

Head 209 - Department of National Archives - 2024

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 2024 comprising the statement of financial position as at 31 December 2024 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 National Archives was issued to the Accounting Officer on 19 May 2025 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 28 May 2025 in terms of Section 11(2) of the Audit Act. This report will be presented to the 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 of the Department of National Archives for the year ended 31 December 2024 give a true and fair view of the financial position, financial performance and cash flows, all materialities consistent with the basis for preparing financial statements mentioned in note 1 related to the financial statements.

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 Emphasis of the Matter - Basis of preparing Financial Statements

The attention is drawn to the Note 1 related to the Financial Statements which describes the basis of preparing these financial statements. The financial statements have been prepared as per the Financial Regulation 150, 151 and the State Accounts Guideline No. 06/2024 dated 16 December 2024 amended on 21 February 2025 for the requirement of the Department of National Archives, General Treasury and the Parliament. Consequently, these financial statements may not be suitable for other objectives. My report is only for the use of the Department of National Archives, General Treasury and the Parliament. My opinion on this matter is not modified.

1.4 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 on all the materialities in accordance with the Financial Regulation 150, 151 and the State Accounts Guideline No. 06/2024 dated 16 December 2024 amended on 21 February 2025 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.

1.5 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 judgment 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 informed the Accounting Officer on the significant audit findings, main deficiencies in internal control and other matters that I identified during my audit.

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
Even if the balance of Government Officers' Advance "B" account as at 31 December 2023 was Rs.20,297,664, the balance as at 01 January 2024 had been shown as Rs.20,285,893. Consequently, the difference was Rs.11,772.	This difference has been identified in the years 2023 and 2024. As how this difference was occurred has not been able to be identified to date, it had been informed that the proceedings are made further in this regard.	The difference of Rs.11,772 should be identified and corrected.

(b) Property, Plant and Equipment

Audit Observation	Comments of the Accounting Officer	Recommendation
(i) Although it is mandatory to obtain a valuation for every vehicle once every 5 years in accordance with the Section 1.3.1 of the Guidelines on Valuation of Non-Financial Assets issued by the Office of the Comptroller General on 31 December 2018, the value of the vehicles owned by the Department had been shown as Rs.17,484,320 without being valued in the financial statements of the year under review.	It had been informed that the actions are taken to appoint a valuation board to value the vehicles owned by the Department as per the Asset Management Circular.	The proceedings should be done as per the instructions stipulated in the Guidelines on Valuation of Non-Financial Assets issued by the Office of the Comptroller General on 31 December 2018 and the valuation amounts should be shown.

- | | | | |
|-------|---|--|--|
| (ii) | Although the non-financial assets that need to be further reported; if any, should be accounted to the cost or to the valuation amount at the events where the cost cannot be determined in accordance with paragraph 8.2 of the State Accounts Guideline No. 06/2024 dated 16 December 2024, the land and the building of the Kandy Branch Office of the Department had not been so accounted. | The Valuation Department has been informed by letters dated 19.12.2024 and 29.11.2024 to value the land and the building of the Kandy office owned by this department and it had been informed that the further proceedings are being taken accordingly. | The non-financial assets should be accounted. |
| (iii) | Although the land and the building where the head office of the Department is located had been valued at Rs.3,668,702,000 and a valuation report had been issued on 17 April 2024 by the Valuation Department, the actions had not been taken to account the said land and the building even in the year under review. | It had been informed that the land and the buildings where the head office of the department is located have been accounted in the account summary of February 2025 according to the valuation done by the Valuation Department. | If there are non-financial assets that need to be reported, such assets should be accounted to the cost or the valuation amount. |

(c) Imprest Balance

Audit Observation	Comments of the Accounting Officer	Recommendation
Although the value of the outstanding imprest balance amounting to Rs.423,825 which was to be settled by the Election Office as at 31 December 2024, should have been recorded under the net changes of cash in the cash flow statement for the year ended 31 December 2024, it had been recorded as expenses incurred for other expenditure heads under cash flows generated from operating activities. Also, if this value has been settled, that should be recorded in the Statement of Imprests	The actions will be taken in future to record such outstanding advances (elections) correctly, and although there were unsettled advances amounting to Rs.423,825 by the date of presenting the financial statements 28.02.2025, it had been informed that it had been settled in the account summary of March 2025.	The financial statements should be prepared correctly.

