

Head 210 – Department of Government Information

1. Financial Statements

1.1 Qualified Opinion

The audit of the financial statements of the Department of Government Information for the year ended 31 December 2018 comprising the statement of financial position as at 31 December 2018 and the statement of financial performance and cash flow statement for the year then ended 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 the provisions of the National Audit Act, No.19 of 2018. In terms of Sub-section 11(1) of the National Audit Act, No.19 of 2018, the summary report including my comments and observations on the financial statements of the Department of Government Information was issued to the Accounting Officer on 31 May 2019. In terms of Sub-section 11(2) of the National Audit Act, the Annual Detailed Management Audit Report relating to the Department of Government Information was issued on 30 May 2019 to the Chief Accounting Officer. This report which should be read in conjunction with Article 154(6) of the Constitution of the Democratic Socialist Republic of Sri Lanka is submitted to Parliament in terms of Section 10 of the National Audit Act, No.19 of 2018.

In my opinion except for the matters described in paragraph 1.6 of this report, the financial statements give a true and fair view of the financial position of the Department of Government Information as at 31 December 2018, and of its financial performance and cash flows for the year then ended in accordance with Generally Accepted Accounting Principles.

1.2 Basis for Qualified 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 qualified opinion.

1.3 Responsibilities of the Chief Accounting Officer and the Accounting Officer for the Financial Statements

The Chief Accounting Officer and the Accounting Officer are responsible for the preparation of financial statements that give a true and fair view in accordance with Generally Accepted Accounting Principles and provisions mentioned in Section 38 of the National Audit Act, No.19 of 2018 and for such internal control as the Chief Accounting Officer and the Accounting Officer determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

As per Sub-section 16(1) of the National Audit Act No. 19 of 2018, the Department 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 Commission.

As per Sub-section 38(1) (c) of the National Audit Act, No.19 of 2018, the Chief Accounting Officer and the Accounting Officer shall ensure that an effective internal control system for the financial control exists in the Department and carry out periodic reviews to monitor the effectiveness of such systems and accordingly make any alteration as required for such systems to be effectively carried out.

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 summary 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- 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.

I communicate with those charged with governance regarding, among other matters, significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

1.5 Report on other Legal Requirements

As required by Sections 6 (c) and 38 of the National Audit Act, No.19 of 2018, I state the followings:

- (a) As there was no requirement of preparing financial statements for the preceding year, it could not be stated that the financial statements of the year under review correspond with the preceding year.
- (b) As there was no requirement of preparing financial statements for the preceding year by the National Education Commission, recommendations on the financial statements for the preceding year, had not been made.

1.6 Comments on Financial Statements

1.6.1 Accounting Deficiencies

The following observations are made.

(a) Property, Plant and Equipment

The following deficiencies of property, plant and equipment were observed.

Audit Observation	Recommendation	Comments of the Accounting Officer
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Furniture, office equipment and machinery and equipment valued at Rs.105,651,859 belonging to the Department as at 31 December 2017, had not been included in the statement of financial position of the year under review.	All assets of the Department should be brought to account in terms of provisions in the State Accounts Circular No.267/2018 of 21 November 2018.	Even though the goods purchased up to 31.12.2017 had been included in the CIGAS Programme according to reports of accounts, those goods could not be separately identified for labelling. As such, the value of assets included in the CIGAS Programme of our Department was eliminated at the meeting held relating to fixed assets on 21.12.2018 at the Department of State Accounts. Moreover, it was decided to include again only the values of assets which could be identified separately, in the CIGAS Programme. Only the office equipment and machinery purchased in the year 2018 had been included in the financial statements of the year 2018. The relevant adjustment has been

explained by a Note in ACA 6.

(b) Non-maintenance of Registers and Books

The following observation is made.

