

Thirtieth Annual Report of the Central Cultural Fund - 2011

Board of Management

The Board of Management of the Central Cultural Fund for the year 2011

Hon. D.M. Jayaratne, Prime Minister
Chairman of the Board of Management

Hon. T.B. Ekanayake,
Minister of Culture and the Arts

Hon. Geethanjana Gunawardena
Deputy Minister of Finance

Mr. S. Amarasekara
Secretary to the Prime Minister

Mr. Vimal Rubasinghe
Secretary, Ministry of Culture and the Arts

Hon. Basil Rajapaksa
Minister of Economic Development

Mr. W.A. Ranaweera
Working Director, Central Cultural Fund

Dr. Senarath Dissanayake
Director General, Department of Archaeology

Hon (Dr.) Jagath Balasuriya
Minister of National Heritage

Mrs. N. Godakanda
Director General, Department of Management Services

Mr. Upali Kirindigoda
Member

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 employed during the year.

Management Level Officers	11
Junior Management Level Officers	34
Archaeology Research Officers	60
Conservation Officers	47
Frescoes Conservators	21
Officers of Clerical and Allied Services	218
Employees under the Laborer Grades	1499
Employees Recruited on Casual Basis	<u>172</u>
	<u>2062</u>

Central Cultural Fund

Vision

Preserving the ancient grandeur of Sri Lanka for the future generation.

Mission

To assist the socio cultural and economic well-being of Sri Lanka by protecting, developing and promoting cultural heritages of national and international importance in Sri Lanka.

Aim

To make arrangements for the provision of funds for the development, restoration and preservation of cultural and religious monuments in Sri Lanka; to meet expenses incurred in the development of religious and cultural activities in Sri Lanka and abroad; to provide financial assistance to artists, craftsmen, writers, painters, musicians and others who are engaged in promoting cultural activities; to allocate provisions of the Fund for the awards to persons who have served the nation in the field of culture and religion and to provide for matters connected therewith or incidental thereto.

Main Projects of the Central Cultural Fund

1. Abhayagiri Project
2. Jethawana Project
3. Polonnaruwa Project
4. Sigiriya Project
5. Kandy Project
6. Ramba Vihara Project
7. Tissamaharama Project
8. Galle Fort project
9. Yapahuwa Project
10. Dambadeniya Project
11. Panduwasnuwara Project
12. Ridhie Vihara Site

Special Projects

1. Bataleeya Artifacts Replica Centre
2. Publications, Printing and Publicity Division
3. Marine Archaeology Museum, Galle
4. Marine Archaeology Unit, Galle

Annual Report 2011

The year 2011 is a year which reported satisfactory physical progress after an extended period of time. Although the financial status has been wholesome since the year 2010, it was in the year 2011 that it was possible to duly implement a development plan aimed at achieving targets having managed physical resources.

Accordingly, 141 sites were active under 9 main projects in the year 2011 and the completion of work in 21 sites out of those, is an exceptional achievement. Rs. 359.6 million had been estimated for the direct expenses of the year and Rs. 220.1 million (61.2%) out of that sum was spent. Completion of 104,889.51 units of work utilizing 198,855 man days which constituted 65.88% of the total volume of work was an outstanding achievement in comparison to other years. An efficiency rate of 88% too was maintained throughout the year.

Abhayagiri Project

Archaeological Excavation and Research

It was possible to complete the excavation work carried out near the southern wall of the Thuparama complex, Thuparama bodhi-ghara, Eastern access point and the moonstone of Thuparama under this project. In addition, excavation for landscapes in Thuparama and making records of the ancient buildings near kuttam pokuna and the monuments in the Mahavihara also were carried out. The Museum, the Research Unit, the Publications Unit and the laboratory which must be operated daily, were continued throughout the year. By the end of the year, a physical progress of 68.7% had been achieved and Rs. 7.35 (64.8%) had been spent.

Conservation and Landscape

Priority was given to finalize the conservation work carried out on the Abhayagiri Stupa. Work in the spire of the stupa has been completed and the square chamber is almost complete except for a small amount of work. Although conservation of the inner wall and the terraced cloister of the stupa were proposed to commence once the conservation of the square chamber is completed, it was possible to begin conservation work of the terraced cloister by the month of October itself. Conservation work of the core of the stupa is underway at a rapid pace and it has been possible to complete

about 80% of the work by the end of the year. This work is due to be completed in the year 2012.

In addition to the stupa sites, conservation of the outer wall of the Thuparama complex too has been given special attention. By the end of this year, only the brick work of the wall remains to be completed and if not for the difficulty in sourcing the bricks necessary, that task too could have been completed. Conservation work of the Thuparama Bodhi-Ghara was completed.

Day-to-day maintenance work of the Abhayagiri and Mahavihara premises were carried out continuously.

Jethawana Project

Archaeological Excavation and Research

Scientific research and analysis is conducted under this project. Research excavation carried out to study ancient human settlements was completed and report is due to be formulated. Day-to-day activities of archaeological research and collection of data, preparation of reports, administration of the museum and educating the visitors to the museum, laboratory work and analysis of the artifacts were carried out without interruption. Archaeology annual report was completed.

Conservation and Landscape

Restoration of ancient monasteries is being carried out primarily and a number of buildings including the projects museum were reconstructed. Re-applying plaster in an area of about 5 meters stretching downwards from the foot of the square chamber which was an essential task to be carried out for the protection of the Jethavana stupa, was completed.

In addition to that, a number of improvements in the area surrounding the Sri Maha Bodhi sacred Bo tree were completed through the 'Ran weta' Fund and conservation work in the old stone wall too was carried out continuously. Over half of these tasks which are due to be completed in the year 2012 have been completed by now.