Accounts (ACA – 3) for the year 2024, and if not settled, that should be recorded under the reasons for not settling. However, no record had been made accordingly.

2. Report on Other Legal Requirements

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

- (a) The financial statements are consistent with the preceding year.
- (b) The recommendations made by me in relation to the financial statements in the preceding year had been implemented.

3. Financial Review

3.1 Expenditure Management

Audit Observation	Comments of the Accounting Officer	Recommendation
(a) The aggregate of net provisions of 15 recurrent objects is Rs.49,044,974 owing to non-preparation of the estimates with due study and the expenditure is Rs.16,224,580 and the provision balance is Rs.32,820,393 Such balance had taken a range of 20 percent - 88 percent.	Though the balance of provision of 15 objects had been indicated as Rs.32,820,393 it had been informed that the balance will be changed from 5 percent to 79 percent.	The estimates should be prepared with the proper study.
(b) The total net provision of 09 capital objects was Rs.1,101,200,000 and the expenditure was Rs.254,727,668 and the balance of provision was Rs.846,472,331 said balance had taken a range of 23 percent - 99 percent.	It had been informed that the provision had remained due to amendment of estimates and extension of period of contract, not carrying out the repairs as expected and control of expenditure in accordance with 01/2024.	The estimates should be prepared with the proper study.
(c) The overall provision of Rs.1,500,000 allocated for 02 recurrent objects had remained.	It had been informed that the provisions had remained due to the reasons such as not arising an opportunity for incurring expenditure,	The estimates should be prepared with the proper study.

restrictions of expenses and non-commencement of agreement activities.

- | | | |
|--|--|--|
| <p>(d) The overall provision of Rs.123,500,000 allocated for 03 capital objects had remained.</p> | <p>It had been informed that the provisions had remained due to the reasons such as not arising an opportunity for incurring expenditure, restrictions of expenses and non-commencement of agreement activities.</p> | <p>The estimates should be prepared with the proper study.</p> |
| <p>(e) Rs.2,000,000 allocated for object 209-1-1-1409-138/11 and Rs.7, 699,406 through Financial Regulation had been transferred and only Rs.2,131,262 had been utilized from the net provision of Rs.9,699,406. Accordingly, the provision obtained from Financial Regulation 66 had not been utilized even up to the end of year and the savings as a percentage to the total net provision had existed as 78 percent.</p> | <p>Even though it had been identified in the audit that remained provision was 78 percent as a percentage of total net provision on 31.12.2024 under object 209-1-1-1409(138), a provision of Rs.4,558,790.00 had been shown in the liability register as at 31.12.2024. Accordingly, it is noted that the percentage of saving is 31 percent.</p> | <p>The estimates should be prepared with the proper study.</p> |

3.2 Entering into liabilities and Commitments

Audit Observation	Comments of the Accounting Officer	Recommendation
(a) Even though Rs.17,723 had remained after incurring Rs.682,277 from Rs.700,000 allocated for one recurrent object, an amount of Rs.2,532,328 had been entered into liabilities by exceeding such saving.	It is a liability related to 2022. It had been further indicated as a liability in 2024 owing to non-removal of that from statement of liabilities in 2024. It had been informed to take action to remove this liability from CIGAS accounting package in April 2025.	The financial statements should be accurately prepared.

- (b) In accordance with State Accounts Guidelines No.06/2024, the statement of liabilities – (i) (Annexure iv) format had not been filled and included in the financial statements.
- It had been informed that the action will be taken to duly fill the statement of liabilities (1) Annexure (IV) format as per Public Accounts Guidelines No.6/2024 in the preparation of the financial statements and include in the financial statements.
- The preparation of the financial statements should be performed in accordance with Public Accounts Guidelines 06/2024.

3.3. Non-compliance with laws, rules and regulations

Audit Observation		Comments of the Accounting Officer	Recommendation
Reference to laws, rules and regulations	Value Rs.	Non-compliance	
As per the paragraphs 4.5 and 4.6 of the Chapter XXIV of the Establishments Code of Democratic Socialist Republic of Sri Lanka and Financial Regulations 113 (6) of Democratic Socialist Republic of Sri Lanka published by No.3.1 of the Public Finance Circular No.1/2020 dated 28 August 2020 and (e) and (f) of Guidelines No.01	254,876	The action had not been taken to settle the loan balance of Rs.254, 876 to be recovered from an employee who vacated the post as at 31 December 2024 having taken steps in accordance with the circular.	Presently, the distress loan, special advance and festival advance of 04 officers who had vacated the post have to be recovered and it had been informed that the loans of two officers less than Rs.25, 000 had been forwarded to the Secretary of Ministry for writing –off in accordance with Public Finance Circular No. 01/2024(1) and the letters had been sent to the personal addresses of other two officers.
			The measures should be taken to recover outstanding loan balances in relation to Advance “B” Account.

