

National Library and Documentation Services Board - 2013

The audit on operations of the National Library and Documentation Services Board for the year ended 31 December 2013 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 Section 13 (1) of the Finance Act, No. 38 of 1971. The financial statements for the year 2013 which should be presented in terms of Section 13(6) of the Finance Act had not been presented even by the date of this report. My observations on the function of the Board of the year under review which I consider should be presented to Parliament in terms of Article 154(6) of the Democratic Socialist Republic of Sri Lanka appear in this report.

1.2 Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements of the Board 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.

2. Financial Statements

2.1 Presentation of Financial Statements

Even though the financial statements and the draft Annual Report should be presented to the Auditor General within 60 days of the closure of the financial year in terms of Section 6.5.1 of Public Enterprises Circular No. PED/12 of 02 June 2003, the financial statements and the draft Annual Report for the year 2013 had not been presented to audit.

2.2 Maintenance of Financial Statements, Books and Registers

Even though the activities of the Board had been operated continuously, the accounts, books and registers relating to the year under review had not been completed.

2.3 Existence of Assets and Liabilities

Particulars on assets, liabilities, income and expenditure shown in the financial statements as at 31 December 2011 prepared last time by the Board are as follows.

Assets	Value
-----	-----
	Rs.
Non – current assets	106,363,045
Current assets	37,903,942

Total assets	144,266,987
	=====

Current liabilities	3,798,759
Non – current liabilities	24,329,669

Total liabilities	28,128,428
Net assets/Equity	116,138,559

	144,266,987
	=====
Total income	69,755,341
Total expenditure	83,884,690

Deficit	14,129,349
	=====

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

The following instances of non-compliance with laws, rules and regulations were observed.

Reference to Laws, Rules, Regulations etc.

Non-compliance

Reference to Laws, Rules, Regulations etc.	Non-compliance
(a) The Establishments Code of the Democratic Socialist Republic of Sri Lanka Paragraph ii of Form iii of Chapter IV	Details on Efficiency Bar had not been included in the letters of appointment.
(b) Paragraph 5.4.12 of the Procurement Guidelines 2006	Payments made on Value Added Tax by the Board had not been reported to the Commissioner General of Inland Revenue along with a copy to the Auditor General.

3. Operating Review

3.1 Performance

The following observations are made.

Action had not been taken to fulfill the following 08 activities included in the Annual Plan of the year under review.

- (i) Compilation and publication of Sri Lanka National Bibliography 1941- 1961, Sadhikari Sinhala Grantha Nama Lekhanaya and Ayathana Nama Sadhikari Lekhanaya, which is being planned from the year 2009.
- (ii) Presenting the Sri Lanka National Bibliography 2011 Collection of Volumes as an on line publication.

- (iii) Publishing the Sri Lanka Postgraduate Theses Index 2007 - 2010 Volume II.
- (iv) Publishing the Sri Lanka Research Report Index 2005- 2009 Volume III.
- (v) Obtaining electronic copies of national newspapers.
- (vi) Obtaining rare copies in the digital method through internet browsing.
- (vii) Making recommendations to the Department of National Archives in revising legal deposit law.
- (viii) Preparing and distributing a publication including information newly obtained by the National Library.

3.2 Management Inefficiencies

The following observations are made.

- (a) Out of the provisions of Rs. 3,000,000 allocated in the year under review for the foremost function of the National Library in acquiring suitable books and information sources of other types in fulfilling the national target of building a wide and complete national collection, a sum of Rs. 736,437 representing 24 per cent and the total provision of Rs. 50,000 allocated for the purchase of books for donating to foreign institutions under the international book exchange method had not been utilized as well.
- (b) The weaknesses revealed in the following areas of control are given below.

(i) Stock Control

- ❖ Failure in carrying out Boards of Survey and presentation of its reports as at 31 December 2013 in terms of the Circulars.
- ❖ Non- rectification of the following errors included in the financial statements presented as at 31 December 2011.
 - Non- computation of cost and sales values of Board publications and library materials printed in the Board, according to proper methodologies.
 - Non- elimination of the unadjusted cost of books and library stationery which had been sold, from the accounts.
 - Setting off the purchases with the sales income without maintaining stock accounts for various types of stocks.
 - Non-rectification in respect of stocks valued at Rs. 3,481,306 brought to account as at 31 December 2011 but physically non-existent.
 - Availability of instances in which issue of stocks are not brought to account.
 - Failure in taking action to account, the stocks collected to the national book collection.

- Failure in taking action to identify and settle the difference of Rs. 12,212,011 between the balance according to the financial statements of three types of stocks as at 31 December 2011 and the stocks registers.

(ii) Fixed Assets Control

Internal control in respect of fixed assets had been at an unsatisfactory level due to matters such as non-maintenance of Registers of Fixed Assets, Fixed Assets Classification Register and Inventory Registers in the Divisions of the Board and incompleteness of Stock Register, failure in carrying out a survey on fixed assets as at 31 December 2013 and reporting that the recommendations in respect of 391 items of goods identified in the previous year but not usable, had been implemented.

(iii) Maintenance of Documents and Registers

Proper Control Procedures had not been introduced for maintenance of documents and registers relevant to various programmes of the Board. As such, in comparing information on expenditure and income, performance reports, divisional progress reports with vote ledgers relating to those programmes, material non-reconciliations were observed.

(iv) Financial Control

The financial control of the Board had been at an unsatisfactory level due to matters such as delaying the deposit of daily receipts of Rs. 1,050,232 in the bank from 02 to 23 days relating to the period from January to April in the year under review, a cash shortage of Rs. 14,203 at the physical examination of cash on 26 April 2013 and failure in taking action in respect of unrealized money orders of Rs. 9,064.

3.3 Operating Inefficiencies

The following observations are made.

- (a) A problematic situation had arisen in the use of the library due to the growth in the number of books and the number of readers annually in the National Library, the lack of space and growth in other physical resources in the library to suit the services of the Library and the weaknesses in maintenance and administration activities. Plans on reconstructing the library building, constructed with an expenditure of Rs. 887,906 many years ago had not been implemented and as such, that expenditure as well had been fruitless.
- (b) An unusual delay had taken place in referring library resources for the use of the readers, acquired for the national book collection. It was clear that by the acquisitions from accession numbers 177,938 to 192,504 acquired during the period from October 2013 to February 2014 had been referred to the reader services division with a delay period of

over 03 months to 02 years and rare valuable publications valued at Rs. 199,903 with a delay of over 45 years.

3.4 Personnel Administration

The following observations are made.

- (a) Out of the approved cadre of 197 as at 31 December 2013, 55 posts had been vacant whereas acting appointments had been given for 05 posts in the Management Level since several years.
- (b) Even though Efficiency Bar Examinations should be held at least once a year for recruitments and promotions of 23 posts included in the new recruitment procedure approved on 16 September 2011, action had not been taken in that connection even up to the end of the year under review.
- (c) Action had not been taken to verify the educational certificates included in the personal files.

4. Accountability and Good Governance

4.1 Internal Audit

Internal audit reports to the Audit Committee and Reports on Work Done to the Ministry of Finance and Planning and Secretary to the Ministry along with a copy to the Auditor General had not been presented in terms of Internal Audit Circular No. 98/1 of 13 February 1998 of the Ministry of Finance and Planning. Out of the total number of 1708 human resource hours, included in the audit programme of the year under review, no audit activities whatsoever had been fulfilled relating to 1148 human resource hours included in 04 subject areas.

5. Systems and Controls

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

- (a) Accounting and Financial Control
- (b) Fixed Assets Control
- (c) Stores Control
- (d) Planning, Budgetary Control and Performance
- (e) Procurement Activities