Additionally, maintenance work at project sites was carried out continuously throughout the year. Directing the laborers for the conservation activities at the Abhayagiri stupa caused hindrances to the work that was carried out.

Polonnaruwa Project

Archaeological Excavation and Research

Priority has been given for research related activities. Knowledge on medieval history of Sri Lanka is updated through studying the artifacts, stone inscriptions and ruins of monument discovered via archaeological excavations. The museum, the library, the laboratory and the monthly lecture series are being carried out continuously

Conservation and Landscape

Priority was given for preservation of Kirivehera and this task was completed by November 2011. This is the first time after a long period of time that a large stupa of archaeological value was white-washed and preservation work was fully completed. Longitudinal development has been initiated and is expected to be complete by next year.

Development of tourism infrastructure was carried out in the year 2011. Under this, activities such as paving the roads inside archaeological sites with bricks, developing the vehicle park, building sales outlets in a systematic manner, developing the Adithya hostel etc. were carried out. As proposed before, paving the roads with bricks was first carried out in a stretch of 1 km at the experimental level and due to practical reasons, it was decided at the end of the year to pave the roads using concrete slabs that come in brown color.

In addition to that, conservation of Lankathilaka image house, the palace of Vijayabahu and old plaster and activities of garden maintenance and Landscape too was carried out.

Sigiriya/ Dambulla Project

Archaeological Excavation and Research

North-east area of the archaeological reserve was mapped and research excavation conducted in the area close to Pahangala has been completed. Ihala-Kalawella Ulpotha was explored and a research excavation was conducted there. Daily activities under the project such as studying, reporting and analyzing the artifacts, stone inscriptions and frescoes, storing archaeological data, displaying artifacts in the new museum, educating

the visitors, conducting lectures and regulation of artifacts were carried out continuously. In the month of October, an 'Angam pora' show which is an ancient form of Sri Lankan martial arts was performed in order to attract more tourists under the public relations programme of the museum.

Conservation and Landscape

Conservation of the old plaster of the mirror wall has been completed. Although the conservation work on the Southern and eastern walls atop the rock, and Eastern and Western slopes of the lion foot terrace was carried out up to the month of September, it has to be suspended owing to the difficulties in transporting conservation material up the rock. However, necessary material was transported up the rock by a shramadana campaign from the month of October onwards and conservation activities are due to be resumed.

Landscaping activities and maintenance work in the ancient walls of the water park were carried out continuously. Conservation work in the pond at the South-western side of the water park was completed. The Apsara complex is proposed to be developed with the expectation of developing eco-tourism and attracting tourists for which, necessary architectural planning is now underway.

Dambulla Site

Conservation of frescoes in Dambawa and Mahavahara temples was completed. Conservation of the frescoes in Thalakiriyagama too has reached its final stage.

Daily activities such as public exhibitions and maintenance at the frescoes museum are carried out continuously and quality checks and regulation of the conserved frescoes is conducted as well.

Kandy Project

Archaeological Excavation and Research

Exploring the traditional crafts in the Udunuwara Divisional Secretariat Division under archaeological explorations, using and collecting data from the documents on ancient monuments in Kandy available at the National Archives Department and conducting educational lectures for the benefit of school children and other tourist groups are carried out.

Conservation and Landscape

Conservation work in the sermon hall, image house and the library of the Magulthenna Rajamaha Vihara was completed. Although all the tasks proposed to be completed at the Sellavali Rajamaha Vihara have already been done, a few extra tasks which were added later are yet to be completed.

Trees which had been rooted into the stupa at Aththara Rajamaha Vihara were removed and the stupa was plastered while ancient carvings which were covered in layers of lime as a result of renovation work done from time to time were uncovered. Except for the work to be done on the roof, all the other tasks to be done at the Nulugathenna Rajamaha Vihara have been completed.

Preparing plans for new buildings in line with the historic architecture of the World Heritage City, providing information about street scenes of the ancient times and regulating and reporting changes that took place, were continued throughout the year by the World Heritage Unit.

Conservation of the frescoes in Ganegedara Rajamaha Vihara, Menikhinna Pothugal Vihara and Ratmalana Sri Pushparama temples was completed. Conservation of the temple paintings found in Kandepitiya Tampita Vihara began in the month of November and regulating the temples which have conserved frescoes was continued as well.

Ramba Vihara Project

Archaeological Excavation and Research

Primarily, research and analysis of artifacts is carried out under this project and removal of earth from the monastery complex no. 21 in order to create landscapes was carried out. It was not possible to commence work in a number of sites owing to the difficulty in locating sufficient number of workers for the task. Analysis of artifacts and keeping records was carried out by the laboratory.

Conservations and Landscape

Conservation of the outer wall of Complex no.21 and other ancient brick walls is almost complete. Excavation work and conservation activities are carried out only in the

sections which belong to the project site as certain sections of the outer wall run through private property as well. In order to complete the rest of the conservation work, it is necessary to discuss this matter with the owners of those properties.

Construction work on the new monastery required for the Ramba Vihara commenced in the month of November. Work in this project which is carried out on contract basis has been completed up to the plinth of the foundation.

Under infrastructure development through the project, construction of a latrine system was initiated and by the end of the year, 75% of the work has been completed.

Tissamaharama Project

Archaeological Excavation and Research:

The research excavations commenced at Athurugoda in order to get an understanding about ancient human settlements in the area were continued throughout the year. The layers of earth at a depth of about 6 meters are being studied and samples are being collected at present. Further, the analysis, conservation and documentation of the artifacts which have been found up to now, is being carried out methodically.

Conservation and Landscape

Priority has been given for the conservation of Sandagiri stupa. Conservation of the brick work in this ancient stupa which is about 17 meters in height has been completed. However, arriving at a specific decision on the components above the hemispherical dome has been referred to Archaeological Advisory Council. A decision to either reconstruct parts of the ancient 'chatra' and install the 'chatra' or to conserve the components of the stupa only up to the top of the hemispherical dome is expected. Conservation of the inner wall of and the sand terrace of the stupa too has been commenced. It is expected to increase the number of workers and conserve the inner wall and sand terrace once the joint work in the stupa have been completed.

Administration of the Kataragama museum and the tourist guest house comes under this project. Maintenance of the project site was continued.

Construction of the frontispiece of the Medamulana Bodhimalu Vihara which was carried out under this project, has been completed.

Galle Fort Project

Archaeological Excavation and Research

Marine archaeological explorations and artifact conservation is carried out under this project. The Marine Archaeology Unit of the Central Cultural Fund conducted explorations in the North-western coastal area and the shallow waters during the second quarter of the year 2011. The objective was to study the ships which were shipwrecked in this area. In addition to that, site conservation and further explorations were conducted in parts of the Galle Port.

Daily activities of the Marine Archaeology Museum, student programmes and exhibitions etc. were carried out as well.

Conservation and Landscape

Urgent conservation activities in the Garumuni Walawwa of Balapitiya and conservation of the plaster in the Dutch warehouse were carried out and both these tasks have been completed. A complete conservation process which would protect the ancient architectural characteristics as well as the environment of the Garumuni Walawwa has been proposed. Conservation plans pertaining to this project are being made by the Conservation Unit of the Moratuwa University.

North-western Cultural Quadrangle

As the first stage of the North-western Cultural Quadrangle, the activities were officially initiated at Yapahuwa in the month of January, Dambadeniya in the month of July and Panduwasnuwara in the month of September. However, excavation or conservation work could not be started in any of the other sites except for Yapahuwa due to the difficulty of sourcing sufficient number of workers for the sites.

Yapahuwa Sit

Archaeological Excavation and Research

Research excavation of the Bangalapitiya stupa has been completed. Along with that, excavation work in the Bangalapitiya pond and the outer moat also was initiated and

direct contribution of the trainee Archaeology Graduates was obtained for this. Excavation work in the pond had to be suspended in November due to heavy rains.

Conservation and Landscape

It was possible to complete 75% of the conservation work on the flight of steps which provides access to the top of the rock. Only a very small amount of work remains to be completed at the wall of the Kaikawala Rajamaha Vihara.

It was possible to complete the conservation of frescoes which was initiated at the Kaikawala Rajamaha Vihara and Yapahuwa Rajamaha Vihara.

Bataleeya Artifacts Replica Center and School

The objective of the Bataleeya Artifacts Replica Center is to make and sell high quality replicas of the exquisite works of art and artifacts which are discovered now and have been discovered before by the excavations carried out by the Department of Archaeology and the Central Cultural Fund.

Two year courses on art, mural creation and sculpture are being taught at this school and the students who use granite, clay, ceramic, wood and fiber as media for their replicas, are awarded a Diploma Certificate and are provided assistance to engage in self employment.

Certificates for the batch of 2009/2011 academic year were awarded in the month of August. Parallel to that, an exhibition which included their creations and replicas too was held.

Special Tasks in 2011

- Preparation of all replicas necessary for the Sri Lanka booth at the International Buddhist Museum in Kandy.
- Production of a cross section of a sit-trap as per the order made by the Institute of Engineering and Research and which was handed over to the National Museum.
- Doing the paintings at the new Buddha image house of the Borella Temple.
- Doing 10 bust portrait models of the past Principals who had served at Richmond College, Galle up to now.
- Creation of a replica of the same size, of the lion figure found at the Nissankamalla Royal Court as required by HE the President to be taken with him when he participated at the SAARC Convention.

The income earned through the sale of replicas in the year 2011 was Rs. 5.5 million.

Nelum Pokuna Performing Arts Theatre

Construction of the Nelum Pokuna Mahinda Rajapaksa Performing Arts Theatre for which, special contribution was made by the Central Cultural Fund was completed and was declared open ceremoniously in the month of December, this year. This theatre which consists of all the modern performing arts theatre facilities, can seat 1288 people.

Publications Unit and the Press

Various publications such as posters, hand bills, guide maps, annual research literature and children's literature are released by the Publications Unit of the Central Cultural Fund. In addition to that, publications which are out of stock and stationery items necessary for the office needs of the Fund such as letterheads are also printed. Books on literature, culture and traditional & intangible heritage written by writers outside of the Fund too are printed.

In the year 2011, the press has completed 53 publications of the Fund and 30 other jobs for external institutions. The total expenditure on the press for the year was Rs. 4.2 million and its income was Rs. 5.4 million.

Income earned from the sale of publications during the year was Rs. 9.77 million.

Physical Progress

One of the main objectives of the establishment of the central cultural fund is to develop and conserve antiques of Sri Lanka. The conservation activities of Jethavana and Abhayagiri are two very impotent projects undertaken by the fund incurring a significant expenditure.

The following are the projects initiated and carried out by the central cultural fund at present.

- Abhyagiri
- Jethawanaya
- Sigiriya
- Polonnaruwa
- Kandy
- North western cultural Square project (Yapahuwa, Dambadeniya, Paduwasnuwara, Kurunegala)
- Ruhuna cultural Zone

Nearly 2100 workers have been deployed for the exploration, excavation and maintenance activities carried out by the Fund and the funds amounting to Rs.50 million are allocated monthly for the payment of their salaries and wages.

The conservation activities of the Jethawana Sthupa were completed by mid 2009 and the conservation activities of the Jethawana too are nearing completion with 98% of work being completed and arrangements have been made to complete all the conservation activities of the Jethawana Sthupa by May, 2013.

In addition, the project offices of Yapahuwa, Dambadeniya, Paduwasnuwara, and Kurunegala have been established under the Northwestern cultural Square program and excavation and conservation activities are now being carried out successfully. In addition, the conservation activities of the Sandagiri Sthupa aimed at cultural revival and tourist promotion of Ruhuna have been completed and the approval has been received by now from the Council to set up the Ruhuna cultural Zone in order to initiate other conservation activities. Further, for the improvement of facilities for visitors in the Sigiriya and Polonnaruwa projects, the restoration of the road network, electricity and water supplies are now underway and plans have been

made to complete all infrastructure facilities before the end of the year. Large scale conservation too has commenced with emphasis being laid on the conservation of painting and monuments. Excavation activities have been minimized and archeologists are trained with limited but research excavations. Measures are also underway for the development of museums and to fix sign boards and name boards to guide tourists.

Income sources of the money being used for conservation of archeological sites

The main source of income of the central cultural fund is the income generated through the sale of ticket to visitor who Visit the projects of Sigiriya, Polonnaruwa and Anuradapura. The income generated through the sale of tickets over the past three years is given below.

<u>Year</u>	<u>Income(Rs.)</u>	<u>Growth %</u>
2009	422,901,847	-
2010	764,622,361	81
2011	1,027,218,619	34

The income from the sales of ticket in the year 2009 has increased to Rs. 1,027,218,619/= and this is a growth of 143% in comparison to 2009 and 34% in comparison to 2010. One of the main causes for the increase in the income is the significant increase in the tourist arrivals as indicated below in the years 2009, 2010 and 2011 with the conclusion of war in mid 2009,

<u>Year</u>	<u>Tourist arrivals</u>
2009	447,890
2010	654,476
2011	855,955

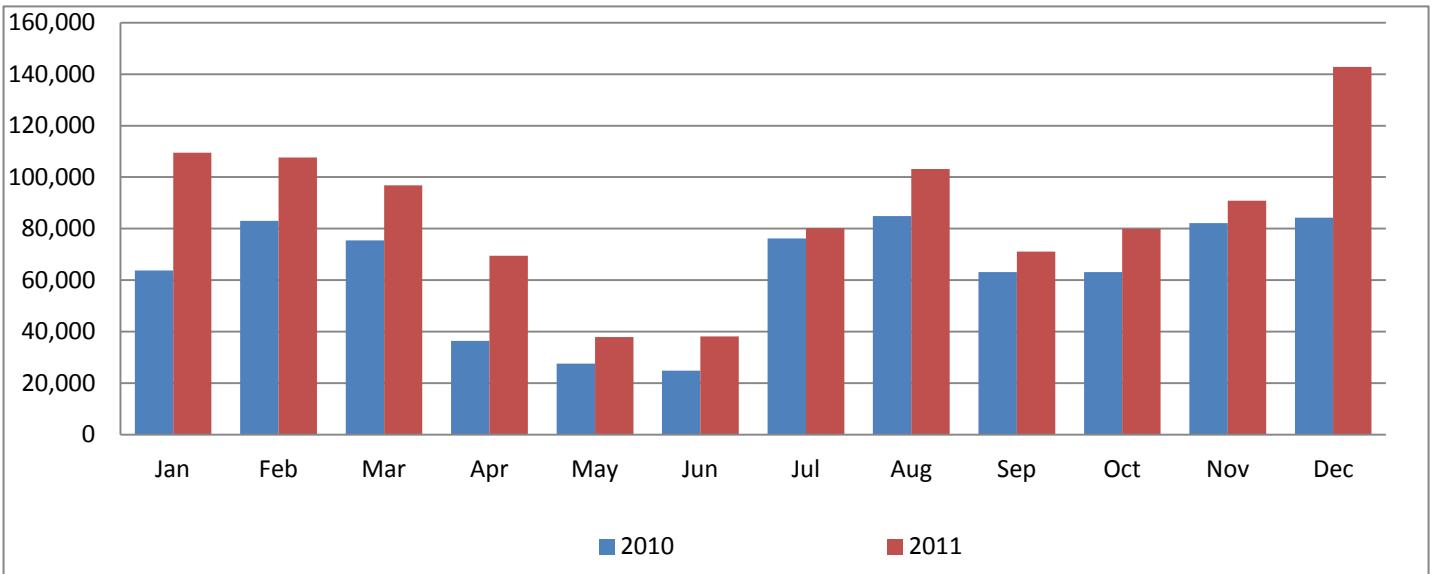
As per the above statistics, 855,955 tourists arrived in Sri Lanka in 2011 and this was a two fold increase in comparison to 2009. Taking into consideration the increase in tourist arrivals and the increase in our income, the income in the year 2011 has been nearly a three fold increase in comparison to year 2009. The following graph provides a clear explanation of the sales of tickets and the corresponding increase in the income in 2009, 2010 and 2011.

Accordingly, even though the ticket income was project as 800 million for the year 2011, the projection was easily exceeded with the institution generation Rs.1,027 million through the sales of ticket.

In considering the financial outcome of this year, there is a surplus of Rs. 235,009,985/- and this signifies a reversal in the unhealthy financial situation of Rs. 99,897,209/- in the year 2009 indicating that the institution has successfully managed its financial activities to reach a favorable position.

TOURIST TICKET MONTHLY INCOME 2010 - 2011

	Budgeted	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total	Achi. %
2010	485,000	63,760	83,076	75,480	36,338	27,537	24,866	76,182	84,923	63,189	63,079	82,159	84,033	764,622	157.7
2011	800,000	109,544	107,623	96,790	69,519	37,835	38,084	80,214	103,141	71,046	79,932	90,803	142,687	1,027,218	128.4
Growth		45,784	24,547	21,310	33,181	10,298	13,218	4,032	18,218	7,857	16,853	8,644	58,654	262,596	(29)
Growth Ratio %		72	30	28	91	37	53	5	21	12	27	11	70	34	(19)





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கணக்காய்வாளர் தலைமை அபிபதிதிணைக்களம்
AUDITOR GENERAL'S DEPARTMENT



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 திகதி } 13 January 2013
 Date }

The 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 2011 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 2011 comprising the balance sheet as at 31 December 2011 and the income statement, 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 institution 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

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Generally Accepted Accounting Principles 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.

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இல. 306/72, பொல்துவ வீதி,
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1:3 Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on conducting the audit in accordance with Sri Lanka Auditing Standards. Because of the matters described in the Basis for Disclaimer of Opinion paragraph, however I was not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

1.4 Basis for Disclaimer of Opinion

As a result of the matters described in paragraph 2.2 of this report, I am unable to determine whether any adjustments might have been found necessary in respect of recorded or unrecorded items, and the elements making up the income statement, statement of changes in equity and cash flow statement.

2. Financial Statements

2:1 Opinion

Because of the significance of the matters described in paragraph 2.2 of this report, I have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, I do not express an opinion on these financial statements.

2.2 Comments on Financial Statements

2.2.1 Non-compliances with Sri Lanka Accounting Standards (S.L.A.S.)

The following non – compliances with Sri Lanka Accounting Standards were observed.

<u>Reference to Sri Lanka Accounting Standards</u>	<u>Non – compliance</u>
(a) S.L.A.S. 3	<p>(i) Prior approval of the Governing Board had not been obtained in respect of the financial statements.</p> <p>(ii) Even though the financial statements should be presented in a manner to compare with the preceding year, the Cash Flow Statement presented had not been prepared accordingly.</p>
(b) S.L.A.S. 18	<p>(i) Three items of land and buildings quantifiable as approximately Rs. 82.50 million had not been brought to account after determining the fair value.</p> <p>(ii) Action had not been taken to capitalize the value of 21 vehicles of which the insured value amounted to Rs.8,173,900.</p> <p>(iii) Depreciated Plant and Equipment valued at Rs.138,538,297 had not been revalued and brought to account while action had not been taken to dispose the unusable assets.</p> <p>(iv) Furniture fittings and office equipment, computer and accessories, machinery and contract equipment valued at Rs.21,422,365 had not been depreciated.</p>

2.2.2 Accounting Policies

The following observations are made.

- (a) The policy on the provision for doubtful debts adopted by the institution had not been disclosed in the financial statements. Further, a provision of Rs.3,756,339 made during the preceding year had been brought to account as provision for doubtful debts of the current year too and deducted from the balance receivable instead of being deducted from the debtors and shown in the balance sheet.
- (b) A sum of Rs. 3,461,463 remained in the accounts as sundry deposits for over a period of 05 years and brought to income had not been disclosed in the financial statements.
- (c) Credit of Rs. 18,426,279 brought forward for over 04 years under the current liabilities as Special Funds Projects to the Accumulated Fund through the adjustments of the preceding year and the credit of other income amounting to Rs. 4,537,224 to the income of the year had not been disclosed in the notes to the financial statements.
- (d) The Sigiriya Museum received under foreign grants had not been capitalized while the provision for depreciation thereon amounting to Rs.20,122,329 for the year under review had not been adjusted by the Income Expenditure Account. Instead, Foreign Resources Fund Account had been debited and the relevant Assets Account had been credited.
- (e) According to the decision taken at the settlement of a court case filed with regard to the recovery of an advance of Rs.1,382,055 paid to a private company, a court order had been issued on 30 June 2011 to pay a sum of Rs.4,472,151 to the Central Cultural Fund. Nevertheless, it had not been recovered even as at 31 October 2012 and disclosed in the financial statements.

2.2.3 Accounting Deficiencies

The following observations are made.

- (a) A vehicle valued at Rs. 8,500,000 had been brought to account as Rs. 5,067,106 thus the accounts had been understated by a sum of Rs.3,432,894.
- (b) A sum of Rs. 1,631,478 recoverable to the Fund from two foreign funded projects had been set off from the funds received during the year 2011 and such receipts and payments had not been disclosed in the financial statements.
- (c) A sum of Rs. 15,610,824 received during the year under review for Special Funds Projects and an expenditure amounting to Rs. 36,823,600 incurred during the year under Special Funds Projects had not been disclosed in the financial statements. Further, the said income and expenditure had been set off against each other and only the balances were shown in the balance sheet.
- (d) The balance of Rs. 17,946 in the Suspense Account had been shown as sundry debtors in the accounts of the year under review.

2.2.4 Accounts Receivable and Payable

The following observations are made.

- (a) A sum of Rs. 536,542 relating to 28 balances of advances granted to the Head Office and regional offices which remained unsettled for over 10 years and a sum of Rs. 660,859 relating to 06 balances of advances older than 05 years had been continued to be brought forward in the accounts without being settled as at 31 October 2012.
- (b) Outstanding staff loan balances of Rs. 1,257,003 relating to 28 permanent employees had been older than 05 years as at 31 December 2011 while a balance of Rs. 366,721 of the distress loans granted to labourers had been remained unsettled.

(c) Loan balances of Festival and Special Advances amounting to Rs. 1,289,871 unrecoverable for over 05 years had been continued to be brought forward in the accounts.

(d) Action had not been taken to recover 16 debtor balances amounting to Rs. 1,658,005 and a debtor balance of Rs. 419,923 relating to periods ranging from 02 to 28 years and 01 to 02 years respectively.

2.2.5 Lack of Evidence for Audit

The following items of accounts could not be satisfactorily examined in audit due to the non-availability of evidence indicated against each item.

<u>Item</u>	<u>Value</u> Rs.	<u>Evidence not made Available</u>
Special Funds Balances	5,797,169	Files containing the details of Funds
Balances of Bank Current Accounts of the Head Office and 10 Regional Project Offices	2,400,324	Confirmations of balances of 06 Accounts and Age Analysis of all balances
Special Advances and Festival Advances	1,289,871	Schedules
Assets of Projects	21,422,365	Boards of Survey Reports
Staff Loans – Distress	366,721	Age Analysis
16 Debtor balances	1,658,005	-do-
Expenditure for Deyata Kirula	8,723,975	Receipts, Bills, Inventory Certificates, Calling for Tenders, Contract Agreements
Lands and Buildings	325,250,000	Register of Fixed Assets

2.2.6 Non-compliance with Laws, Rules and Regulations

The following non-compliances were observed.

<u>Reference to Laws, Rules and Regulations</u>	<u>Non-compliance</u>
(a) Section 11.9 of Chapter XXIV of the Establishments Code	Immediately after the deed of transfer of the officer who obtained the property loan was tendered to the Head of the Department, he should forward the documents of Power of Attorney for registration and return, to Registrar of Lands of the District. Further, this process should be completed within 06 weeks of the date of payment of the loan. Nevertheless, action had not been taken even as at 31 December 2011 to register the Power of Attorney relating to a loan balance of Rs. 15,568,564 recoverable from 78 officers who were granted the property loan.

Financial Regulations

- | | |
|---------|--|
| (b) 371 | (i) Advances amounting to Rs.4,981,905, Rs.50,000 and Rs.400,000 had been paid to the District Secretary, Moneragala, Divisional Secretary, Thanamalvila and to an artist respectively by the Fund in respect of the Deyata Kirula Programme held during the year 2011. Nevertheless, those advances had not been settled as at 31 December 2011. As the above project was implemented by the Ministry of Finance and Planning, it was informed that all supplies and services were provided by a Procurement Board of the General Treasury which is responsible for the accountability. |
|---------|--|

(ii) A total balance of sub-imprest amounting to Rs.2,259,029 granted to 10 project offices for the expenses of regional projects had not been settled even by the end of the year under review.

(c) Budget Circular No.128 of 24 March 2006 and Paragraph 4.2.1 of Procurement Guidelines-2006 A master procurement plan should be prepared by the institution to meet the annual procurement requirements. Even though expected procurements at least for a period of 03 years should be listed in the master procurement plan, it had not been so done by the institution.

(d) Treasury Circular No.IAI/2002/02 of 28 November 2002 Even though the information on computer accessories and software of the institution should be entered in a Register of Fixed Assets, action had not been taken accordingly.

2.2.7 Transactions not supported by Adequate Authority

According to the Boards of Survey Reports, it was observed that 10,550 bricks of stupa in the premises of Abhayagiriya Project had been issued free of charge to outside parties by the Project Manager at his discretion and the value of those bricks amounted to Rs.2,008,500.

2.2.8 Transactions of Contentious Nature

The following observations are made.

(a) The fund had paid gross salaries amounting to Rs.1,745,987 during the year under review in respect of 06 officers of the staff of the Central Cultural Fund who were released for the service of the Ministry of Cultural and the Arts during periods ranging from 03 to 11 years. Further, the fund had paid salaries amounting to Rs. 644,675 for the year 2011 in respect of 03 employees of the Central Cultural Fund who were released for the service of a institution in the Southern Province during the year 2007.

- (b) The value of land where the Head Office of the Fund is located and the buildings amounting to Rs. 20,932,071 had been entered in the Register of Fixed Assets and shown in the financial statements as well. Nevertheless, it was revealed that those assets were not belonging to the Fund.
- (c) In the sale of stock of tourist tickets to certain buyers, security measures such as obtaining cheques from them or encouraging them to credit the cash directly to the bank had not been taken. Instead, significant amounts in cash had been obtained. The value of tickets so issued only on 30 December 2011 amounted to Rs. 5,191,100.

2.2.9 Transactions deviating from the Objectives

The following expenses had been borne by the Fund deviating from its objectives during the year under review.

- (a) Expenditure on the visit of a Minister on 19 and 20 February 2011 to find out the problems faced by the aborigines and their needs and for the distribution of food parcels to 1,700 families amounted to Rs.1,777,307.
- (b) A sum of Rs.300,000 had been paid in respect of a Pirith chanting and a cycle tour under the programme “Giruwapaththuwen Thal Arunata-Thal Arunalu Ruhunapurata”.

03. Financial Review

3.1 Financial Results

According to the financial statements presented, the operation of the Fund during the year under review had resulted in a surplus of Rs.235,009,985 as compared with the corresponding surplus of Rs.207,471,070 for the preceding year, thus indicating an improvement of financial results by Rs.27,538,915. Even though the income from the sale of tourist tickets had increased by Rs. 262,596,258 the increase of operating

expenditure of the Fund by Rs.212,605,561 had mainly affected the immaterial increase in the surplus.

3.2 Analytical Financial Review

Expenditure on supplies and consumer goods during the year under review had increased by Rs. 49.09 million or 237 per cent while other expenditure had increased by Rs. 50.41 million or 6788 per cent as compared with the preceding year. Further, salaries and wages had increased by Rs. 54.53 million or 10 per cent while the expenditure on write offs of property, plant and equipment had increased by Rs.10 million or 82 per cent as compared with the preceding year. Consequently, even though the income from the sale of tourist tickets had increased by Rs. 262.59 million or 34 per cent, it had not affected any significant increase in the operating surplus.

04. Operating Review

4.1 Performance

The following observations are made.

- (a) According to the Progress Report presented as at 31 December 2011, even though it had been planned to complete the works of 159,201 units in 141 work sites, i.e. 56 excavation sites and 85 conservation sites, only 104,890 units of 19 work sites had been completed.
- (b) According to the Work Plan for 2011, it had been planned to complete 291 work units relating to the conservation of "Bodhighara" and renovation works in the Conservation Office and Jethavana Office at a cost of Rs. 2,342,251 under the Jethavana Project. Nevertheless, such activities had been removed from the Work Plan and the reasons thereon had not been revealed.
- (c) It had been planned to complete 7941 work units relating to laying bricks on the courtyard, conservation of inner wall and the archeological maintenance of the "Mahavihara" at a cost of Rs. 18,316,038 under the Abhayagiriya Project and 172 work units relating to the conservation work of the Kandepitiya Rajamaha

Viharaya at a cost of Rs.725,085 under the Kandy Project during the year. Nevertheless, those works had not been even commenced during the year.

- (d) Out of the 19,162 work units of 18 work sites of which the total estimated cost amounted to Rs. 52,483,440 and planned to complete during the year 2011 relating to 07 projects, only 1,897 work units had been completed as at 31 December 2011 and the financial performance thereof amounted to Rs. 5,195,780. Accordingly, the physical and financial performance of those projects achieved as at 31 December 2011 had been less than 10 per cent.

4.2 Management Inefficiencies

The following observations are made.

- (a) Even though twenty four officers who obtained distress loans amounting to Rs.409,064 had vacated the posts in the Central Cultural Fund, action had not been taken to recover such loans.
- (b) Despite a lapse of period since the year 2005, adequate action had not been taken as yet to recover a balance of Rs.407,719 of a property loan obtained by an officer.
- (c) Central Cultural Fund had not taken action even by the end of the year 2011 to properly transfer the Jeep bearing No.32-4369 released to the Central Cultural Fund by the Ministry of Cultural Affairs since the year 2005.
- (d) Action had not been taken to acquire the performance bond of the contractor who defaulted the contract for the supply of 100,000 bricks valued at Rs.4,200,000 required for the conservation of the upper square area (“Hathares Kotuwa”)of the Abhayagiriya Chaithya.
- (e) Action had not been taken even by the end of the year under review to sale the 24,735 copies of 68 publications valued at Rs.9,381,498 which were stored at the store “Garumuni Waluwwa” in Balapitiya for several years or to take any appropriate action in this connection.

4.3 Idle and Underutilized Assets

14,503 units of 26 categories of inventory and consumer goods relating to 02 regional projects of the Fund had been lying idle without being utilized for over several years.

4.4 Identified Losses

- (a) Advances of Rs.325,000 paid to a private company in the year 2000 for constructing the Automatic Water Spraying System of the Sigiriya Garden, had been shown as unsettled advances in the financial statements since the said year. These unsettled advances had been a result of the non-recovery of such advances before the lapse of the performance bonds as the respective company had not acted according to the contract agreements.
- (b) The value of bonus tickets given as 01 per 25 tickets with a view to increasing the income from tourist tickets amounted to Rs.35,883,472 during the year 2011. The arrival of tourists by the year 2011 was satisfactory, thus a need to issue bonus tickets was not arisen. As such, an approximate income of Rs.36 million had been deprived of to the Fund.

4.5 Staff Administration

The following observations are made.

- (a) Action had not been taken to make recruitments for 10 senior posts which directly affect the functioning of the Fund, thus acting appointments had been made for certain posts. Further, acting allowances of Rs. 658,521 had been paid during the year under review in respect of 18 officers act in posts for periods ranging from 1-9 years.
- (b) Even though the number of approved cadre for labourers had been 322, the actual permanent cadre of labourers was 811 as at 31 December 2011. Nevertheless, 276 labourers had been recruited on casual and temporary basis as well. The management had informed that the approval of the Department of Management Services had

been obtained in an informal manner without considering the opinions and proposals and identifying the cadre requirements of the institution.

05. Accountability and Good Governance

5.1 Tabling of Annual Reports

Annual Reports for the years 2005, 2008, 2009 and 2010 had not been tabled in Parliament by the Fund even as at 30 June 2012.

5.2 Budgetary Control

Variances ranging from 20 per cent to 224 per cent had been observed between the expected financial performance of the budget prepared for 2011 and the actual performance, thus indicating that the budget had not been made use of as an effective instrument of financial control.

06. Systems and Controls

Deficiencies in systems and controls observed during the course of audit were brought to the notice of the Director General of the Fund from time to time. Special attention is needed in respect of the following areas of control.

- (a) Debtors
- (b) Control over Fixed Assets
- (c) Utilization of Special Funds
- (d) Financial Control
- (e) Accounting
- (f) Printing and Stock Control over Tourist Tickets and Sale including Bonus Tickets
- (g) Control over Imprest for Regional Offices

H.A.S. Samaraweera
Auditor General

STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2011

	Notes	2011 Rs.	2010 Rs.
ASSETS			
CURRENT ASSETS			
Cash & Cash Equivalents	1	124,277,902	12,004,259
Receivable	2	16,787,112	5,101,933
Inventories	3	54,048,304	51,590,901
Investments		50,000,000	25,000,000
		245,113,318	93,697,093
NON CURRENT ASSETS			
Receivables	4	141,484,821	46,003,273
Special Funded Projects		626,471	1,962,949
Property, plant & Equipments	5	761,289,618	46,669,048
Gratuity Investments		70,650,358	19,913,920
		974,051,268	114,549,190
TOTAL ASSETS		1,219,164,586	208,246,283
LIABILITIES			
CURRENT LIABILITES			
Payables and Accruals	6	67,258,395	20,706,815
NON CURRENT LIABILITES			
Provision for Gratuity	7	342,773,911	282,560,019
Special Funded Projects	8	11,868,619	60,446,100
Foreign Funded Projects	9	20,579,053	18,653,069
TOTAL LIABILITIES		442,479,978	382,366,003
NET ASSETS		776,684,608	(174,119,720)
CAPITAL CONTRIBUTED BY			
Accumulated Fund		19,944,705	19,944,705
Reserves		16,064,386	16,064,386
Assets Revaluation Reserves		353,250,000	-
Foreign Resource Fund		344,118,064	-
Accumulated Surplus/ Deficit		43,307,453	(210,128,811)
		776,684,608	(174,119,720)

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Sarath Wijesekara Pathirana
 Actg. Director Finance
 Central Cultural Fund

.....
Prof. Gamini Adikari
 Actg. Director General
 Central Cultural Fund

.....
Wasantha Ekanayaka
 Chief Administrative Officer
 CCF & Secretary to the Ministry of
 Culture & The Arts

Signed on : 08. August 2012

**STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED DECEMBER 31, 2011**

	Note	2011 Rs.	2010 Rs.
<u>Income</u>			
Tickets Sales	10	1,027,218,619	764,622,321
Contribution from Replicas Sales	11	(352,749)	4,101,207
Contribution from Publication Sales	12	2,502,878	7,798,592
Contribution of Printing	13	5,200,781	(632,783)
Government Grants		25,000,000	55,000,000
Income from Donor Agencies		2,163,936	1,891,403
Income from Investments		8,499,996	-
Other Income		20,805,766	8,409,647
		1,091,039,229	841,190,427
<u>EXPENSES</u>			
Wages, Salaries & Employee Benefits	14	602,331,975	547,795,233
Gratuity		71,239,003	22,605,932
Depreciation		10,387,406	6,263,585
Provision for Bad debts & Receivables		-	577,278
Sales Promotion and Public Relations		5,686,198	1,881,588
Supplies and Consumable Used		69,776,803	20,685,922
Impairment of Property, Plant & Equipments		22,009,013	12,078,738
Contractual Services		22,682,340	19,107,484
Finance Cost		584,243	1,217,602
Audit Fees		175,000	763,325
Other Expenses		51,157,262	742,670
		856,029,244	633,719,357
Surplus/ (Deficit) for the year		235,029,985	207,471,070

Cash Flow Statement for the year ended 31st December 2011

<u>Cash Flow Operating Activities</u>	Rs.	Rs.
Surplus/ (deficit) for the year		235,009,985
<u>Adjustments for non cash movements</u>		
Depreciation	10,387,406	
Prior year adjustments	18,426,279	
Profit on disposal of fixed assets	(103,900)	
Provision for Gratuity	71,239,003	81,626,409
Operating result before changes in Items of working capital		334,958,773
Changes in work capital		
Receivables	(95,481,548)	
Inventories	(2,457,403)	
Payables and Accruals	46,551,580	(51,387,371)
Net cash Generated from Operation Activities		283,571,402
<u>Cash Flows from Investment Activities</u>		
Acquisition of fixed assets	(27,639,912)	
Disposal of fixed assets	103,900	
(Increase)/Decrease in investment	(75,736,438)	
Increase in long term receivables	(11,685,179)	
Net cash used in investing activities		(114,957,629)
<u>Cash Flows from Financing Activities</u>		
Payment of gratuity	(11,025,111)	
Special funded projects	(47,241,003)	
Foreign funded projects	1,925,984	
Cash used in financing activities		(56,340,130)
Net cash increase in cash and cash equivalents		112,273,643
Cash and cash equivalents at the beginning of year		12,004,259
Net cash decrease in cash and cash equivalents		112,273,643
Cash and cash equivalents at the end of year		124,277,902

**Statement of Changes in Equity
for the year ended 31st December 2011**

	<u>Accumulated Fund</u>	<u>Capital Reserves</u>	<u>Revaluation Reserves</u>	<u>Foreign reserve Fund</u>	<u>Accumulated Surplus</u>	<u>Total</u>
Balance as at 01/01/2011	19,944,704.58	16,064,386.48	0.00	0.00	(210,128,810.67)	(174,119,719.61)
Add: Revaluation surplus			353,250,000.00			353,250,000.00
Capitalization foreign fund				402,466,592.34		402,466,592.34
Surplus for the year					235,009,984.63	235,009,984.63
Prior year adjustments					<u>18,426,279.08</u>	<u>18,426,279.08</u>
	<u>19,944,704.58</u>	<u>16,064,386.48</u>	<u>353,250,000.00</u>	<u>402,446,592.34</u>	<u>43,307,453.04</u>	<u>835,013,136.44</u>
Less: Provision for Depreciation				(58,328,528.50)		(58,328,528.50)
Balance as at 31/12/2011	<u><u>19,944,704.58</u></u>	<u><u>16,064,386.48</u></u>	<u><u>353,250,000.00</u></u>	<u><u>344,118,063.84</u></u>	<u><u>43,307,453.04</u></u>	<u><u>893,341,664.94</u></u>