

Head 210 - Report of the Auditor General on the Department of Government Information - Year 2017

The Appropriation Account, the Reconciliation Statement under Head and Item Number stated in the First Schedule and Third Schedule of the Appropriation Act, No. 24 of 2016 as amended by the Appropriation (Amendment) Act, No.32 of 2017 were presented to Audit by the Department of Government Information. The financial and physical performance reflected by that account and the reconciliation statement were audited in terms of Article 154(1) of the Constitution of the Democratic Socialist Republic of Sri Lanka.

1.2 Responsibility of the Chief Accounting Officer and the Accounting Officer for the Financial Management and Accountability

The Minister of Finance is charged with the raising of Revenue and the collection of other Government monies as well as with the general oversight of all the financial operations of Government in terms of Financial Regulation 124 of the Democratic Socialist Republic of Sri Lanka. The Chief Accounting Officers have been appointed by the Minister of Finance to discharge the above responsibility in terms of Financial Regulation 124(2). The Head of the Department will be the Accounting Officer in respect of all the financial transactions of his Department in terms of Financial Regulation 125(1)(a) and the Revenue Accounting Officer has been appointed by the Treasury. This responsibility includes designing, implementing and maintaining internal controls relevant to the maintenance, preparation and fair presentation of Accounts and Reconciliation Statements presented within the limitations imposed by Parliament 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, Government Financial Regulations and Administrative Regulations.

1.3 Scope of Audit

The audit of the Department of Government Information – Head 210 for the year ended 31 December 2017 was carried out in pursuance of provisions in Article 154(1) of the Constitution of the Democratic Socialist Republic of Sri Lanka in respect of designing of financial and physical performance, Government expenditure, Government revenue, management of human and physical resources, apply of internal control systems, compliance with laws, rules and regulations and maintenance of books, registers, records and reconciliation statements in an updated manner, preparation and presentation of accounts in timely manner, issuance of performance reports to respective parties based on the performance indicators. The Management Audit Report for the year under review was issued to the Director General of the Department on 31 October 2018. The audit observations, comments and findings on the accounts and the reconciliation statements were based on a review of the plans, accounts, reconciliation statements and performance reports 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.

1.4 Audit Observation

The audit observations of the Department of Government Information for the year ended 31 December 2017 revealed in audit, appear in the Management Audit Report in detail, mentioned in paragraph 1.3 above. The material and significant audit observations out of the said observations appear from paragraph 2.1 to 2.12 of this report. It was observed that the accountability as the Accounting Officer had been satisfactorily executed, to ensure the adequacy of the financial administration subjected to the following summarized audit observations revealed in the execution of the provisions of the Financial Regulation 128 of the Financial Regulations of the Democratic Socialist Republic of Sri Lanka.

Accountability of the Accounting Officer in terms of Financial Regulation 128(1)	Non-compliance with that Provision by the Accounting Officer	Reference to the Paragraph of the report which included the Observation
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Financial Regulations

128(1)(a)	That the work of his department is planned and carried out with due dispatch, having regard to the policy laid down by the Government and the intentions of Parliament in granting him financial provision for the activities authorised, and that an endeavour is made to complete the programme of work laid down for the year and/or to attain the targets specified;	1. Failure in preparing the Action Plan accurately. 2. Non-maintenance of Registers and Books. 3. Failure in obtaining envisaged outcome. 4. Abandonment of projects without being completed.	2.2.1 2.14 2.2.2(b)
128(1)(d)	That an adequate system of internal check for receipts, payments and issues is maintained and tested from time to time;	Deficiencies mentioned in the Advances to Public Officers Account	2.2.2(a) 2.8
128(1)(e)	That adequate and proper arrangements are made for the safe custody and preservation of money, stores, equipment and other assets belonging to the	1. Shortcomings in conducting annual boards of survey. 2. Deficiencies in	2.3(d)

	Government, or is in its custody, and that these are verified from time to time; and, where they are disposed of, such disposal is according to prescribed Regulations and instructions;	management of assets.	2.3
128(1)(m)	That an Appropriation Account is rendered to the Chief Accounting Officer at the end of the financial year in respect of each Programme of a Head of Expenditure for which he is responsible as Accounting Officer;	Deficiencies in Appropriation Account	2.7
128(1)(o)	That the procedure laid down in Financial Regulations 103 to 108 is adhered to in case of losses to Government by the delays, negligence, faults or frauds on the part of officers/employees and surcharges are imposed on officers/employees responsible for such losses in terms of Financial Regulation 156(1) (It is a special duty of his to make adequate provisions for which he is responsible.)	Responsibility on losses	2.5

2. Material and Significant Audit Observations

2.1 Key Functions of the Department

- (a) Making aware the general public on nationally and timely significant activities including State policies and development processes.
- (b) Developing an advanced media culture.
- (c) Produce, display and preserve government news and documentaries composed of development projects and other special projects.
- (d) Developing physical and human resources to executive above objectives.

2.2 Performance

2.2.1 Planning

The Action Plan for the year 2017 had been prepared in terms of the Public Finance Circular No.01/2014 of 17 February 2014. The updated organizational structure of the year under review, approved cadre and the position of the present cadre of the Department had not been included in that Plan.

2.2.2 Non-performance of Functions

The following observations are made.

(a) Non-performance of Functions included in the Action Plan

Out of 57 activities relating to 08 strategies which should have been performed by the Department according to the Annual Action Plan, 07 activities had not been performed. Provisions amounting to Rs.4.8 million had been made for such unperformed activities and details thereon are given below.

Activity	Funds	Provisions made (Rs.Million)
(i) Conduct of awareness programmes on information technology at school level and on media usage in selected rural and urban schools	Local funds	0.5
(ii) Coordination with the media during elections	Local funds	0.8
(iii) Foreign and local trainings for journalists	Local funds	1
(iv) Preparation of plans for a national media training institution and holding foreign and local discussions relating thereto	Local funds	1
(v) Commencement of a welfare programme for journalists	Local funds	0.5
(vi) Preparation of reports as required on advertisements, programmes on political, women and children and researches which are broadcasted on electronic and print media.	Local funds	1
(vii) Conducting researches and presenting reports on timely significant topics and new trends in media.		
		4.8

(b) Failure in obtaining the expected Output

Even though provisions amounting to Rs.3.2 million had been made for the performance of 06 activities out of 18 activities of the first strategy indicated in the Annual Action Plan, instances were observed in which the envisaged physical output of those activities, had not been achieved. Further, the financial value of the output relating to four programmes had not been indicated in the Annual Performance Report and as such, the fruitless provision could not be computed. Details appear below.

Key Function	Activity	Provision Made (Rs.Million)	According to the Performance Index		
			Number to be performed	Number not performed	Fruitless Provision (Rs.Million)
			Units	Units	
Making aware the general public on nationally and timely significant programmes including State Policies and the development process.	(i) Holding a series of discussions of making aware the general public on functions expected to be performed by all Ministries for the year 2017.	0.62	52	47	*
	(ii) Conduct of awareness workshops for journalists on development of districts.	0.56	8	8	31
	(iii) Conduct of awareness workshops for journalists on currently significant subjects	0.77	16	3	92
	(iv) Media coverage of various Ministries	0.60	200	144	*
	(v) Media coverage of Parliament	0.18	12	6	*

(vi)	Media workshops for school children	0.50	12	9	*
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2.3 Assets Management

The following deficiencies were observed at the audit test check carried out in respect of assets of the Department.

- (a) In terms of the Assets Management Circular No.01/2017 of 28 June 2017, information on motor vehicles, plant and machinery, constructions, buildings, lands, office equipment and furniture had been summoned by the Comptroller General's Office under the Ministry of Finance and Mass Media. However, the other relevant information except for motor vehicles had not been submitted by the Department by 15 August 2018, the date of audit.

(b) Assets Given to External Parties

A Double Cab motor vehicle obtained on lease basis in the year 2011, which was attached to the Ministry of Parliamentary Reforms and Mass Media on 25 March 2015, had not been re-obtained to the Department even by 30 April 2018, the date of audit. That motor vehicle had met with an accident on 26 December 2016 and remained in the Ministry premises over a period of one year.

(c) Idle and Underutilized Assets

The following observations are made.

- (i) Colour laboratory equipment purchased in the year 2003 at a cost of 9,150,000 French Francs equivalent to Rs.102.2 million received under loans from the Government of France according to the agreement entered into with a French supplier Company by the Department of Government Information on 10 December 1999 at an interest rate of 2.1 per cent without carrying out a proper feasibility study, had remained without being utilized and maintained properly even by May 2016. The recommendation of the Three Persons Committee appointed in the year 2010 in this connection, was that those equipment should be sold by competitive bidding with the approval of the Cabinet of Ministers. Even though a Cabinet Memorandum should be submitted therefor, it had not been submitted even by 31 December 2017.
- (ii) It was observed that the Radio and Television Investigation System provided by the Ministry of Finance and Mass Media in the year 2010 for activities of the Media Investigation Unit, had remained fully idle over a period of 06 months by 31 August 2018.

- (iii) Further, it was observed that the motor vehicle bearing No.17-8769 purchased in the year 1991 by the Department, had remained in a bad condition over a period of 02 years and a motor vehicle purchased at a cost of Rs.6,490,000 in the year 2007 had remained without being utilized from December 2017 to the date of audit.

(d) Conduct of Boards of Survey

The following observations are made.

- (i) In terms of the Public Finance Circular No.05/2016 of 31 March 2016, the Annual Boards of Survey for the year 2017 should be conducted and reports thereon should be submitted to the Auditor General before 15 June 2018 in terms of paragraph 3.2.6 of the said Circular. However, the Department had not submitted those reports to the Auditor General even by 31 August 2018. Moreover, it was observed that annual boards of survey activities had not been completed.
- (ii) Action on the excesses and shortages pointed out and the other recommendations made in the Reports of the Board of Survey for the year 2016, had not been taken in terms of Financial Regulations.

2.4 Commitments and Liabilities

The following observations are made in this connection.

- (a) Liabilities totalling Rs.34,591,957 shown in the Appropriation Account had not been settled even by 10 September 2018, the date of Audit.
- (b) Liabilities amounting to Rs.1,309,759 relating to 11 Objects had not been indicated in the Appropriation Account.

2.5 Responsibility on Losses

The following observations are made.

- (a) Action in respect of 03 motor vehicle accidents, such as holding inquiries and fixing responsibility, fixing the amounts the officers responsible will be called upon to make good and taking action to recover them and preferring of claim on bank, Insurance Company, Guarantor, etc where appropriate, had not been taken in terms of the Financial Regulation 103(1) (c), (f) and (i).
- (b) Nine office equipment issued to a former Director General had not been returned to the Department despite elapse of a period of 02 years and those equipment had been shown as shortages in the reports of boards of survey in the years 2014 and 2015. No action whatsoever had been taken against that officer in terms of Financial Regulation 156(1)(b).

2.6 Unresolved Audit Paragraphs

Reference to the audit paragraphs relating to the Department included in the Reports of the Auditor General on which rectifications had not been made by the Department relating to the deficiencies shown in the audit paragraphs is given below.

Reference to the Report of Auditor General		Subject referred to
Year	Paragraph Number	
(a) 2014	4.2	A sum of Rs.611,788 had been spent for obtaining luxury room facilities at exorbitant prices for holding seminars/discussions on media development contrary to the Presidential Secretariat Circular No. CSA/P1/40/2007 of 24 February 2007. Even though it had been accepted on 24 November 2015 that no documents whatsoever in that connection had been available in the Procurement Unit of the Department, steps had not been taken even by 31 December 2017 to recover the loss occurred to the Government.
(b) 2014	4.13	Even though it had been accepted that a sum of Rs.1,156,288 had been overpaid in obtaining food for media discussions held in the years 2013 and 2014, action had not been taken to recover the overpaid amount.
(c) 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 were deployed in the service. 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.
(d) 2015	4.7	In addition to the rectifications to be made as replies for the discussion held with the officers of the State Engineering Corporation who served as consultants in respect of constructing the new Media Centre of the Department of Government Information and the

Department of Government Information, the State Engineering Corporation had recommended the recovery of the overpayment of Rs.6,623,634 made to the contractor. Nevertheless, that overpayment had not been recovered even by 31 December 2017.

(e) 2016 3.11(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 and 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. However, according to the Letter of the Commissioner of Excise of Sri Lanka, no permit had been issued to that address for the year 2016.

(f) 2016 3.11(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 and the addresses of the other two bidders produced, were not available as well. As such, the accuracy of this procurement could not be confirmed in Audit.

2.7 Utilization of Provisions made available by Parliament for the Performance of Functions

Information on provisions made for the Department during the period of 05 years ended 31 December 2017, utilization and savings thereof and audit observations thereon are given below.

Year	Type of Expenditure	Net Provision	Utilization	Savings	Savings as a percentage of the Net Provision
		Rs. Millions	Rs. Millions	Rs. Millions	
2013	Recurrent	181.20	179.41	1.79	0.99
	Capital	9.85	9.69	0.16	1.62
	Total	191.05	189.10	1.95	1.02
2014	Recurrent	191.65	185.20	6.45	3.37
	Capital	23.05	21.12	1.93	8.37
	Total	214.70	206.32	8.38	3.90
2015	Recurrent	216.36	179.64	36.72	16.97
	Capital	18.54	13.82	4.72	25.46
	Total	234.90	193.46	41.44	17.64
2016	Recurrent	212.50	190.19	22.31	10.50
	Capital	26.50	22.78	3.72	14.04
	Total	239.00	212.97	26.03	10.89
2017	Recurrent	288.13	277.99	10.14	3.52
	Capital	39.64	25.09	14.55	36.71
	Total	327.77	303.08	24.69	7.53

The following observations are made in this connection.

(a) Preparation of Budget Estimate

It was observed that savings ranged between 14 per cent and 36 per cent of the net provisions of capital provisions of the year under review and 02 preceding years.

(b) Excess Provisions

Excess provision totalling Rs.16.6 million had been made for 04 Objects and as such the savings, only after the utilization of provisions totalling Rs.10.5 million, ranged between 21 per cent and 77 per cent of the net provisions relating to the respective Objects.

2.8 Advances to Public Officers Account

Limits authorized by Parliament

Limits authorized by Parliament for the Advances to Public Officers Account, Item No.21001 of the Department and the actual amounts are given below.

Expenditure		Receipts		Debit Balance	
Maximum Limit	Actual	Minimum Limit	Actual	Maximum Limit	Actual
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Rs.Millions	Rs. Millions	Rs. Millions	Rs. Millions	Rs. Millions	Rs. Millions
12.0	11.7	7.5	7.8	40.0	31.6

The following observation is made in this connection.

Action had not been taken even by 10 July 2018 to recover the loan balances totalling Rs.374,895 comprising the loan balances totalling Rs.195,040 older than 17 years, recoverable from two officers who had vacated the post and loan balance of Rs.179,855 recoverable from a deceased officer.

2.9 Imprest Accounts

The following observation is made on the Imprest Account operated by the Department.

Even though the ad hoc sub-impressts obtained should be settled within 10 days immediately after the completion of the purpose in terms of the Financial Regulation 371(5) as revised by the Public Finance Circular No.03/2015 of 14 July 2015, the ad hoc sub-impressts totalling Rs.2,693,561 issued in 68 instances had been settled after a delay ranging from 01 month to 08 months after the completion of the purpose.

2.10 General Deposit Account

The balance of a General Deposit Account of the Department as at 31 December 2017 amounted to Rs.7.99 million. Action in terms of Financial Regulation 571 had not been taken on 11 deposits therein, totalling Rs.7.8 million older than 2 years.

2.11 Non-maintenance of Registers and Books

The Department had not maintained the Register on Losses and Damage in accordance with the format indicated in the Financial Regulation 110.

2.12 Internal Audit

Even though it had been emphasized by the Financial Regulation 133 that the Accounting Officers should establish Internal Audit Units in their Departments to perform their duties and responsibilities indicated in the Financial Regulation 128, an Internal Audit Unit had not been established in the Department.

2.13 Human Resources Management

Approved Cadre, Actual Cadre and Expenditure on Personal Emoluments

The position on the approved cadre, actual cadre, vacancies and excess cadre as at 31 December 2017 for the performance of the functions mentioned in paragraph 2.1 above, appear below. A sum of Rs.123.5 million had been spent by the Department for the category of personal emoluments for the year under review. Accordingly, the per capita expenditure had been Rs.504,081.

	Category of Employees -----	Approved Cadre -----	Actual Cadre -----	Vacancies -----
(i)	Senior Level	16	07	09
(ii)	Tertiary Level	16	04	12
(iii)	Secondary Level	236	180	56
(iv)	Primary Level	53	47	06
(v)	Casual/ Contract Basis	22	07	15
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		343	245	98
		=====	=====	=====