

## Report of the Auditor General on Head 210 – Department of Government Information Year 2016

The audit of the Appropriation Account and the Reconciliation Statements including the financial records, books, registers and other records of the Head 210 – Department of Government Information for the year ended 31 December 2016 was carried out in pursuance of provisions of Article 154 (1) of the Constitution of the Democratic Socialist Republic of Sri Lanka. The Management Audit Report for the year under review had been issued to the Director General of the Department on 29 November 2017. The audit observations, comments and findings on accounts and reconciliation statements were based on a review of the Accounts and Reconciliation Statements presented to audit and tests of samples of transactions. The scope and extent of such review and tests were such as to enable as wide an audit coverage as possible within the limitations of staff, other resources and time available to me.

### 1.2 Responsibility of the Chief Accounting Officer and the Accounting Officer for the Accounts and Reconciliation Statements

The Chief Accounting Officer and the Accounting Officer are responsible for the maintenance, preparation and fair presentation of the Appropriation Account and the Reconciliation Statements in accordance with the provisions in Articles 148, 149, 150 and 152 of the Constitution of the Democratic Socialist Republic of Sri Lanka, other Statutory Provisions, Public Finance and Administrative Regulations. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of Accounts and Reconciliation Statements that are free from material misstatements, whether due to fraud or error.

## 2. Accounts

### 2.1 Appropriation Account

#### Total Provision and Expenditure

The total net provision made for the Department amounted to Rs.239.00 million and out of that, a sum of Rs.212.97 million had been utilized by the end of the year under review. Accordingly, savings out of the total net provisions of the Department amounted to Rs.26.03 million and represented 10.89 per cent. Particulars are given below.

As at 31 December 2016				
Expenditure	Net Provision	Utilization	Savings	Savings, as a Percentage of Net Provision
	Rs.Millions	Rs.Millions	Rs.Millions	
Recurrent	212.50	190.19	22.31	10.50
Capital	26.50	22.78	3.72	14.04
<b>Total</b>	<b>239.00</b>	<b>212.97</b>	<b>26.03</b>	<b>10.89</b>

## 2.2 Advances to Public Officers Account

### Limits Authorized by Parliament

The limits authorized by Parliament for the Advances to Public Officers Account Item No.21001 relating to the Department and the actual amounts are given below.

Expenditure		Receipts		Debit Balance	
Maximum Limit	Actual	Minimum Limit	Actual	Maximum Limit	Actual
Rs.Millions	Rs.Millions	RsMillions	Rs.Millions	Rs.Millions	Rs.Millions
8.50	8.49	7.00	7.25	40.00	29.23

## 2.3 Imprest Account

The balance of the Imprest Account No.7002/0000/00/0246/0016/000 under the Department as at 31 December 2016 totalled Rs.1.34 million.

## 2.4 General Deposit Account

The balance of the General Deposit Account No.6000/0000/00/0016/0075/000 under the Department as at 31 December 2016 totalled Rs.8.66 million.

## 2.5 Audit Observation

The Appropriation Account and the Reconciliation Statements for the year ended 31 December 2016 of the Department of Government Information have been prepared satisfactorily, subject to the audit observations appearing in the Management Audit Report referred to in Paragraph 1.1 above. Out of the audit observations included in that Management Audit Report, the material and significant audit observations appear in paragraph 03.

## 3. Material and Significant Audit Observations

### 3.1 Non-maintenance of Registers and Books

It was observed during the course of audit test checks that the Department had not maintained the Inventory of Electrical Fittings in terms of Financial Regulation 454 (2).

### **3.2 Replies to Audit Queries**

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Replies to 04 Audit queries issued to the Department relating to the year under review and one audit query issued in the year 2014 had not been furnished even by 30 November 2017. The value of quantifiable transactions relating to those audit queries amounted to Rs.3,454,947.

### **3.3 Appropriation Account**

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#### **Budgetary Variance**

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Excess provision had been made for 12 Objects and as such the savings, after the utilization of provisions, ranged between 25 per cent and 85 per cent of the net provisions relating to the respective Objects.

### **3.4 Imprest Accounts**

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Ad hoc sub-impressts totalling Rs.1,018,831 had been issued to 9 Non-Staff Officers in 17 instances contrary to the provisions in Financial Regulation 371(2) revised by Public Finance Circular No.03/2015 of 14 July 2015.

### **3.5 General Deposit Account**

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The value of deposits older than 02 years included in the balance of the General Deposit Account amounted to Rs.8,599,662 and out of that, a sum of Rs.8,374,675 were deposits older than 04 years. Action had not been taken in terms of provisions in Financial Regulation 571(3) to credit these deposits to the Revenue or to repay as early as possible.

### **3.6 Reconciliation Statement on Advances to Public Officers Account**

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Even though it was observed at the course of test checks of the Reconciliation Statement as at 31 December 2016 relating to the Advances to Public Officers Account Item No. 21001 that the sums of Rs.241,593 and Rs.19,679 had been brought forward from three officers who had vacated the post and one deceased officer respectively over a period of 15 years, the Department had failed to recover those loan balances even by 27 June 2017, the date of audit.

### **3.7 Good Governance and Accountability**

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#### **3.7.1 Annual Action Plan**

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In terms of Public Finance Circular No.01/2014 of 17 February 2014, the Department should prepare an Annual Action Plan. However, in terms of paragraph 03 of the Circular, organizational structure, approved cadre, imprest requirement plan, internal audit plan etc. had not been included in the Action Plan prepared for the year under review.

### **3.7.2 Annual Procurement Plan**

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The following deficiency was observed in the Annual Procurement Plan presented to Audit. In terms of Sections (a) and (b) of Guideline 4.2.1 of the Government Procurement Guidelines, a Master Procurement Plan listing the procurement activities envisaged at least for a period of 03 years, had not been prepared by the Procurement Entity.

### **3.7.3 Internal Audit**

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An Internal Audit Unit had not been established for the Department and the Internal Audit Unit of the Ministry had carried out internal audit activities of the Department. Seven internal audit queries had been issued to the Department in the year under review. However, the Management of the Department had not replied for 06 internal audit queries out of them.

### **3.7.4 Audit and Management Committee**

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In terms of paragraph 06 of Management Audit Circular No. DMA/2009(1) of 09 June 2009, an Audit and Management Committee should meet at least once in a quarter. Nevertheless, only 02 Audit and Management Committees had been held in the year under review by the Department.

## **3.8 Assets Management**

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The following deficiencies were observed during the course of audit test checks relating to the assets of the Department.

### **(a) Idle and Underutilized Assets**

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- (i) According to the agreement entered into between the supplier and the Department of Government Information on 10 December 1999 on an interest rate of 2.1 per cent without carrying out a proper feasibility study, the colour laboratory equipment purchased in the year 2003 for 9,150,000 French Francs (1,442,601 Euros) equivalent to a sum of Rs.102.2 million under loans granted by the Government of France, had remained idle without proper maintenance even by July 2017. A Committee of Three Persons had been appointed thereon in the year 2010 and its recommendation was to furnish a Cabinet Memorandum for sale by competitive bidding. Nevertheless, the Department had not taken action accordingly even by 31 July 2017.
  - (ii) Even though a sum of Rs.1,201,480 had been paid to the Ceylon Electricity Board on 12 October 2015 for purchasing a breaker with a capacity of 160 KVA for the Sounds Unit of the Department, the said breaker had not been installed even by 30 June 2017.

## (b) Conduct of Annual Boards of Survey

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The following observations are made.

- (i) In terms of Financial Regulations 507 (2), 757(2) and paragraph 3.2.6 of the Public Finance Circular No.05/2016 of 31 March 2016, the Boards of Survey should be conducted for 2016 and the reports, thereon presented to the Auditor General before 15 June 2017. However, the Department had not furnished those reports to Audit even by 30 September 2017.
- (ii) Action on the excesses and shortages pointed out and the other recommendations made in the Reports of the Board of Survey for the years 2013, 2014 and 2015, had not been taken in terms of paragraph 3.1.4 of Public Finance Circular No.05/2016 of 31 March 2016.

## 3.9 Unresolved Audit Paragraphs

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Reference to paragraphs which had not been rectified by the Department in respect of deficits pointed out by audit paragraphs included in the reports of the Auditor General relating to the Department, is shown below.

Reference to Report of Auditor General		Subject under reference
<u>Year</u>	<u>Paragraph Number</u>	-----
2014	4.2	Contrary to the Circular No. CSA/P1/40/2007 of 24 February 2007 of the Presidential Secretariat, a sum of Rs.611,788 had been paid for obtaining luxury room facilities for holding seminars/discussions on media development. Even though it had been accepted on 24 November 2015 that no documents therefor had been available with the Procurement Division of the Department, action had not been taken even by 31 May 2017 to recover the loss occurred to the Government.
2014	4.13	Even though it had been accepted that a sum of Rs.1,156,288 had been overpaid in obtaining food for the media discussions held in the years 2013 and 2014, action had not been taken to recover the overpayment made.

2014	4.17	A special research unit had been established in the Department in which 07 officers including three officers who had studied Research as a subject of the Degree. A sum of Rs.3,380,000 had been paid to an external institution for conducting a field survey on the development of the country by calling for bids in an irregular manner without assigning to the said unit. The report submitted by that institution had not been made use of for any purpose whatsoever.
2015	4.7	The State Engineering Corporation of Sri Lanka had recommended the recovery of the overpayment of Rs.6,623,634 made to the contractor in respect of constructing the new Media Centre of the Department of Government Information. Nevertheless, that overpayment had not been recovered even by 30 September 2017.

### **3.10 Management Weaknesses**

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The following weakness was observed during the course of audit test checks..

Even though estimates had been submitted for equipment every year from the year 2005 for the Film Unit which plays a significant role in achieving the objectives of the Department, after the purchase of equipment in the year 2006, purchases of quantitative and qualitative equipment had not been made during a period of 10 years.

### **3.11 Transactions in the Nature of Financial Frauds**

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The following observations are made.

- (a) The liquor permit of the Sri Lanka Press Club had been transferred to an external person since the year 2008 without a proper agreement. However, according to the Letter of the Commissioner of Excise, no permit had been issued to that address for the year 2016. Nevertheless, no proper action had been taken up to now to recover the sum of Rs.4,653,515 or against the officers responsible for transferring the relevant permit earlier in respect of illegal alienation of a liquor permit.

- (b) Preparation of a research thesis had been planned for the query on field survey of the human concept on development, the steps taken by the Government for the welfare of the Tamil community before and after the humanitarian operation and to expose the manner in which the L.T.T.E operates internationally at present, to the international community. A sum of Rs.4,130,000 had been paid therefor in favour of the Centre for Media and Development without adhering to the provisions of the Government Procurement Guidelines. However, it was revealed that such an institution does not exist at the address mentioned. Moreover, it was revealed that the addresses of the other two bidders produced, were not available. As such, the accuracy of this procurement could not be confirmed in Audit.

### 3.12 Human Resources Management

#### Approved Cadre and Actual Cadre

The position on the cadre as at 31 December 2016 had been as follows.

Category of Employees -----	Approved Cadre -----	Actual Cadre -----	Number of Vacancies -----
(i) Senior Level	17	08	09
(ii) Tertiary Level	16	04	12
(iii) Secondary Level	238	175	63
(iv) Primary Level	53	47	06
(v) Other (Casual/Temporary/ Contract Basis)		05	15
	20		
<b>Total</b>	<b>344</b> =====	<b>239</b> =====	<b>105</b> =====

The following observations are made.

- (a) The Department had not taken action to fill 105 vacancies by the end of the year under review.
- (b) The post of Technical Officer (III, II, I) (Repairs and Maintenance of Buildings) of the Sri Lanka Technical Service had been approved by Letter dated 02 September 2013 of the Department of Management Services. However, action had not been taken up to now to recruit an officer for the said post. As such, several procurement activities of the Department could not be systematically carried out in terms of the Procurement Guidelines. As a result, the assistance of employees of other institutions had to be obtained in procurement activities.

- (c) As there was no Graphic Designer available in the Department, all services relating to Graphic Designing had to be obtained from external institutions on payment. Action had not been taken to train the existing officers in Graphic Designing or to recruit a new officer therefor as a remedy for this situation.
  
- (d) Even though money is allocated annually for staff training, a manual on Human Resources Management or any other approved specific methodology was not available for staff training. With the development of technology of equipment used by the Film Unit, knowledge thereon should be perfected appropriately. As such, it was observed that action had not been taken to provide the officers with appropriate training.