Audit Observation	Recommendation	Comments of the Accounting Officer
Register of Losses		
<p>Details such as the value, the cost of repairs, value recoverable had not been included in the Register of Losses relating to 03 motor vehicle accidents occurred in the year 2017. As such, it was observed that the Register of Losses of the Department had not been maintained in an updated manner.</p>	<p>The Register of Losses of the Department should be maintained in an updated manner in terms of Financial Regulation 110.</p>	<p>Updating the Register of Losses by including all relevant details, is in progress.</p>

(c) Responsibilities of the Chief Accounting Officer and the Accounting Officer

In terms of provisions in Section 38 of the National Audit Act, No.19 of 2018, the Chief Accounting Officer and the Accounting Officer shall be responsible for the following matters. However, action had not been taken accordingly.

Audit Observation	Recommendation	Comments of the Accounting Officer
<p>(i) The Chief Accounting Officer and the Accounting Officer shall ensure the preparation and maintenance of an effective internal control system for the financial control of the Department of Government Information and carry out written periodic reviews of the effectiveness of the said system and a copy thereof submitted to the Auditor General. However, statements that such reviews had been carried out, had not been</p>	<p>Action should be taken in terms of provisions in Section 38 of the National Audit Act, No.19 of 2018.</p>	<p>Action had been taken to observe deficiencies existing in the internal control systems of the Department and to regularize them. Further, remedial action had been taken at the meeting of the Divisional Heads and the Audit Management Committee for deficiencies in internal control.</p>

made available to Audit.

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| (ii) | Even though the Chief Accounting Officer and the Accounting Officer shall ensure that an effective mechanism exists to conduct an internal audit, that requirement had not been fulfilled according to observations mentioned in paragraph 4.1 of the report. | Action should be taken in terms of provisions in Section 38 of the National Audit Act, No.19 of 2018. | Even though it had been informed to appoint an officer to the post of Internal Auditor which is vacant at present, no appointment had been made by the Appointing Authority up to now. |
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(d) Non-compliance with Laws, Rules and Regulations

Instances of non-compliance with the provisions in Laws, Rules and Regulations observed during the course of audit are analyzed and shown below.

Audit Observation	Recommendation	Comments of the Accounting Officer
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Reference to Laws, Rules and Regulations	Non-compliance	
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(i) Section 16(2) of the National Audit Act, No.19 of 2018	The annual performance report had not been submitted along with the financial statements for the year 2018.	Action should be taken in terms of Sub-section 16(2) of the National Audit Act, No.19 of 2018.
(ii) The Public Finance Circular No.05/2016 of 31 March 2016	The Report on Board of Survey for the year 2017 had been submitted to Audit on 27 December 2018 with a delay of 06 months.	According to provisions of the State Accounts Circular No.267/2018 of 21 November 2018, the annual Board of Survey should be conducted before including assets in the annual financial statements.
		Observations are accurate.
		It had been delayed to complete the Board of Survey process due to various difficulties. I inform that the report on Board of Survey for the year 2018 will be submitted after completing the activities of Board of Survey in terms of laws, rules and regulations.

2. Financial Review

2.1 Expenditure Management

The following observations are made.

Audit Observation	Recommendation	Comments of the Accounting Officer
(a) The entire net provision amounting to Rs.51.50 million made for 03 Objects had been saved without being utilized.	Correct expenditure estimates should be prepared in terms of Financial Regulation 50.	Calling for quotations again and taking a longer time than the time expected for preparation of procurement documents had resulted in the savings of net provisions.
(b) Excess provision had been made for 05 Objects and as such the savings, after the utilization of provisions, ranged between 21 per cent and 82 per cent of the net provisions relating to the respective Objects.	Correct expenditure estimates should be prepared in terms of Financial Regulation 50.	Provisions had been saved from 21 per cent to 82 per cent due to reasons such as performance of functions by other institutions, political setting, lack of staff officers in the Middle Level, non-submission of bills, revision of projects, non-receipt of imprests from the Treasury and failure in supplying goods on due date.

2.2 Incurring of Liabilities and Commitments

The following observations are made in this connection.

Audit Observation	Recommendation	Comments of the Accounting Officer
(a) In terms of Financial Regulation 94(1), provisions should not be exceeded when incurring liabilities, However, commitments of Rs.453,775 had been incurred exceeding savings of Rs.427,441 after utilization of provisions made for 03	Action should be taken in accordance with provisions in the State Accounts Circular No.255/2017 of 27 April 2017.	Liabilities had been managed so as not to exceed the entire provision and as no payments are made during the year 2018, action had not been taken to transfer provisions.

