

Head 209 - Department of National Archives

1. Financial Statements

1.1 Qualified Opinion

Head 209 - The audit of the financial statements of the Department of National Archives for the year ended 31 December 2023 comprising the statement of financial position as at 31 December 2023 and the statement of financial performance and cash flow statement for the year then ended, and notes to the financial statements, including material accounting policy information 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 National Archives was issued to the Accounting Officer on 31 May 2024 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 July 2024 in terms of Section 11(2) of the Audit Act. 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 Archives as at 31 December 2023, 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 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

(a) Reconciliation Statement of Advance Account to Government Officials

Audit Observation	Comments of the Accounting Officer	Recommendation
As at 31 December 2023, the closing balance of Government Officers' Advance "B" account as per departmental books was Rs.20,297,664 but as per treasury books the balance was Rs.20,285,893 the difference between the balances of Rs.11,772 had not been identified and settled.	There is a value of Rs.11,772/- which cannot be found anymore in the correction of the differences in advance account which existed for many years and it will be corrected in the future.	The difference between departmental books and treasury books should be identified and corrected.

(b) Property, Plant and Equipment

Audit Observation	Comments of the Accounting Officer	Recommendation
(i) According to Asset Management Circular No. 05/2021 dated 09 December 2021, non financial assets should be assessed every 05 years, but the value of the vehicles owned by the department was stated as Rs.17,484,320 in the final financial statements without proceeding to assess the value.	In the coming year 2024, the assessed value of the vehicles will be included in the financial statement.	circular instructions should be followed.

- | | | |
|--|--|---|
| <p>(ii) The land where the department's head office building is located was handed over to the department on 26 August 2023 and the land where the Kandy branch office is located was handed over on 20 July 2022, but the value of those lands had not been assessed and accounted. Furthermore, the new building B, which has been used for office work since 2012 and the value of the existing head office building A where The renovation work was abandoned and as at 31 December 2023, the repair cost was Rs.470,780,777 had not been assessed and included in the financial statements.</p> | <p>The value of the building B had been assessed. Building A is currently undergoing renovations and will be assessed after completion of renovations.</p> | <p>Asset Management Circular No. 04/2018 dated 31 December 2018 should be followed.</p> |
|--|--|---|

2. Financial Review

2.1. Certifications to be made by the Accounting Officer

Audit Observation	Comments of the Accounting Officer	Recommendation
<p>The Chief Accounting Officer and the Accounting Officer shall ensure the department maintains an effective internal control system for financial control and the effectiveness of the system should be reviewed periodically. Necessary changes made accordingly to make the system effective, those reviews should have been done in writing and a same copy should have been submitted to the Auditor General, but statements which such reviews were done, were not submitted to the audit.</p>	<p>Timely review of the internal control systems will be conducted and submit them to audit from the year 2024.</p>	<p>The provisions of Section 38 of the National Audit Act No. 19 of 2018 should be followed.</p>

2.2. Non-compliance with laws, rules and regulations

Reference to laws, rules and regulations	Observation		Comments of the Accounting Officer	Recommendation
	Amount Rs.	non-compliance		
Guideline No. 01 to be dealt with in recovery of loans given by Advance (B) Account under Finance Regulation 113 (6) (b) of State Finance Circular No. 01/2020 dated 28 August 2020, Part I, Paragraph 3.1	1,152,543	Rs.123,614 over 20 years to be recovered from 04 transferred officers and outstanding balance of Rs.1,028,929 between 01 and 03 years to be recovered from 11 officers who died, retired, suspended and left service, had not been dealt with.	Letters forwarded for recovery.	Should be acted as per (a), (b) and (e) of Guideline No. 01.

3 Operational Review

3.1. Planning

Audit Observation	Comments of the Accounting Officer	Recommendation
The mobile racking system planned to be completed in 2023 at an estimated cost of Rs.50,000,000 for the safe storage of documents in the department head office building had physical progress of only 05 per cent as at 31 December 2023 and no financial progress.	At present, bids have been opened to get bids from a suitable supplier and a Cabinet paper has been submitted for further work. Further work will be done according to the Cabinet decisions.	Action should be taken to achieve the goals according to the plan.