4. Operational Review

4.1 Not performing the duties

The under-mentioned observations are made.

Audit Observation	Comments of the Accounting Officer	Recommendation
(a) The estimated provision in 2024 for establishment of mobile shelves system for main building of department was Rs.543,000,000 and only Rs.126,875,685 had been utilized within the year. As per the Cabinet Decision No.CP /24/0906/620/015-1 dated 12 June 2024 and 24 (ii)(b), even though this project should be immediately completed from the provision in 2024, the bid had been called at several times for this project from 15 February 2024 to 07 November 2024 and awarded the contract on 10 December 2024. An advance had been only paid on 24 December 2024. Though the responsibility of implementing this project had been assigned to Director of National Archives (Administration), the financial progress of this development project was 23 percent and no physical progress had been acquired.	Since the estimate had been amended owing to increase of the quotations in 2023, it had happened to obtain the approval of the Cabinet of Ministers again. Accordingly, the calling of bids had been carried out on 15 February 2024 and the bids had been called again on 26.09.2024 due to refusal of such all bids and the contract had been already awarded to Tudawe Engineering Services (Pvt) Limited. Such activities had been commenced. Presently, it had been informed that the financial progress was Rs.132.64 million.	The project of establishment of mobile shelves system should be immediately completed.
(b) Though the renovation activities had been commenced after awarding the contract on 26 December 2018 for the renovation of head office building of department and establishment of a central air conditioner, fire extinguishing and higher security system, the project construction activities had been suspended. As per Cabinet Decisions on 28 May 2024, it had been extended up to 31 December 2026 and it had been ordered to take necessary measures to complete the work within specified time frame. Even though the estimated provision	Subsequent to receipt of the Cabinet Decision in relation to amended estimate and extension of the period of contract, the renovation activities of the head office building had been started in June 2024. Consequently, it had been informed that only Rs.123,145,665 from the provisions for 2024 had been utilized.	The renovation activities of main building should be promptly ended.

was Rs.550,000,000 in the year under review, an amount of Rs.123,195,665 had been utilized within the year. The financial progress was only 22 percent.

- | | | |
|--|---|---|
| <p>(c) The approval had been granted by the Cabinet Decision dated 20 April 2021 for establishment of a reliable digital store and a provision of Rs.120, 000,000 had been allocated for this project in the year under review. The Departmental Procurement Committee dated 28 August 2024 had decided to present a cabinet paper select a foreign professional company for establishment and maintenance of Atom and Archivematica and obtain server computer and capacity and no action had been taken for that up to 31 December 2024.</p> | <p>The project proposal with the amended budget of the project for establishment of a reliable digital store of National Archives (phase 1) had been forwarded to the Department of National Planning on 07.10.2024 on the decision of departmental procurement committee. Said project proposal had been approved by Department of National Planning by the letters on 26.12.2024 and 05.03.2025 Accordingly, it had been informed that relevant cabinet memorandum had been presented to ministry on 24.03.2025</p> | <p>The project for establishment of a reliable digital store should be immediately completed.</p> |
|--|---|---|

4.2 Annual Performance Report

Audit Observation	Comments of the Accounting Officer	Recommendation
As per sub-section 47(4) of the Public Financial Management Act, No. 44 of 2024, the Annual Performance Report should be published 180 days or earlier after the end of the financial year. In terms of paragraph 10.2 of the Public Finance Circular, No. 2/2020, dated 28 August 2020, the Annual Performance Report should have been prepared in accordance with the format specified in Guideline No. 14 issued by the Department of Public Finance. This	It was unable to submit the performance report prepared in accordance with Section 16(2) of the National Audit Act, No. 19 of 2018 with the financial statements due to difficulties encountered in collecting information. Accordingly, it had been informed that actions would be taken to submit the information without delay.	Actions should be taken to submit the performance report with the financial statements in accordance with the relevant regulations.

Performance Report should have been submitted for audit along with the annual financial statements according to section 16(2) of the National Audit Act, No. 19 of 2018. However, this Annual Performance Report had not been submitted to the Auditor General with the financial statements.