Objects.

- (b) A sum of Rs.948,750 payable to 02 Government institutions had not been settled by the Department even by 02 May 2019. Action should be taken in accordance with provisions in the State Accounts Circular No.255/2017 of 27 April 2017. Bills amounting to Rs.925,750 and Rs.23,000 respectively of the State Printing Department and the State Trading (General) Corporation had not been submitted for payment up to now.
- (c) Out of liabilities amounting to Rs.33.00 million as at the end of the preceding year, liabilities of Rs.20.87 million had been settled in the year under review. Accordingly, there had been liabilities of Rs.12.13 million by the end of the year under review. The amount of the said liabilities had not been entered in the statement of liabilities and the register of liabilities submitted along with the financial statements. All liabilities should be mentioned in the statement of liabilities submitted along with the financial statements, taking action in terms of Financial regulations 211(1), 214 and 447(4). Observations are accurate.

2.3 Issue and Settlement of Ad-hoc Sub-impres

The following observation is made.

Audit Observation	Recommendation	Comments of the Accounting Officer
Ad-hoc sub-impres obtained should be settled within 10 days in terms of Financial Regulation 371 (5). However, in settling ad-hoc sub-impres totalling Rs.238,990 issued in 09 instances, a period ranging from 31 to 83 days had been delayed.	Action should be taken in terms of Financial Regulation 371 in case of officers who acted contrary to them and action should be taken relating to them in terms of Sections 8.1 and 8.2 in Chapter XLVII	Action is being taken in terms of the aforesaid circulars by making all officers aware by now.

2.4 Deposit Balances

The following observation is made.

Audit Observation	Recommendation	Comments of the Accounting Officer
----- Action had not been taken in terms of Financial Regulation 571 relating to deposits totalling Rs.7,488,595 brought forward over a period of 2 years without being settled.	----- Action should be taken in terms of Financial Regulation 571.	----- Action is being taken to release this retention amount

3 Operating Review

3.1 Non-performance of Functions

The following observation is made.

Audit Observation	Recommendation	Comments of the Accounting Officer
----- Even though provisions of Rs.81 million had been made for implementing 10 internal development projects of the Department, the said projects had not been commenced even by the end of the year under review.	----- Preparation of plans so as to utilize provisions made by preparing estimates in terms of Financial Regulation 50.	----- These functions could not be performed due to reasons such as calling for quotations again, discontinuation or non-implementation of certain projects, taking more than the expected time in preparation of procurement documents and for activities of the Technical Evaluation Committee.

3.2 Procurement

The following observations are made.

Audit Observation	Recommendation	Comments of the Accounting Officer
----- (a) Plans had been prepared by the Department in the year under review to obtain supplies and	----- The Department should pay attention to the implementation of projects included in the Procurement Plan of financial years.	----- The final decisions/orders have been made by 15 October 2018 on projects valued at Rs.69.7 million. The supplier could not supply the

services of Rs.131.22 million by the procurement process. Nevertheless, out of the procurements to be carried out, only procurements valued at Rs.26.6 million representing 20 per cent had been carried out. Reasons such as non-commencement of most projects as planned, calling only for quotations, calling again for quotations and taking more time to prepare tender documents and for evaluation, had affected therefor.

relevant goods within the due period.

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| <p>(b) No procurement whatsoever had been carried out within the time frame in the year under review and a period ranging from 05 to 08 months had been delayed than the date planned for completing 07 procurements of acquisition of examined assets at an estimated value of Rs.12,725,000.</p> | <p>In terms of Guideline 4.1.1 (a) of the Government Procurement Guidelines, projects should have been completed according to the Procurement Time Schedule.</p> | <p>Delays had occurred due to participation of officers from external institutions for Technical Evaluation Committees, taking a long period for the preparation of specifications and taking a long time to evaluate quotations.</p> |
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3.3 Assets Management

The following observations are made in this connection.