3.2 Delays in project execution

Audit Observation	Comments of the Accounting Officer	Recommendation
According to the Cabinet approval given on 05 April 2021 to establish a digital repository of 500 terabytes, at a cost of Rs. 120,208,320 within 05 years, an allocation of Rs.78,300,000 had been given in	In response to my letter DNA/15/ARO1/1/1(11) dated 19 September 2023, the Chairman of the Information and Communication Technology Agency (ICTA)	The work of the project to establish the digital repository should be done quickly.

relation to the year under review, but the project had not been implemented.

referred to staff shortages, etc. and advised to seek expert assistance, despite the pending contract with the Information and Communication Technology Agency (ICTA). Line Ministry Secretary's letter bearing number MBRCA/03/PRO/02/SOFTW ARE and dated 14 March 2024 has appointed the Ministry Procurement Committee and the Technical Evaluation Committee for the selection of consultants, and accordingly discussions are underway for further work.

3.3. Assets Management

Audit Observation	Comments of the Accounting Officer	Recommendation
In the year 2012, out of 23 CCTV cameras installed in the department's new building, only 09 cameras are in working condition, and the remaining 14 cameras which are in inactive condition have not been repaired or new cameras have not been installed as enough.	The cameras which were in working condition are relocated to cover the necessary places and 03 new cameras and 02 Network Switch were repaired and installed. Procurement has been started to install a new CCTV camera system	Steps should be taken to protect the existing documents of the department.

3.4. Management Inefficiencies

The following observations are made.

Audit Observation	Comments of the Accounting Officer	Recommendation
(a) The project to computerize 500,000 index cards, which was started in 2015 under an estimate of Rs.25,300,000 had been arranged to be completed in the year 2019, but due to the lack of technical personnel and not implementing the project according to a proper plan,	For this purpose, the service of a consultant is essential to establish the indexes in the database through the ATOM software, which have been checked according to the internationally accepted method of General	Government funds should be used effectively.

even though it took 09 years from the start of the project, up to 2023, It was not complete the related work after spending Rs.13,489,788.

International Standard Archival Description (ISAD(G)) published by the International Council for Data Processing. Not under this project, it is to be done under the project of establishing a reliable digital repository for the department by the decision of the Cabinet on 05 April 2021. Arrangements are being made to select a consultant for a procurement function for the project.

(b) From January 2019 to May 2021, The main office building, which was planned to be completed with an estimated amount of Rs.992,230,065 had exceeded a period of 02 years on 31 December 2023, but the construction work had been left unfinished and the financial progress of the project, which had paid Rs. 470,780,777 up to that was 47 per cent, and the physical Progress was also 53 per cent.

A Cabinet paper has been submitted to extend the revised estimate and contract period. The project is planned to resume from June after receiving the Cabinet decision.

The main office building should be completed as soon as possible.

(c) According to the order placed on 19 September 2023 to purchase 2,512 acid-free document archival boxes for depositing departmental superscripts for Rs.19,237,273 the department had received the goods on 29 January 2024. In order to preserve its quality, it should be stored in steel racks for better acidification, in a non-exposed climate control system at a temperature of 20-24 degrees Celsius with a relative humidity of 30%-50% and not exposed to sunlight. But for the department, there was a risk of invalidation of the 05 year warranty as indicated by the fact that the boxes were packed on the floor and kept inactive for a

At present, efforts are being made to remove these archive boxes from the stores by the relevant repositories.

Must comply with the terms and conditions offered by the supplier to maintain the warranty.

period of 03 months until the audited date of 02 May 2024 without following the safety measures.

4. Human Resource Management

Audit Observation	Comments of the Accounting Officer	Recommendation
(a) As at 31 December 2023, 137 posts or 48 percent of the department's 286 approved staff were vacant, which is detrimental to the overall performance of the department, including the delay in the management of documents and superscripts in the department, as well as the creation of a back row of officers subject to a future date was affected. The vacancies included 50 percent of senior level positions, 80 percent of tertiary level positions and 64 percent of secondary level positions.	In the year 2023, 26 primary grade posts have been recruited from the Multipurpose Development Task Force. Cabinet approval has been obtained to recruit 56 departmental posts and further work related to recruitment is underway.	Work should be done to fill the employee vacancies.
(b) Due to the fact that 24 of the 27 employees approved for the post of document conservation in the department were vacant, the conservation of the documents that were in a condition to be preserved had been delayed.	The competitive examination for recruitment under open stream for 18 posts of conservator has been held on 20 April 2024. Further recruitment will be done according to the exam results.	Vacancies in posts affecting departmental performance should be filled without delay.