4.3 Asset Management

Audit Observation	Comments of the Accounting Officer	Recommendation
Only 9 cameras are operational to date out of the 23 CCTV cameras installed in the new department building in 2012 and actions had not been taken to repair or adequately install new cameras for the remaining 14 cameras that are inoperative.	The cameras that were in working condition were relocated to cover essential areas and (03) new cameras and 02 network switches were repaired and installed. A draft of the plans for installing a new CCTV system connected to the main building has been discussed with a consulting firm and it had been informed that once the estimate for the same was received, it would be included in the 2025 estimate request.	Action should be taken to protect the documents available in the department.

4.4 Management weaknesses

Audit Observation	Comments of the Accounting Officer	Recommendation
It was found that 2,512 acid-free document deposit boxes purchased for Rs.19,237,273 for the storage of departmental documents had not been used for the intended purpose and had been stored from 29 January 2024 until the date of the financial statements without	This situation has arisen due to the delay in the establishment of the shelving system. The construction of the shelving has been started by the selected contractor. Further, a very large number of containers are required to store the oldest documents and publications, which are stored for about 24	Due attention should be paid when making procurement decisions.

paying attention to the security measures required to preserve the quality of the boxes. Due to the fact that the purchase of 2,512 acid-free deposit boxes before the mobile shelving system was properly installed and completed, the objectives of the purchase had not been achieved by not using them for the intended purpose for more than one year out of the 05 year warranty period.

kilometers. When the provisions are allocated for that, the supplier should also be given time to import the required containers. Therefore, it had been informed that the procurement process should be started early in the year.

5. Good Governance

5.1 Internal Audit

Audit Observation	Comments of the Accounting Officer	Recommendation
Although an Internal Audit Unit should be established and maintained in accordance with Section 40 (1) of the National Audit Act, No. 19 of 2018, the Internal Audit Division remained inactive as of 31 December 2024, due to the vacancy of the position of Internal Auditor since 01 May 2024.	It had been stated that they agreed with the observation.	Actions should be taken to establish and maintain an internal audit unit in accordance with Section 40 (1) of the National Audit Act, No. 19 of 2018.

5.2 Audit and Management Committee

Audit Observation	Comments of the Accounting Officer	Recommendation
Although the Audit and Management Committee meetings should be held at least 4 times a year, one per quarter, as per the Management Audit Circular No. DMA/01 – 2019 dated 12 January 2019, Actions had not been taken to hold the committee meetings during the year under review.	At present, the position of Internal Auditor remains vacant and a request has been made to the Ministry on 23.08.2024 to appoint an officer to act for the position. It had been informed that the Human Resource Management System (MISCO) of the Integrated Service of the Ministry of Public Administration has been updated.	Action should be taken as per the circular instructions.

6. Human Resource Management

The following observations are made.

Audit Observation	Comments of the Accounting Officer	Recommendation
(a) Although the approved cadre as on 31 December 2024 was 286, there were 138 vacancies due to the fact that the actual cadre was 148 which were 48 percent of the approved cadre. This number of vacancies consisted of 09 executive level posts, 15 tertiary level posts, 110 secondary level posts and 04 primary level posts, which had adversely affected the functioning of the department.	It had been informed that recruitment for the vacancies was carried out in accordance with the approval obtained through the Cabinet of Ministers' decision dated 28 November 2023.	Actions should be taken to fill essential employee vacancies with priority.
(b) It was observed that the major functions of the Department, namely the management of archives and records, access to archives and preservation of archives, have been severely affected due to the severe shortage of professional officers, namely the Director of the National Archives, Deputy Director (Films and Audiovisual), Deputy Director of the National Archives (Electronic Documents and Digitization), Deputy Director of the National Archives (Technology), Internal Auditor, Senior Archivist, Chief Conservation Officer (Films), Chief Conservation Officer (Audiovisual), Chief Conservation Officer (Documents), and Languages Translator.	Steps are taken to discuss further actions regarding the recruitment of Executive Service Level Officers (SL 01) of the National Archives Department through the Secretary of the Public Service Commission, in his letter No. PSC/OPR/GEN/07/2025 dated 07.03.2025 and it had been informed that the adverse effects on the main functions of the Department, namely, record and document management, access to records and preservation of records, due to the severe shortage of professional officers, will be minimized after the relevant recruitment.	-Do-