Audit Observation	Recommendation	Comments of the Accounting Officer
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<p>(a) Even though 350 items of assets identified at the</p>	<p>The destroyed and sold assets should be eliminated from financial statements</p>	<p>Action had been taken to issue orders of eliminating goods from Inventories on 11.12.2018</p>

- Annual Board of Survey which should be removed from use, had been disposed of by destroying and selling in the year 2018. However, action had not been taken even by 02 May 2019, the date of audit to eliminate the relevant assets from Registers of Assets and books of accounts.
- (b) The Double Cab vehicle obtained on lease basis in the year 2011 attached to the Ministry of Parliamentary Reforms and Mass Media on 25 March 2015 had not been taken back to the Department even by 02 May 2019, the date of Audit. The said motor vehicle had been parked for over a period of 02 years after having met with an accident on 26 December 2016.
- (c) Out of 19 motor vehicles of the vehicle pool of the Department, 03 motor vehicles not in running condition had been parked in the Department premises for a period over two years without taking action either to repair or to dispose of.
- and Registers of Assets.
- Taking necessary measures to take the relevant motor vehicle back to the Department.
- Taking action to repair the 03 motor vehicles or if not possible, to dispose of them properly.
- for goods removed from the year 2018.
- Even though it had been informed in writing to repair the said motor vehicle and to return the same, the Ministry of Mass Media had not repaired and returned the said motor vehicle even up to now.
- Only 02 motor vehicles removed from use remain. Newspaper advertisements have been published to sell those 02 motor vehicles by auction on 07.06.2019.

3.4 Losses and Damage

The following observations are made in this connection.

Audit Observation	Recommendation	Comments of the Accounting Officer
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(a) Action had not been taken in terms of Financial Regulation 103(1) to hold inquiries relating to 03 motor vehicle accidents occurred in the year 2017 and the officers responsible will be called upon to make good should be fixed and action taken to recover them. Moreover, recovery of losses by preferring of claim on bank, insurance companies, guarantors where appropriate. had not been carried out even by 02 May 2019, the date of Audit.	Action should be taken in terms of Financial Regulations 103(1) (c), (f), (i), 104 and 109 and to recover losses and damages.	Inquiries relating to losses and damages are in progress.
(b) The mobile phone and Laptop computer issued to a former Director General had not been returned even by 02 May 2019, the date of Audit. Moreover, they had been shown as shortages in the reports on Boards of Survey for the years 2014 and 2015. Even though a period of over 04 years had lapsed for the said shortages even by the end of the year under review, no appropriate action in terms of Financial Regulation	Action should be taken in terms of Financial Regulation 156(1) (b)	The officer had been informed in writing to hand over the relevant equipment to the Department and action is being taken to get back those equipment.

156(1) had been taken in that connection.

3.5 Management Weaknesses

The following observation is made.

Audit Observation	Recommendation	Comments of the Accounting Officer
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The Department had failed to recover loans of Rs.195,040 older than 17 years from two officers who had left service, even by 02 May 2109, the date of Audit.	Provisions in Section 4 of Chapter XXIV of the Establishments Code should be followed.	It has been referred to the Attorney General's Department for taking action relating to recovery of outstanding loan balances and I inform that further action will be taken after relevant instructions.

4. Good Governance

4.1 Internal Audit

The following observation is made.

Audit Observation	Recommendation	Comments of the Accounting Officer
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In terms of Section 40(1) of the National Audit Act, No.19 of 2018 and Financial Regulation 133, there shall be an Internal Auditor for the Department. However, an Internal Auditor had not been appointed for the Department even by 30 May 2019.	An Internal Audit Unit should be established in terms of Section 40(1) of the National Audit Act, No.19 of 2018 and Financial Regulation 133.	The observation is accurate. Even though it had been notified to appoint an officer for the post of Internal Auditor, the Appointing Authority had not made the appointment up to now.

5. Human Resources Management

The following observations are made in this connection.

Audit Observation	Recommendation	Comments of the Accounting Officer
(a) