

Galle Heritage Foundation- 2012

1. Financial Statements

1.1 Qualified Opinion

In my opinion, except for the effects of the matters described in paragraph 1.2 of this report, the financial statements give a true and fair view of the financial position of the Galle Heritage Foundation as at 31 December 2012 and its financial performance and cash flows for the year then ended in accordance with the Generally Accepted Accounting Principles.

1.2 Comments on Financial Statements

1.2.1 Accounting Policies

Even though fixed assets totaling Rs.723,100 purchased in the years 2006 and 2008 had been fully depreciated and shown at zero value, they had not been revalued and taken to books, as they are in use.

1.2.2 Accounting Deficiencies

The value of 16 items of musical instruments given by the High Commission of India for Indian gallery project in April 2012 had not been brought to accounts.

1.2.3 Non- compliance with Laws, Rules, Regulations and Management Decisions

Even though instructions had been given to write off the value of 71 items of unusable articles from books before 27 March 2013, action had not been taken in terms of financial regulation 109 there on.

2. Financial Review

2.1 Financial Results

According to the financial statements presented, the operation of the Foundation for the year ended 31 December 2012 had resulted in a surplus of Rs. 545,882 including the receipts from benefactors as against the deficit of Rs.598,778 for the preceding year. It was observed that financial results of the year under review had increased by Rs.1,144,660 as compared with that of the preceding year. Increase of receipts from the Ministry amounting to Rs. 1,300,000 than the previous year had been the main reason for this increase.

3. Operating Review

3.1 Performance

According to the action plan prepared for the year under review, the Foundation had failed to achieve the following targets.

- (a) Construction of a toilet complex for the use of tourists who visit the Galle Fort.
- (b) Commencement of Indian Gallery project.

3.2 Operating Inefficiencies

The following observations are made.

- (a) Even though the permission for still photography and video recording within the Galle Fort should be obtained by paying the relevant fees, a proper program had not been prepared to obtain such permission and to examine unauthorized still photography and video recording by covering weekends and public holidays.
- (b) Necessary steps had not been taken to train guides to show the ways to tourists in the Galle Fort and to explain things in a manner with tourist attraction and to provide adequate security with them.
- (c) The office of the Galle Heritage Foundation located at the ancient Galle Fort had been shifted to a private building located at Wakwella road 2 km, ahead of the fort at a monthly rental of Rs. 30,000 with effect from 03 December 2012. As such the following obstructions had resulted to achieve the expected duties and functions.
 - (i) In achieving objectives stated in Section 3 of the Galle Heritage Foundation Act No.7 of 1994 which established the Galle Heritage Foundation such as the development of Galle Fort and its historical after image, conservation, protection and development, providing facilities for viewing and promotion of welfare of the residents etc; location of the office beyond the Galle Fort.
 - (ii) Paying no attention in respect of inspection of unauthorized constructions within the Galle Fort doing conservation of the Fort and unauthorized still photography and video recording etc.
 - (iii) As the institution such as the library, consisting of 1193 books belongs to Galle Heritage, the information Centre by which books and printed materials of Galle Fort are sold located at a place outside the Galle Fort, local and foreign tourists and the people living in the fort meet various difficulties.

3.3 Deficiencies in Contract Administration

It was designed to construct 2 rooms near the light house at Galle Fort in order to bath and change of dress in the year 2008 and construction work had been abandoned after doing a part of work. This had resulted a loss of grandeur of the Galle Fort and action had not been taken to remove it up to now.

3.4 Delays in Projects

The following observations are made.

- (a) An estimate for Rs. 452,100 had been prepared for making the old jetty and the surrounding area belonging to the Ports Authority suitable to reach boats near the jetty and an agreement had been entered into with a Samurdhi Society to complete the work within 8 months. The expected boat service could not be commenced due to non – fulfillment of the work as scheduled.
- (b) Places such as Star Attic, Eloose Attic, Triton armory rooms in the Galle Fort to be preserved immediately had not been done up to now and scraps of the Department of Archaeology had been desultorily dumped near the Star Attic.

3.5 Personnel Administration

The approved cadre of the Galle Heritage Foundation was 19 and the number of vacancies as at 31 December 2012 was 8 and 3 out 5 project assistants posts, 2 out of 4 management assistant posts, 2 out of 4 security guard posts and the post of project assistant (Accounts) had been in vacant position.

4. Accountability and Good Governance

An internal audit division had not been set up in the Foundation. Even though an Internal Audit had been carried out by the Internal Audit Division of the Ministry, copies of internal audit reports had not been furnished to the Auditor General in terms of Financial Regulation 134(3).

5. Systems and Controls

Weaknesses in systems and controls observed during the course of audit were brought to the attention of the Chairman of the Foundation from time to time. Special attention is needed in respect of the following areas of control.

- (a) Accounting
- (b) Stock control