Thirtieth Annual Report of the Central Cultural Fund

Board of Management

The Board of Management of the Central Cultural Fund for the year 2012

Hon. D. M. Jayarathna

Chairman of the Board of Management

Hon. T. B. Ekanayaka

Minister of Culture and Arts

Hon. Geethnajana Gunawardhana

Deputy Minister of Finance

Hon. Basil Rajapaksha

Minister of Economic Development

Mr. S. Amarasekara

Secretary to the Hon. Prime Minister

Mr. Wimal Rubasingha

Secretary

Ministry of Cultural and Arts (before May 2012)

Mr. Wasantha Ekanayaka

Secretary

Ministry of Cultural and Arts (after May 2012)

Dr. Senarath Disssanayaka

Director General

Department of Archaeology

Members appointed by the Hon. Prime Minister

Dr. Jagath Balasooriya

Minister of National Heritage

Mr. W. A. Ranaweera

Working Director

Central Cultural Fund

Invited members

Mrs. N. Godakanda

Director General

Management Services Department

STAFF OF THE CENTRAL CULTURAL FUND

In terms of the Central Cultural Fund Act no. 57 of 1980, the secretary of the Ministry in charge of the subject of cultural affairs functions as the Chief Administrative Officer of the Central Cultural Fund. While the Director General functions as the head of the institution, the overall functions of the Central Cultural Fund operate under three divisions; Development, Administration and Finance headed by three directors.

With a view to discharging the above functions, the following staff was recruited during the year.

Management Level officers	19
Junior Management Level Officers	50
Archaeology Research Officers	57
Conservation Officers	52
Frescoes Conservators	19
Officers of Clerical and Allied Services	209
Employees under the Labourer Grades	1646
Employees on Casual Basis	04
	2056

Member of Centre Cultural Fund

Ministry of Cultural and the Arts

Honarable Minister T.B. Ekanayake

Ministry of Culture and the Arts

Mr. Wimal Rubasingha

Secretary

Ministry of Cultural and Arts and

Chief Administrative Officer of the Central Cultural Fund (before May 2012)

Mr. Wasantha Ekanayaka

Secretary

Ministry of Cultural and Arts

Chief Administrative Officer of the Central Cultural Fund (after May 2012)

Management Board

Cental Cultural Fund

Prof. Gamini Adikari

Director General

(after May 2012)

W. A. Ranaweera

Working Director

Sarath Pathirana

Director (Finance)

P.M.G. Maldeniya

Director (Development)

Senior Management Team

Archaeologist Gamini Dodamwala

Director (Administration)

D.A.C. Dambadeniarachchi

Assistant Director (Public)

Dias Wagachchi
Project Manager
Polonnaruwa Project

H.M. Munisena Herath
Project Manager
Kandy Project

R.M.A.B. Rathnayake
Project Manager
Thissamaharama Project

Physical Progress of the year

One main objective of establishing the Central Cultural Fund is to conserve the archaeological monuments in Sri Lanka and preserve them for the future generation of this country. The conservation of Abhayagiriya and Jethavana Stupas are major projects of national importance that incurred a huge cost and these projects have now been completed. The projects that have been undertaken by the Central Cultural Fund are,

- Abhayagiriya
- Jethawanaya
- Seegiriya
- Polonnaruwa
- Kandy
- Tissamaharamaya
- Galle
- Rambavihara
- Dambulla
- North Western Cultural Quadrangle Programm (Yapahuwa, Dambadeniya, Panduwasnuwara, Kurunegala)
- Ruhunu Cultural Zone

For the year 2012 , 233 sites were proposed to be launched and out of the aforesaid number 82 sites were for excavation and archaeological research and 151 sites were for conservation. Work commenced on 200 sites and 42 sites were completed. (11 Excavations, 31 Conservations)

During this year 137,478.04 units were completed and its physical progress was 71.2%. To complete these tasks Rs. 317.13 million was spent as direct expenditure and the progress of the direct expenditure is 57.7%. 250,538 human days were utilized throughout the year to complete these tasks.

Brief descriptions of each of the aforesaid projects are as follows;

Abhayagiriya Project

Excavation Unit

Under this project excavations were done at the building near the Kuttam pokuna, western door of the stupa, old hospital complex of Thuparama and excavations for the geo picturing of Thuparama, and old hospital in the Ruvanveli complex. Excavations at the building near the Kuttam Pokuna and excavations for geo picturing at Thuparama have been completed. Excavation at the premises of the stupa was done on the conservation unit's need to excavate it.

Under the excavation unit daily maintenance activities of the museum and raising awareness among the visitors, activities with regard to the library and the record room, tasks with regard to the lab and research/ publications have been carried out throughout the yea

Excavation for the Landscaping of the wall

Conservation Unit

Priority was given to the conservations within the premises of the stupa. Brick work at the Stupa garbhaya and point joints has been completed and this task unexpectedly took a long time because old bricks at the upper part of the garbhaya had to be removed completely and new bricks had to be replaced. A big support was given through shramadana campaigns to conserve the garbhaya.

Once the conservation of the garbhaya was completed the work on the inner wall, stone terrace, pesawa and outer wall was started. In the inner wall a large number of stones have to be replaced unexpectedly. Throughout the past several years pesawa was covered with earth in order to protect it. Once the work on garbhaya was completed the earth was removed to unearth the pesawa and work has started on the places where conservation is required.

Conservation of stone terrace was carried out in an accelerated manner in the final quarter of the year. Shramadana campaigns played a major role in this task and the remaining tasks of conservation of sand terrace (veli maluwa) and the outer wall continued uninterruptedly.

In addition to the premises of the stupa no. 16 of the Lankarama Building, remaining work of the Thuparama premises (bodhigara and the outer wall), No. 30 E building, *Chankamanasara* in site no. 08 were taken for conservation and the work to be done in Lankarama image room (no.16) 30 E building and *Chankamanasaraya* was completed. The first phase of conservation of Thuparama bodhigara was completed.

Several programmes were implemented to develop tourist infrastructure facilities in the archaeological site. Activities like repairing of pethmaga near the moonstone, repairing of the main laboratory building, repairing of toilets in the museum and preparing the vehicle service centre were carried out.

In addition to that research and publication, scientific maintenance, and daily maintenance of Abhayagiri and Mahavihara continued uninterruptedly.

Jethavana project

Excavation Unit

The excavation activities of the project were carried out in a minimum level as in previous years. The main reason for that is the deployment of many of the labourers to accelerate the conservation of Abhayagiri Stupa.

Research excavations at Mahinda Pirivena was started but has to be stopped halfway because the site was inundated due to the heavy rain. Excavations at Monara Maligaya started at the end of the year.

Under the excavation unit research and analysis(artifacts – bones, beads, rocks, metal, copper) activities like preparation of archaeological annual reports, matters relating to the museum, research reports on stone inscriptions, sub laboratory services were carried out uninterruptedly. Documentary films about world heritage towns Anuradhapura, Polonnaruwa and Sigirya were prepared at a cost of Rs. 5.94 million.

Excavation done in Monara Maligaya

Conservation Unit

Conservation of Bodhigara was started but it was delayed until the decision of the Archaeological Advisory Council was given with regard to a technical problem. In addition to that the other important task that started was the conservation of boundary wall and the monuments in the premises of Sri Maha Bodhi and it has to be delayed until a new governing body was appointed to the Ranweta fund which provided the financial provisions for the aforesaid task. Conservation of Pesawa of the stupa, ancient plastering of Eth Pawra and site conservation activities were carried out.

The building of the museum was painted with a view to improve the infrastructure facilities of the project and the fence around the building and a new access door was constructed.

Under the conservation unit scientific maintenance and ordinary maintenance activities continued in the archaeological site and conserved monuments.

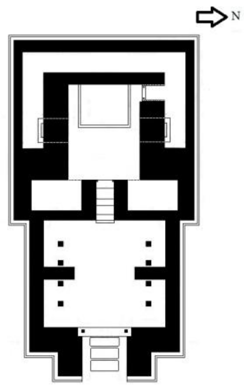
Polonnaruwa Project

Excavation Unit

Explorations and excavations in the outer city were carried out throughout the year. Explorations around Dimbulagala area were carried out but have to be delayed during the rainy season.

Under the excavation unit various activities like monthly lectures/ seminars and workshops and the issuing of the magazine related to these activities, and daily maintenance of the library, laboratory, and museum and raising awareness among the visitors were done.

A documentary film was directed by Sudath Rohana about World Heritage towns – Anuradhapura, Polonnaruwa and Sigiriya at a cost of Rs. 5.94 million.



Excavation Eastern stupa

Conservation Unit

The remaining construction work of the eastern wall and the northern portal, Vijayabahu palace, ancient brick walls near the Shiva devala no 02 and kiri vehera were carried out. Once the applying of lime in Kiri vehera was completed the reconstruction of rectangular part was started.

The estimate submitted by the State Engineering Corporation for the second time was Rs. 7.8 million. The final decision with regard to this should be taken by the tender board.

The road system of the project needed continuous repairing and with the recommendation of His Excellency the President paving the roads with concrete blocks was started and the road development authority and a contracted company paved blocks for 1 km each. The first estimate submitted by the road development authority was Rs. 58 million and it was amended later.

Aditya Nevasikaya was modernized to be used as a tourist resort. Construction of trade stalls near the Gal Vihara was completed. In addition to that construction of the car park was commenced and ground preparation was completed.

The above mentioned programmes were implemented by the Polonnaruwa project to develop tourist infrastructure facilities. This project cost Rs. 12. 91 million and this is 45% out of the total expenses of the expenditure of the conservation unit.

Befor Conservation of Ayaka of Kiri Vehera

After Conservation of Ayaka of Kiri Vehera

Sigiriya Project

Excavation Unit

Explorative work and surveying was done in the beginning of the first quarter of the year to excavate the northern part of the inner water way. A research excavation was carried out in the premises of the northern portal.

In addition to that activities like preparation of exploration and excavation reports, analysis of artifacts, storing data, conservation of artifacts, and analysis of earthenware were carried out continuously. Activities with regard to special exhibitions in the museum, record room, data regulation of cell and artifacts and daily maintenance activities were carried out.

Explaration and surveying of inner moat befor excavation

Conservation Unit.

Conservation work on ancient brick wall, yard around the sinhapada and its west and east slopes were commenced in the first quarter of the year but it has been limited to the first few months of the year.

Transportation of material for construction work to the top of the rock was very difficult because it should be done without causing any hindrance to the visitors. The machine fixed to transport material was full of faults and this has to be done using the labourers. This task has to be delayed until the material required to carry out uninterrupted work is transported to the top of the rock.

Conservation work on sinhapada and its slopes was delayed due to the rain. Heavy rain and the wind prevailed for several months and this task was delayed during that period.

Heavy rain interrupted the scientific maintenance of the northern part of the water garden and the rock garden and the maintenance activities of the inner roads.

Construction of the alternative road of the museum and maintenance of Moragahamula trade stalls were finalized. Action was taken to transform the old office building to a hostel.

Dambulla Project

Conservation Unit

Conservation work on Avariyapathaha Rajamaha Viharaya and Maningamuwa Rajamaha Viharaya was completed.

The roof of the Dambulla Uyanwatta Dharmashala was repaired and front protective fence and a gate for the museum was constructed.

Cleaning and maintenance of the frescoes museum and the surrounding area was done uninterruptedly. Painting of the building of the museum was commenced.

After cosvation of wall paintings of Maningamuwa Raja Maha Viharaya

Kandy Project

Exploration of the Vegiriya Viahara premises was started. In addition to that, preparation of excavation and research reports, analysis of artifacts and conducting lectures for the visitors in the International Information Centre, video footages, and mobile services in schools were also conducted.

Exploration of Wegiriya

Conservation Unit

Conservation of Bulugahatenna, Kandepita and Aththaragama Rajamah vihara was commenced. Out of this conservation of Aththaragama Rajamahavihara has been completed.

Improvements in the Muladeni Mandiraya were done through a contract. The roof of the residence of the Sangha (Avasa) of the Natha Devalaya and the construction of the residence of the sanga (Avasa) of the Rama Viharaya were started in the final quarter of the year.

In 2012 the priority was given to conserve the roofs of 06 residence of sanga (Awasa) of Asgiriya Complex (Thoradeniya, Yatawatta, Kotakadeniya, Wellawa, Lenawa and Yatawara) This task was started in the month of May on a recommendation of the President and the cost for that project was 13.5 million rupees. Roof conservation work was completed. But it was decided to repair the walls of the building and a decision was taken to apply paint and therefore this task has to be initiated.

In addition to that the construction of the upper support wall of the Thumpane upper temple of the Malwatta Complex was started and delayed due to the heavy rains. Geo picturing of Sellawalee and Makuletenna temples was completed.

When the Asgiriya roof conservation was completed in August priority was given to the conservation of Manikhinna Rajamaha Viharaya.

Under the frescoes conservation programme conservation of Aththaragama, Napana, Kandepita (Second phase) and Ududumabra Devagiri ancient temple was started.

Under the improvement of the facilities of the project the buildings in the International Information Centre and Thambugala Office building were improved and interior decorations were done.

Similarly clearing the surrounding areas of the project office premises, meda wasala and International Information Centre and the activities of the World Heritage Unit were carried out uninterruptedly.

The most important task is to prepare a proper tomb for the Dambana vedda leader Thisahami under the recommendation of the Minister of Cultural Affairs and Geo picturing of the surrounding area. This task was successfully completed due to the commitment and support of the persons who contributed for this.

Attharagama Raja Maha Viharaya befor Conservation

Attharagama Raja Maha Viharaya after Conservation

Ramba Vihara Project

Excavation Unit

Excavations of temples 17/1 and Ridiyagama exploration task 10/1 were completed. 10/1 excavation of temples was started but was delayed temporarily due to practical reasons. In addition to that clearing for Geo picturing in temple complex 21 and analysis of the earthenware and artifacts were also done.

Conservation Unit

Conservation of the walls of the temple complex 21 and related constructions were completed.

To improve the infrastructure facilities of the project a new part was added to the hostel no. 01, the hostel no.2 was repaired a new security cell was built, and a new toilet system was constructed. This task has been finalized.

Construction of the Sangawasa was completed under a contract.

Under the scientific maintenance essential tasks that should be done for conserved monuments were done and the expected tasks were completed.

Daily maintenance of the monument and project premises, conservation and regulation of the lab and conservation of old plastering was done uninterruptedly.

Tissamaharama Project

Excavation Unit

Akuragoda Archaeological Research excavations were carried out throughout the year. Graduates of the University of Ruhuna provided their direct contribution to this. All the excavation activities were carried out by themselves. This excavation site has been identified as a place where human activities have taken place at a minimum level and there are facts that this place had human habitats throughout many centuries in the past. At the end of the year 2012 excavations have been done 6 meters in depth from the surface of the earth. By now red and black earthenware parts, clay utensils, beads, bones and parts of jewellery have been found.

Excavation of Akurugoda

In addition to that special artifact unit, laboratory activities, (Kataragama Museum and projects) maintenance of the museum and propaganda activities continued uninterruptedly.

Conservation Unit

Conservation of the Sandagiri Stupa was in progress throughout the year. Under this conservation of point joints and bricks in the stupa garbha, gravelling the upper terrace, conservation of the wall, geo picturing and arranging the car park, and the conservation of the support wall of the bodhigara and Eastern part of the lower terrace were carried out. These tasks were done by obtaining the ideas of the Archaeological Advisory Council from time to time and about 90% of the task has been completed.

Conservation of Sandagiri Stupa

Several special tasks were done under the conservation unit. Conservation of plaster and applying lime in Debrarwewa Pashchimaramaya and obtaining scaffoldings to repair the small cracks that have appeared in the upper part of the garbha of the stupa.

In addition to that maintenance of the Kataragama tourist rest house, maintenance of the project premises and preparation of conservation reports were carried out.

Galle Fort Project

Conservation Unit

Marine Archaeological Unit was operative throughout the year and it conducted explorations on sunken ships in the Northern, Eastern and North Western sea of the island. In addition to that site conservation and regulations in marine archaeological sites near the Galle harbour were done.

Exploration on sumken ships

Conservation activities and recording of the artifacts in marine archaeological museum was done and porcelain artifacts were found in an exploration in Uppuveli area.

Conservation of Artifacts in Maritime Archaeology Museum

In addition to that lectures, workshops, exhibitions, and raising awareness among the visitors were done in the marine archaeological museum. Inside the Galle Fort maintenance of the Dutch store house and the surrounding area was done.

Conservation Unit

Daily maintenance activities of the Garumuni Walawwa and its premises were done. This is a very important building that has been built according to the British architecture and since it is in a dilapidated condition it should be conserved as soon as possible but a programme cannot be formulated in the year 2012 to do that.

Construction of the protective fence and the gate was carried out from time to time but inability to obtain the required number of labourers was a problem.

Wayamba Cultural Quadrangle

Yapahuwa Project

Excavation Unit

Research excavation of cave no. 04, outer water canal, padanagara complex of the Nagolla Rajamahaviharaya, Bangalapitiya research excavation, Hathiyagama gurugoda vihara, Bangalapitiya pond and Ambanpola gurugoda viharaya have been finalized. Research excavations on outer water canal and Bangalapitiya have to be stopped halfway due to the heavy rain.

Excavation of Nagolla Raja Maha Viharaya

Conservation Unit

Conservation of the Bangalapitiya stupa and conservation of the inner terrace and outer terrace was done concurrently to that. Ancient stone staircase between dalada maluwa and top of the rock was conserved and necessary raw material was transported for the second phase.

Conservation of steps located between Dalada Terrance and rock summit

Conservation of the wall of the Kaikawala Rajamaha Vihara, and Bell tower of Yapahuwa Rajamaha Viharaya. Kaikawala wall wascompleted.

