

Arts Council of Sri Lanka - 2024

1. Financial Statements

1.1 Opinion

The audit of the financial statements of the Arts Council of Sri Lanka for the year ended 31 December 2024 comprising the statement of financial position as at 31 December 2024 and the / statement of financial performance, statement of changes in equity for the year then ended, and notes to the financial statements, was carried out under my direction in pursuance of provisions in Article 154(1) of the Constitution of the Democratic Socialist Republic of Sri Lanka read in conjunction with provisions of the National Audit Act No. 19 of 2018 and Finance Act No. 38 of 1971. My comments and observations which I consider should be report to Parliament appear in this report.

In my opinion, the accompanying financial statements give a true and fair view of the financial position of the Council as at 31 December 2024, and of its financial performance and its cash flows for the year then ended in accordance with Sri Lanka Public Sector Accounting Standards.

1.2 Basis for Opinion

I conducted my audit in accordance with Sri Lanka Auditing Standards (SLAuSs). My responsibilities, under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

1.3 Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with Sri Lanka Public Sector Accounting Standards, and for such internal control as management determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Council's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intend to liquidate the Council or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Council's financial reporting process.

As per Section 16(1) of the National Audit Act No. 19 of 2018, the Council is required to maintain proper books and records of all its income, expenditure, assets and liabilities, to enable annual and periodic financial statements to be prepared of the Council.

1.4 Auditor's Responsibilities for the Audit of the Financial Statements

My objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance

with Sri Lanka Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Sri Lanka Auditing Standards, I exercise professional judgment and maintain professional scepticism throughout the audit. I also

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Council's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of the management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Council's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Council to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

The scope of the audit also extended to examine as far as possible, and as far as necessary the following;

- Whether the organization, systems, procedures, books, records and other documents have been properly and adequately designed from the point of view of the presentation of information to enable a continuous evaluation of the activities of the Council and whether such systems, procedures, books, records and other documents are in effective operation;
- Whether the Council has complied with applicable written law, or other general or special directions issued by the governing body of the Council;
- Whether the Council has performed according to its powers, functions and duties; and
- Whether the resources of the Council had been procured and utilized economically, efficiently and effectively within the time frames and in compliance with the applicable laws.

1.5 Non-Compliance with Laws, Rules, Regulations and management Decisions etc.

	Reference to Laws, Rules Regulations etc.	Non-compliance	Management Comment	Recommendation
(a)	Section 12 of Sri Lanka Arts Council Act No. 18 of 1952	The Advisory Council meetings did not include representation from the Arts Council and the Act did not specify the minimum and maximum number of members to be in an Advisory Council, so the number of members in each council varied and the audit could not be satisfied with its adequacy and appropriateness. Also, the time frame for implementing the decisions taken at these Advisory Council meetings was not stated in the meeting minutes, and since the Board had not followed up on it, the progress in implementing the relevant decisions could not be identified.	Although the Sri Lanka Arts Council Act does not stipulate the maximum and minimum number of members that an Advisory Council should consist of, the Executive Council intervenes to impose necessary limitations when required. In the amendment to the Sri Lanka Arts Council Act, proposals have been made to limit the number of Advisory Councils/Subcommittees and also to impose restrictions on the number of members. It was informed that the Sri Lanka Arts Council is not represented at the meetings of the Advisory Councils; however, at the quarterly meeting of the Arts Council, where the Chairpersons of the Advisory Councils are summoned, the decisions taken by the Advisory Councils and the progress thereof are discussed.	The necessary amendments should be made to the Act.
(b)	Section 13.3 of Chapter II of Sri Lanka Establishment Cord	Although acting appointments should only be made temporarily until a permanent appointment is made, the officer who was appointed on 26 August 2011 continued to serve as the Secretary, the Chief Executive Officer of the Institution, until his death in August 2022 without appointing a permanent officer. Thereafter, based on a letter issued by the Ministry of Buddha Sasana, Religious and Cultural Affairs, a Cultural Officer of the Department of Cultural	Although several attempts had been made to recruit a permanent Secretary for the Sri Lanka Arts Council, the task could not be completed due to changes in the subject Ministry and the Executive Board. It was reported that, following the appointment of the new Executive Board in 2020, the Chairman of the Sri Lanka Arts Council had requested approval to recruit a full-time Secretary to the Council.	Action should be taken in accordance with the provisions of the Establishment Cord..

Affairs was appointed, and he has been serving in an acting capacity from 09 September 2022 up to the date of this report.

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| (c) | Public Administration Circular No 09/2009 dated 16 April 2009 and Circular letter No 03/2017 dated 19 April 2017. | According to the circular, irrespective of the number of employees at a workplace, all public institutions are required to use fingerprint machines to record the arrival and departure of officers and to maintain related reports. However, the Arts Council had not complied with this requirement. | Based on the audit query of the previous year, the matter of installing a fingerprint machine had been brought to the attention of the new Executive Board of the Sri Lanka Arts Council. It had been informed that, since the officers of the Council frequently participate in external official programs, maintaining proper records of arrivals and departures would be sufficient. | Action should be taken in accordance with the provisions of the Public Administrative Circulars. |
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2. Financial Review

2.1 Financial Result

The operating result of the year under review amounted to a surplus of Rs. 545,960 and the corresponding surplus in the preceding year amounted to Rs. 215,079 . Therefore an improvement amounting to Rs. 330,881 of the financial result was observed. The reasons for the improvement was mainly due to the rise in Government recurrent and capital grants by Rs. 2,583,059 and Rs.4,025,678 respectively, compared to the previous year.

