Corona virus pandemic globally through the cabinet memorandum No. MBCRA/CA/CP/2020-17 dated 17 June 2020 submitted by Ministry of Buddhasasana, Cultural and Religious Affairs, since the sale of tickets of Fund had been halted on 17 March 2020, the approval had been sought for providing an amount of Rs. 135 million per month including about Rs.110 million incurred for monthly salaries of the employees and Rs.25 million monthly incurred for essential maintenance expenses such as water, electricity, telephone and fuel through the General Treasury to the Central Cultural Fund until the tourist industry will be restored. For that, the approval of the Cabinet of Ministers had been granted on 03 July 2020. Even though the Fund had the fixed deposits worth of Rs.5,342 million on which the surplus funds not related to a specific requirement had been invested as at 31 December 2019, Rs.405 million in October, November and December in 2020 and Rs. 5,040 million of fixed deposits as at December 2020, an aggregate of Rs.732.5 million had been obtained from the General Treasury from time to time as Rs.327.2 million within 2021.</p>	<p>It is kindly informed that it had to obtain money from the Treasury to cover the essential recurrent expenditure and the other essential expenditure due to payments for the projects with huge expenses in 2018/2019, non-receipt of revenue owing to rapid downfall of arrival of local and foreign tourists due to Corona pandemic situation prevailed in the country 2020/2021.</p>	<p>Even though it had been mentioned in the cabinet memorandum that money is not collected to the Fund to cover the recurrent expenditure including the essential maintenance activities of the Fund, the Fund had the fixed deposits worth of Rs.5,000 million. Since the interest is earned from that, the action should be taken to include the accurate information in submission the cabinet memoranda.</p>

Accordingly, when the money was available in the Fund for its functions, taking action to request money from the Treasury is contentious in the audit.

### 3.5 Deficiencies in the Contract Administration

Audit observation	Comments of the Management	Recommendation
<p>(a) It had been granted the approval by the cabinet decision No. CP/ /18/1132/824/007 dated 13 June 2018 for the cabinet memorandum submitted on 28 May 2018 by Ministry of Higher Education and Cultural Affairs in relation to development of the land with building in which Pollannauruwa Project Office of Central Cultural Fund is located as Centre for Heritage Management, Archeological Information Centre and traditional productions outlet in accordance with the proposal for development of the zone related to Pollannauruwa community city as a heritage city in line with “Pibidemu Pollannauruwa” project. The following observations are made with regard to that matter.</p>	<p>The tender for construction of Pibidemu Pollannauruwa heritage management center had been awarded to Central Engineering Consultancy Bureau (CECB) and Central Engineering Services (pvt) company (CESL) as per the cabinet decision CP/08/0173/344/002 dated 06.02.2008 (Annexure 24) for cabinet memorandum No. HECA/CA/2018/01 (Annexure 25) deviation from the tender procedure.</p>	<p>As per the cabinet decision, the action should be taken to fulfill the expected objectives.</p>
<p>(i) The approval had been granted to hand over the construction activities of archaeological information Centre and traditional outlet in the land in which Pollannauruwa project office of fund is located in line with “Pibidemu Pollannauruwa program as per the cabinet decision to Central Engineering Services (pvt) company subject to a cost of Rs.39,374,087 including a contingency expenditure of 10 percent without formal land transfer and appoint Central Engineering Consultancy Bureau as the consultant subject to payment of a fee of 3 percent from the estimated amount .In this backdrop, an agreement had been signed with Central Engineering Consultancy Bureau on 20 March 2109 for</p>		

completion the work by 06 months and an amount of Rs. 15,864,480 had been paid. Even though 54 months had elapsed from that payment, the relevant activity had not been completed and an amount of Rs. 7,785,380 had been paid as advance for commencement of work on 07 September 2018 before 06 months from signing the agreement.

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| <p>(ii) In this background, it had been decided by Director General to complete the remaining work by engaging the employees of the institute by completing the contract from such work and paid the bills. However, an amount of Rs.15,864,480 had been paid so far through advance payment and 02 interim bills and the certified total work value was Rs.13,954,221 in accordance with interim bill No.04 due to be paid and prepared on 02 May 2024. Accordingly, an amount of Rs.1, 910,259 had been over paid exceeding the certified work value.</p>  | <p>An advance of Rs. 7,785,380 had been paid. An amount of Rs. 6,825,065.96 had been deducted from the advance amount from 03 bills.</p> <p>It is kindly informed that the bills will be paid having deducted the remaining advance amount.</p> <p>It is kindly informed that the remaining construction works are to be accomplished by including to the work plan 2025.</p> | <p>The payments made for exceeded certified work value should be recovered.</p>  |
| <p>(b) The construction contract for the conservation Avasa Geya of Pokunuwita Kithsirimewan Rajamaha Viharaya had been awarded to a private construction company on 17 January 2019 at a cost of Rs. 15,751,380 as per the procurement process and it was observed that the contract had been completed by revenant company within the stipulated period in accordance with the files. Accordingly 03 bills worth of Rs. 13,167,405 certified by the consultancy firm had been submitted by the contract company for the work completed related to contract. However, only an amount of Rs.1, 000,000 had been paid to the contractor within that period.</p> | <p>The observation pointed out by this audit query is accurate. Since this contract had been completed, the actions will be taken in the future to check the payment of relevant bills.</p>   | <p>The action should be taken as per the agreements related to the contract.</p> |

### 3.6 Tabling of Annual Performance Report

<b>Audit Observation</b>	<b>Comments of the management</b>	<b>Recommendation</b>
As per paragraph (e) of Financial Regulations amended by Public Finance Circular No. 1/2020 dated 27 August 2020, even though the Annual Reports should be tabled in the parliament within 05 months after the end of the accounting year, the Annual Reports of Funds had not been tabled in the parliament after 2015.	The Annual Report 2016 had been completely printed and it is kindly informed that the necessary measures will be taken to expeditiously table it.	As per the circular, the Annual Reports should be tabled.

## 4. Human Resources Management

<b>Audit observation</b>	<b>Comments of the management</b>	<b>Recommendation</b>
A cadre consisting of 3009 employees as 17 posts in senior level, 46 posts in tertiary level, 478 posts in secondary level and 2,468 posts in primary level had been approved for the Fund. However, 15 posts out of 17 in senior level had been vacant as at 31 December 2023 and the officers had been engaged in the service for 07 posts in senior executive level on contract, secondment, and acting basis. It couldn't be deviated the opinion in the audit that this situation was not an obstruction to reach the objectives of the Fund and direct the Fund with a long-term plan.	<ul style="list-style-type: none"><li>The recruitments to the public service had been suspended under public expenditure management by Budget Circular No.03/2021 BD/CBP/01/01/02-2021 dated 31.12.2021 issued by Ministry of Finance.</li><li>The approval had been granted on 27.10.2023 to recruit only 07 posts by the committee chaired by Secretary to Prime Minister in relation to the recruitment in the public service and the approval had been obtained from time to time to recruit for various posts and it had been informed to make these recruitments subsequent to election period due to the Presidential Election and General Election 2024.</li></ul>	The recruitments should be made as per the scheme of recruitment prevailed more than 10 years.