The second phase of the staircase up to the outer water canal and top of the rock was started in November.

Under the conservation of frescoes conservation of Nagolla Raja Maha Vihara and Kadawalagedara Raja Maha Vihara was completed. In addition to that conservation of Balalla Rajamahaviaharaya was done throughout the year.

Action was taken to improve the office building of the project and to provide storage facilities.

Maintenance activities of the project premises were carried out throughout the year.

Dambadeniya Project

Excavation Unit

Exploration of the Dambadeniya Palace Rock, Wijesundararama outer wall, and reporting of that premises and exploration of Narammala Raja Maha Vihara and Galdeniya Rajamahavihara was completed. Research excavations of the south wall of the Wijesundararamaya were started at the third quarter of the year.

Conservation Unit

Conservation of the Northern part of the wall of the Wijesundararama Viharaya and improvements of the access roads to Kalundewa Rajamahaviharaya and Narammala Rajamahaviharay was done. In addition to that construction work was commenced to build the ground floor of the rest hall of Vijesundararama Vihara.

Under the conservation of frescoes conservation of Rukmale Giriguharamaya and Sirigala Rajamahaviharaya was completed. Conservation of Narammala Rajamahavihara was in progress. Conservation of the Bopitiya Raja Maha Viharaya started in October.

In addition to that tasks like adding a new section to the office building and improving its facilities, construction of a sentry box and maintenance activities of the office premises were carried out.

Panduwasuwara Project

Excavation Unit

Two ancient buildings (NNB1, NNB2) at the premises of Nikasala Nuwara Rajamaha Vihara, its old portal and the wall and a ruined building between the Awasa and Pirevana of the Panduwasnuwara Raja Maha Vihara were excavated. Excavations on NNB1 were completed.

NNB 1 befor Excavation

NNB 1 after Excavation

Special evidence discoverd by the excavations

Conservation Unit

Four conservation activities have been scheduled but it couldn’t get off the ground due to the lack of labourers and supervisors.

Under the conservation of frescoes the cave of the Nikasalanuwara Rajamahviharaya and Tampita Viharaya (Temple on stone pillars) were completed.

Kurnegala Project

Excavation of the ancient tomb of the Ridee Viharaya was finished.

Ancient tomb befor excavation

Ancient tomb after excavation

Conservation Unit

Conservation was started on the stone walls on either side of the staircase up to the Sarasumgala and the ancient tomb in which the excavation is completed.

Flight of stoned steps at Sarasumgala before conservation

Flight of stoned steps at Sarasumgala after conservation

In addition to that toilets were built for the project.

Maintenance activities of the project premises were done.

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ඔබේ අංකය / உமது இல / Your No.

දිනය / திகதி / Date: 23 December 2013

Director General
Central Cultural Fund

Report of the Auditor General on the Financial Statements of the Central Cultural Fund for the year ended 31 December 2012 in terms of Section 9(4) of the Central Cultural Fund Act, No. 57 of 1980.

The audit of financial statements of the Central Cultural Fund for the year ended 31 December 2012 comprising the statement 0f financial position as at 31 December 2012 and the statement 0f financial performance, statement of changes in equity and cash flow statement for the year then ended and a summary of significant accounting policies and other explanatory information was carried out under my direction in pursuance of provisions in Article 154(3) of the Constitution of the Democratic Socialist Republic of Sri Lanka read in conjunction with Section 9(2) of the Central Cultural Fund Act, No. 57 of 1980. My comments and observations which I consider should be published with the Annual Report of the Fund in terms of Section 9(4) of the Central Cultural Fund Act appear in this report.

1.2 Management's Responsibility for the Financial Statements

The management is responsible for the preparation and fair presentation of these financial statements in accordance with Sri Lanka Public Sector Accounting Standards and for such internal control as the management determines is necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

1.3 Auditors responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Sri Lanka Auditing Standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatements.

අංක 306/72 පොල්දුව පාර, බත්තරමුල්ල , ශ්‍රී ලංකාව
இல. 306/72, பொல்துவ வீதி, பத்தரமுல்லை இலங்கை
No.306/72, Polduwa Road, Battaramulla , Sri Lanka

දුරකථනය / தொலைபேசி / Telephone. 2887028 -34
ෆැක්ස් අංකය / பக்ஸ் இல / Fax No. 2887223
ඉලෙක්ට්‍රොනික් තැපැල් / ஈ- மெயில் / E-mail. oaggov@sltnet.lk

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in financial statements. The procedures selected depend on the auditor`s judgment, including the assessment of risks of material misstatements of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Fund`s preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund`s internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified audit opinion.

1:4 Basis for Qualified Opinion

My opinion is qualified based on the matters described in paragraph 2.2 of this report.

2. Financial Statements

2:1 Qualified Opinion

In my opinion, except for the effects of the matters described in paragraph 2.2 of this report, the financial statements give a true and fair view of the Central Cultural Fund as at 31 December 2012 and its financial performance and cash flows for the year then ended in accordance with Sri Lanka Public Sector Accounting Standards.

2:2 Comments on Financial Statements

2:2:1 Sri Lanka Public Sector Accounting Standards (SLPSAS)

According to paragraph 106 of the Sri Lanka Public Sector Accounting Standard No. 01, a separate disclosure should be made in the financial performance statement whenever an expenditure item is material. However, excavation and conservation expenses, ticket printing expenses and fuel and lubricants expenses amounting to Rs.318,880,051, Rs.56,299,899 and Rs.27,825,804 respectively had not been separately disclosed in the financial statements.

2:2:2 Accounting Deficiencies

The following deficiencies were observed.

(a) The value of land at Nugagahawatta, Galle purchased for constructing the Tsunami Museum had not been assessed and brought to account. It's value was Rs.2,558,000 at the time of purchase in 2005.

(b) A sum of Rs.5,067,106 incurred as taxes and warehouse charges only had been capitalized as value of the vehicle imported in 2009 from the Japanese aid received for improving the tourist activities of the Sigiriya Project. According to the register of vehicles, its value had been shown as Rs.8,500,000. Action had not been taken to compute the fair value of the vehicle and brought to accounts.

(c) Twenty one vehicles had been obtained as foreign aid grants from 1984 to 2004. Of these, the insured value of 15 vehicles amounted to Rs.5,823,900. Action had not been taken up to end of the year under review to capitalize the fair value of these vehicles.

(d) Action had not been taken to determine the fair value and accounted the correct amount of furniture and fittings and equipment costing Rs.102,397,951 which continued to exist since 1982, although they had been fully depreciated by now.

(e) Out of the 117 vehicles belonging to the Fund as at end of the year under review, 98 vehicles had been fully depreciated by 31 December 2011. Of these 98 vehicles, 34 vehicles had been revalued and brought to account in 2012. But, action had not been taken to revalue 64 vehicles costing Rs.15,512,727 and brought to accounts.

(f) A sum of Rs.1,250,000 had been included in the accounts as revalued amount of a cab. However, the cab had not been included in the assessment reports.

(g) A sum of Rs.4,548,648 paid to renovate the internal access road of the Polonnaruwa Sacred City by spreading cemented concrete paving blocks during the year under review had been capitalized under buildings instead of being shown under conservation expenditure. Accordingly, the value of property, plant and equipment shown in the financial statements had been overstated by similar amount.

(h) The expenditure incurred during the year on behalf of 2 construction contracts which had not been completed as at 31 December 2012 amounted to Rs.414,149 and Rs.139,686. This had not been accounted for, as work in progress. Instead, this had been capitalized by debiting the relevant asset account.

(i) Surcharge amounting to Rs.3,731,926 had been paid for delay in remitting Employees' Provident Fund contributions in 2009 and a sum of Rs.1,782,000 had been paid to the Attorney General's Department on behalf of the year 2011 and 12 prior years. However, provision had not been made for these during those years. Instead, these had been written off as expenditure of the year under review thus understating the surplus of the year by Rs.5,513,926.

(j) The balance of Rs.71,766 in the suspense account which continued to exist for over 5 years had been included in sundry debtors and accounted for, instead of being shown in a suspense account.

2:2:3 Accounts Receivable

The following observations are made.

(a) The combined loan balances of Rs.720,663 due from 24 permanent employees for over 5 years and the balances of distress loans amounting to Rs.366,721 granted to labourers not belonging to the permanent staff existing for over 5 years remained recoverable as at 31 December 2012.

(b) The balances of festival and special advances amounting to Rs.1,289,871 which had been included in the balances of accounts receivable under current assets existing for over 5 years continued to be shown in the accounts without being recovered even as at 31 December 2012.

(c) Advances amounting to Rs.504,465 given to the head office and the office of the Sigiriya Project remained unsettled for over 2 years. Meanwhile, the courts deposits of Rs.44,534 existing for over 7 years too had been shown as balances receivable under non-current assets.

(d) The debtors balance of Rs.526,610 remaining recoverable for over 5 years continued to be shown under current assets as at end of the current year.

2:2:4 Evidence not presented for Audit

The following items of accounts could not be satisfactorily vouched in audit due to non rendition of evidence indicated against each item.

Item	Value	Evidence not Furnished
	Rs.	
Special Fund Balance	5,797,169	Evidence to confirm the correctness of value relating to 7 Special Fund Balances.
Current Assets- Sundry Debtors	1,060,752	Detailed Schedule relating to Debtors belonging to a period of 2 to 5 years.
Non Current Assets - Project Office Advances	4,604,220	Detailed Schedules.
Arrears of Employees' Loans	2,377,255	Age Analysis
- do -	1,289,871	Detailed Schedules

2:2:5 Non-compliance with Laws, Rules and Regulations

The following non-compliances were observed.

Reference to Laws, Rules and Regulations	Non-compliance
(a) Financial Regulations	
372(2)	Ad hoc Sub - imprests should be settled immediately after completion of the work concerned. However, it had been taken 2 to 8 months to settle the imprest totalling Rs. 593,040 obtained by 10 officers in 12 instances.

685	An agreement had been entered into with a film producer for a contract of Rs.4,701,000 without being followed the tender procedure, to produce a documentary film covering shrines at Anuradhapura, Polonnaruwa and Sigiriya.

(b) Procurement Guidelines

5.3.1(d)	During the year 2012, 34 computers and 17 computer UPS valued at Rs.2,898,313 had been purchased. While doing so, all documents prepared for calling for bids to purchase should have been examined and approved by the Technical Evaluation Committee and the Procurement Committee. However, these had not been done.
5.3.1(d) and 6.3.6	A sum of Rs.675,000 had been spent to purchase 20 teak almyrahs to keep library books. During the course of purchase, the documents calling for bids had not been examined and approved by the Technical Evaluation Committee. Meanwhile, the activities relating to opening of bids had not been reported in the form specified.

2:2:6 Transactions without Adequate Authority

(a) According to Section 7 of the Central Cultural Fund Act, No. 57 of 1980, the Secretary to the Ministry of Culture and Arts becomes the Chief Administrative Officer of the Fund by virtue of his office. Provision had not been made in the Act to pay allowances for the post. However, the Fund had paid 33 1/3 per cent of his salary, that is, Rs.20,113 monthly to the Secretary as allowances. In this connection, approval had not been obtained from the Director of Establishments and the Treasury in terms of Section 1.2 of Chapter IX of the Establishments Code and the Public Finance Circular No. 374 dated 04 May 1999.

(b) An amount totalled to Rs.1,791,507 consisting of 9 miscellaneous deposits balances totalling Rs.152,252, balances of 3 salary advances totalling Rs.24,616, balances of 3 lapsed advances totalling Rs.141,791 and 8 cash frauds valued at Rs.1,472,848 which continued to be brought forward for many years as balances receivable had been written off as bad debts in the accounts for the year under review without the approval of the Treasury.

(c) A sum of Rs.600,000 had been spent in 2012 to provide a monthly fuel allowance of Rs.50,000 to the Minister of Culture and the Arts.

(d) A sum of Rs.177,130 had been spent during the year 2012 to purchase furniture to the official residence of the Minister of Culture and the Arts.

3. Financial Review

3:1 Financial Results

The operations of the Fund for the year under review had resulted in a surplus of Rs.227,294,733 according to the financial statements as compared with the surplus of Rs.235,009,985 of the previous year showing a decrease of Rs.7,715,252 in financial results. The income from sale of tourist tickets and the income from investments had increased by Rs.321,556,476 and Rs.25,383,472 respectively compared with those of the previous year while the operating expenses of the Fund had increased by Rs.352,590,118, causing a decrease in financial results.

3:2 Analytical Financial Review

(a) During the year under review, the increase in expenditure of supplies and consumer materials amounted to Rs.114.9 million or 164.7 per cent as compared with the previous year and the increase in other expenditure amounted to Rs.71.06 million or 138.9 per cent as compared with the previous year. Meanwhile, the increase in expenditure of salaries and wages amounted to Rs.156.7 million or 26 per cent as compared with the previous year. Due to these reasons, a decrease of 3.28 per cent in financial results was observed.

(b) A sum of Rs.56,299,899 had been spent to print tourist tickets during the year under review. The increase in expenditure was 2291 per cent as compared with the previous year.

4. Operating Review

4:1 Performance

The following observations are made.

(a) The following activities targeted to be implemented by the Fund in 2012 had not been commenced during the year under review.

Details	Target Worksites	Target Units	Actual Performance Worksites %	Actual Performance Units %
----------	----105----	--------	----------------	---------
Excavation	08	2,856	Not commenced	
Conservation	14	4,362	- do -	
Urgent Conservation work of the Museum, Kataragama	--	145	- do -	

(b) The following excavation and conservation work were targeted to be implemented by the Fund in 2012. Of these 71 per cent of the expected target had been fulfilled by end of the year under review.

Details	Target Worksites		Target Units	Actual Performance Worksites	%	Actual Performance Units	%
Excavation	82	233	193521	42	18	137893	71
Conservation	151						

(c) The above excavation and conservation work had been delayed due to reasons such as priority given for urgent conservation activities, dearth of research officers, conservation inspection officers and labourers, delay in tender decisions, dearth of resources and heavy rain.

4:2 Management Inefficiencies

The following observations are made.

(a) Action had not been taken even by end of the year under review to auction 4 vehicles which had been recommended for non usage in 2011 and 2012.

(b) The contract work for repairs to "Adithya" Home at Polonnaruwa in order to use it as a circuit bungalow had been entrusted to an institution for Rs.7,289,264. However, the repairs were not upto the standard. A final payment of Rs.1,926,514 had been made to the contractor on 24 October 2012 without taking action to get the shortcomings attended to, by the contractor.

(c) The Director General of the Central Cultural Fund had informed the officers that a new tourist ticket had been introduced for foreigners with reference to Polonnaruwa, Anuradhapura and Sigiriya Projects since 01 January 2012. Action had not been taken according to the instructions. Instead, the old foreign tourist round tickets had been further printed and 2994 tickets had been sold after 01 January 2012. As a result, a loss of Rs.10,329,300 had occurred by selling the round tickets which were lesser in prices than the new tickets. Action had not been taken against the responsible officers.

4:3 Operating Inefficiencies

The following observations are made.

(a) Many Archeological items found during excavation such as 517 archaeological items of 18 categories kept at the Abhayagiriya Museum and 218 of goods and pieces of gold, silver, bronze, crystal, gem and other alloys kept in Project Office safes as special archaeological items of the Abhayagiriya Project remained without being verified and recorded in registers even as at 31 December 2012.

(b) Nearly 424 gold and other jewellery items given as offerings to the Ven. "Kapilvasthu Sarvagngna Dhathu" arrived in the island in 1978 and subsequently handed over to the Central Cultural Fund, nearly 294 gold and other jewellery and goods meant for treasure, 42 items of jewellery and goods for museumand 42 items of pooja materials had not been verified, values computed and entered in registers.

(c) Two thousand eighty five local tiles, 3,725 Adakava tiles, 2,175 screws and 133 hinges had been retained at the Abeygiriya Project Premises for a long time as surplus stock.

(d) Iron tubes, couplings, planks, 500w Helagen Lamps and other stores materials removed from the Abayagiriya Stupa Project had been issued to project officers and outsiders for their private usage without proper permission. Action had not been taken against the officers who issued them and the officers who had not returned the items they received.

(e) A sum of Rs.4.5 million had been obtained under the Project of Culture Oriented Tourism Promotion in Sigiriya for supply of resting facilities to visitors had not been accounted for, as special fund. Instead, it had been treated as income under government grant.

4:4 Transactions of Contentious Nature

The following observations are made.

(a) Construction of the Head Office Building

(i) The Fund has no legal entitlement for the land where the head office of the Central Cultural Fund functions at present. Quotations had been called for, in the year 2012 to purchase a land for the purpose and a committee had been appointed accordingly. In spite of this, permanent repairs and new constructions at a gross estimated value of Rs.9,641,843 had been commenced. The amount spent as at 31 December 2012 in this connection amounted to Rs.4,420,370.

(ii) An initial study of the repairs or the constructions to be done had not been done in order to identify the needs. A gross expenditure estimate for above construction commenced had been prepared one year after commencement of the construction.

(iii) Direct purchases totalling Rs.4,420,370 had been made considering them as urgent needs, contravening the provisions in 3.8 of the Procurement Guidelines.

(iv) Approval of the Board of Governors had not been obtained for the total cost estimate and the construction concerned had not been supervised by any technical officer.

b) Obtaining Employees

The Fund had entered into an agreement with a company on 31 May 2012 to obtain employees without the approval of the Board of Governors. A sum of Rs.32,388,000 had been paid to that company for the 26,990 man days of work obtained in June, July, August and September 2012. The following observations are made in this connection.

(i) The company concerned was not a company registered to supply of employees and the employees supplied were not employees of the company.

(ii) These employees had been obtained stating that the activities pertaining to the Wayamba Cultural Quadrangle has to be intensified. However, they had been employed at the head office of the Central Cultural Fund and other service centres. Further, there was no estimate regarding the number of labourers needed.

(iii) According to the Cabinet Memorandum relating to the establishment of that company and the approval of the Cabinet of Ministers concerned, the objective of the company was to make use of the employees of the Central Cultural Fund and their salaries should be incurred by the company. However, the above transactions had been done contravening the said objective.

(iv) The Fund had paid Rs.1,200 to the firm for a man day's work for employees obtained from that firm for activities connected with the Wayamba Cultural Quadrangle. However, the company had paid Rs.700 per day to those employees. The Fund had entered into an agreement with that firm so as to allow the firm, to earn an income of Rs.500 for a man day's work. As a result, the firm had been allowed to earn an income of Rs.13,495,000 for the 26990 man days of work obtained from June to September 2012.

(c) Other Cultural Activities

The amount spent for other cultural activities under other expenses during the year was Rs.32,915,635. However, norms and annual plans had not been prepared in order to specifically identify the results of the expenditure incurred.

(d) Documentary Film named "Ape Abhimanaya"

Action had been taken to produce 3 documentary films named "Ape Abhimanaya" encircling Anuradhapura, Polonnaruwa and Sigiriya as per agreement entered into Rs. 5,191,150 in the year 2011 with the objective of showing them to the tourists who visits the Central Cultural Fund Projects. However, those films had not been presented or telecast for the public view up to the end of December 2012.

However, an agreement had again been entered into with the initial producer on 21 December 2012 for Rs.2,536,000 to produce 3 such documentary films.

(e) Purchase of Air Tickets

The Fund had spent Rs.1,187,200 to purchase air tickets for the Italy tour of 4 persons including the Minister of Culture and the Arts on reimbursement basis from the Cultural Ministry. This amount had not been reimbursed by the said Ministry even by 30 September 2013 and had been written off as an expenditure of the year. The cheque for their air tickets had not been drawn in favour of the airline concerned, but, was in favour of another firm.

4:7 Resources of the Fund given to other Institutions

According to the Public Enterprises Circular No. 116 of 24 January 1997, other resources including financial resources of a Public Enterprise should not be given for usage of the Line Ministry. However, 9 officers of the Central Cultural Fund released to the Ministry of Culture and Arts in 1989, 2000, 2001, 2005, 2009 and 2011 continued to be employed in the Ministry in the year 2012 too and a gross salary totalling Rs.2,694,912 had been paid to them by the Fund in 2012. Meanwhile, 2 vehicles of the Fund had been released to the usage of the Minister of Culture and Arts with drivers and fuel during the period of 01 to 15 October 2012.

4:8 Staff Administration

The following observations are made.

(a) The post of labourers of the approved cadre as at 31 December 2012 was 322. However, there were 811 labourers in the permanent cadre as at 31 December 2012. Meanwhile, 315 labourers had been recruited on casual and temporary basis. In addition, 450 labourers had been employed from a company during the year 2012.

The required number of labourers according to the needs of the Fund had not been included in the cadre and forwarded to the Department of Management Services together with the recommendation of the Salaries and Cadre Commission for approval even by 31 December 2012.

(b) Vacancies in senior posts of the Fund had not been filled. As a result, acting appointments had been made for those posts. Fourteen officers who functioned in acting capacities for 1 to 3 years continued to carry out those duties even by 31 December 2012. A sum of Rs.632,090 had been paid to them as acting pay during 2012.

4:9 Vehicle Utilization

The following observations are made.

(a) A jeep belonging to the Ministry of Culture had been used by the Central Cultural Fund since 2005. However, action had not been taken to properly acquire it, even by 31 December 2012.

(c) A double cab purchased for Rs.7,900,000 on 31 May 2012 had been given to the vehicle fleet of the Minister. However, it had not been properly handed over. Further, the prior approval of the Ministry of Finance and Planning had not been obtained for this in terms of Paragraph 3.3 of the letter No. CA/1/17/1 dated 14 May 2010 issued by the Secretary to the President with reference to Public Expenditure Management. Meanwhile, running charts and monthly summaries had not been maintained for this vehicle.

5. Accountability and Good Governance

5:1 Presentation of Financial Statements

The financial statements had been presented to the Auditor General on 13 May 2013. However, the prior approval of the Board of Governors had not been obtained for the financial statements. The Board of Governors should accept the responsibility for financial statements and approve it. However, such action had not been taken.

5:2 Procurement Plan

According to the National Budget Circular No. 128 of 24 March 2006, state institutions should prepare procurement plans according to their annual procurement needs and should commence purchases on priority basis. However, it had not been done so during 2012.

5:3 Budgetary Control

While comparing the revised budget prepared by the Fund for the year 2012 and the financial statements for the year 2012 with the actual income and expenditure, variances ranging from 20 to 329 per cent were observed in one item of income and 36 items of expenditure showing that the budget had not been utilized as an effective instrument of financial control.

6. Systems and Controls

Deficiencies observed during the course of audit were brought to the notice of the Director General of the Fund from time to time. Special attention should be drawn to the following areas of systems and controls.

(i) Accounting
(ii) Contract Administration
(iii) Vehicle Administration
(iv) Printing of Tourists Tickets and Stock Control
(v) Procurement
(vi) Personnel Administration

H.A.S.Samaraweera
Auditor General

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STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2012

	Note	2012 Rs.	2011 Rs.
ASSETS			
CURRENT ASSETS			
Cash & Cash Equivalents	1	66,919,897	124,277,902
Receivable	2	31,725,169	16,787,112
Inventories	3	62,111,327	54,048,304
Investments		-	50,000,000
		160,756,392	**245,113,318**
NON CURRENT ASSETS			
Receivables	4	149,067,966	141,484,821
Special Funded Projects		626,471	626,471
Foreign Funded Projects		676,432	-
Property, plant & Equipments	5	899,791,139	761,289,618
Gratuity Investments		316,689,060	70,650,358
		1,366,851,068	**974,051,268**
TOTAL ASSETS		**1,527,607,460**	**1,219,164,586**
LIABILITIES			
CURRENT LIABILITES			
Payables and Accruals	6	67,781,230	67,258,395
NON CURRENT LIABILITES			
Provision for Gratuity	7	367,413,407	342,773,911
Special Funded Projects	8	10,035,829	11,868,619
Foreign Funded Projects	9	2,800,566	20,579,053
TOTAL LIABILITIES		**448,031,032**	**442,479,978**
NET ASSETS		**1,079,576,429**	**776,684,608**
CAPITAL CONTRIBUTED BY			
Accumulated Fund		19,944,705	19,944,705
Reserves		16,064,386	16,064,386
Assets Revaluation Reserves		451,428,000	353,250,000
Foreign resource fund		324,817,753	344,118,064
Accumulated Surplus		267,321,584	43,307,453
		1,079,576,429	**776,684,608**

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Sarath Wijesekara Pathirana
Actg. Director Finance
Central Cultural Fund

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Prof. Gamini Adikari
Director General
Central Cultural Fund

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Wasantha Ekanayake
Chief Administrative Officer
CCF & Secretory to the
Ministry of Cultural & the Arts

Signed on : 08....May 2013

STATEMENT OF FINANCIAL PERFORMANCE

FOR THE YEAR ENDED DECEMBER 31, 2012

	Note	2012 Rs.	2011 Rs.
INCOME			
Tickets Sales	10	1,348,775,095	1,027,218,619
Contribution from Replicas Sales	11	1,150,279	(352,748)
Contribution from Publication Sales	12	4,960,357	2,502,878
Contribution from Printing	13	462,561	5,200,781
Government Grants		34,500,000	25,000,000
Income from Donor Agencies		-	2,163,936
Income from Investments		33,883,468	8,499,996
Other Income		8,008,810	20,805,766
		1,431,740,570	**1,091,039,229**
EXPENSES			
Wages, Salaries,& Employee Benefits	14	759,032,384	602,331,975
Gratuity		31,636,288	71,239,003
Depreciation		26,165,069	10,387,406
Sales Promotion and Public Relations		10,215,791	5,686,198
Supplies and Consumable Used		184,750,332	69,776,803
Impairment of Property, Plant & Equipments		37,576,846	22,009,013
Contractual Services		32,531,571	22,682,340
Finance Cost		112,345	584,243
Audit Fees		200,000	175,000
Other Expenses	15	122,225,211	51,157,262
		1,204,445,836	**856,029,244**
Surplus/(Deficit) for the year		**227,294,733**	**235,009,985**

Cash Flow Statement

For the year ended 31st December	2012		2011	
	Rs.	Rs.	Rs.	Rs.
Cash Flow from Operating Activities				
Surplus/(deficit) for the year		227,294,733		235,009,985
Adjusments for non-cash movements				
Depreciation	26,165,069		10,387,406	
Prior year adjustments	(3,280,602)		18,426,279	
Profit on disposal of fixed assets	-		(103,900)	
Provision for Gratuity	31,636,288	54,520,755	71,239,003	99,948,788
Operating result before change in working capital		**281,815,488**		**334,958,773**
Changes in working capital				
Receivables	(7,583,145)		(95,481,548)	
Inventories	(8,063,023)		(2,457,403)	
Payables and Accruals	522,835	(15,123,332)	46,551,580	(51,387,371)
Net Cash Generated from Operation Activities		**266,692,156**		**283,571,402**
Cash Flows from Investment Activities				
Acquisition of fixed assets	(107,211,266)		(27,639,912)	
Disposal of fixed assets	-		103,900	
(Increase)/Decrease in Investments	(196,038,702)		(75,736,438)	
Increase in long term receivables	(14,938,057)		(11,685,179)	
Net cash used in investing activities		**(318,188,025)**		**(114,957,629)**
Cash Flows from Financing Activities				
Foreign resource fund	21,422,365		-	
Payment of gratuity	(6,996,792)		(11,025,111)	
Special funded projects	(1,832,790)		(47,241,003)	
Foreign funded projects	(18,454,919)		1,925,984	
Cash used in financing activities		**(5,862,137)**		**(56,340,130)**
Net cash increase in cash and cash equivalents		**(57,358,006)**		**112,273,643**
Cash and cash equivalents at the beginning of year		124,277,902		12,004,259
Cash and cash equivalents at the end of year		**66,919,896**		**124,277,902**

Statement of Changes in Equity
for the year ended 31st December 2012

	Accumulated Fund	Capital Reserves	Revaluation Reserves	Foreign Reserve Fund	Accumulated Surplus	Total
Balance as at 01/01/2011	19,944,705	16,064,386	0	0	(210,128,811)	(174,119,720)
Add: Revaluation surplus			353,250,000			353,250,000
Capitalization foreign fund				402,446,592		402,446,592
Surplus for the year					235,009,985	235,009,985
Prior year adjustments					18,426,279	18,426,279
	19,944,705	16,064,386	353,250,000	402,446,592	43,307,453	835,013,136
Less: Provision for Depreciation				(58,328,529)		(58,328,529)
Balance as at 31/12/2011	**19,944,705**	**16,064,386**	**353,250,000**	**344,118,064**	**43,307,453**	**776,684,608**
Add: Revaluation surplus			103,535,000			103,535,000
Capitalization foreign fund				21,422,365		21,422,365
Surplus for the year					227,294,733	227,294,733
Prior year adjustments						0
	19,944,705	16,064,386	456,785,000	365,540,429	270,602,186	1,128,936,707
Less: Provision for Depreciation			(5,357,000)	(40,722,676)		(46,079,676)
Prior year adjustments					(3,280,602)	(3,280,602)
Balance as at 31/12/2012	**19,944,705**	**16,064,386**	**451,428,000**	**324,817,753**	**267,321,584**	**1,079,576,429**