3. Operational Review

3.1 Management Inefficiencies

	Audit Issue	Management Comment	Recommendation
a)	A sum of Rs. 1,445,000 had been incurred to produce video documentaries on three heritage programmes, namely Raigam Korale Heritage, Indigenous Medicine of Kurunegala District, <i>and</i> Kithula. However, up to the audit date of 28 March 2025, the videos had not been broadcast through an appropriate medium to make aware the relevant stakeholders as intended.	It was reported that the video documentaries prepared on Raigam Korale Heritage, Indigenous Medicine, and Kithula had been discussed by Dharmānanda Wijesinghe, M.A. , who was a member of the Executive Board at that time, with the relevant parties for broadcasting through National Television, Monara TV, and Vapa Television	Attention should be focused on achieving the intended objectives.

operated by the University of Aesthetics. Correspondence had also been carried out in this regard. It was further informed that, in the future, these documentary programmes would be provided to television media institutions as well as to schools with the objective of attracting school children and promoting tourism.

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| (b) | In order to achieve the objectives of publishing, it had been planned to print a quarterly <i>Kala Magazine</i> covering 10 subject areas of arts, and 10 advisory committees comprising the most experienced officers in those fields had been appointed. However, the quarterly Magazine had not been published as planned, and after issuing one printed Magazine for the quarter October–December 2023, only one Magazine covering the October–December quarter was compiled for the year 2024. Instead of covering the 10 subject areas as planned, only articles relating to the Sinhala language and its usage had been included. | It was reported that, as a solution to the issues of incurring high costs in printing the quarterly <i>Kala Magazine</i> and the accumulation of unsold printed copies, the Executive Board of the Sri Lanka Arts Council had decided to release the Magazine in electronic form (e-version) on a quarterly basis, taking into consideration the growing readership on social media and the increasing trend in the use of such platforms, and to print only a limited number of copies for public distribution in the final quarter of the year . | The Magazine should be compiled as planned. |
| (c) | The Dance and Drama Advisory Board had prepared a National Policy on Dance and Dramatic Art in the year 2024 incurring an expenditure of Rs. 158,050. However, up to the audit date of 28 March 2025, action had not been taken to enact the said policy in Parliament. | Although the National Policy on Dance and Ballet had been finalized, it could not be presented to Parliament as the Government had been dissolved for the Parliamentary Elections following the Presidential Election in 2024. The said draft policy proposal had been handed over to the current Chairman of the State Dance and Drama Advisory Board, Ravibandu Vidyapathi, for further action. It had also | The task should be carried out as planned. |

been informed that discussions would be held with the present Minister to take the necessary steps.

4. Accountability and Good Governance

4.1 Annual Action Plan

Audit Issue	Management Comment	Recommendation
(a) Although the Arts Council had been established as a separate statutory institution to achieve broad objectives such as enhancing knowledge, understanding, and participation in fine arts, improving standards, and ensuring, encouraging, and promoting the development of indigenous arts and industries in Sri Lanka, adequate national-level programmes had not been organized to achieve these objectives. Instead, priority had been given to regional-level programmes that benefitted only a limited number of people.	These programs were conducted by the advisory boards which were established in accordance with the provisions of section 12(1) of the act and it can implement only regional programmes under the provisions provided and the programmes up to the national level couldn't be conduct therefore. But the community who represent it could uplift the regional level programmes also up to the national level as the resource persons in sub-committees at national level or at the university level or other experts who participate for these programmes. Accordingly actions have been taken to conduct the programmes at the level best under the provisions available.	Action should be taken to achieve the objectives for which the Institution was established.
(b) Although provisions amounting to Rs. 2 million had been approved for implementing programmes through 10 Advisory Committees, at Rs. 200,000 for each committee, the specific programmes expected to be carried out by each committee during the year had not been identified at the beginning of the year. As a result, it was observed that the provisions of Rs. 400,000 allocated to the Cinema and Literature Advisory Committees, together with an additional provision of Rs.	Although this matter had been brought to notice at the quarterly meetings of the Arts Council, the respective subcommittees had prepared and submitted their projects only after the commencement of the year. At the quarterly meeting of the Arts Council held on 08 September 2025, the Chairman of the Council informed the Board that each subcommittee should submit its proposed projects prior to the commencement of the year.	The proposed programme to be implemented should be submitted at the beginning of the year.

200,000, had remained idle during the year under review.

- (c) During the year under review, no activities had been carried out in relation to the Thri Rhythm musical concert, for which an expenditure estimate of Rs. 1 million had been included in the annual action plan for the year 2024.
- It was reported that, although several attempts had been made to hold the Thri Rhythm musical concert for the year 2024, it could not be organized on those occasions due to the university staff strike and the announcement of the Presidential Election in November.
- Action should be taken in accordance with the annual action plan.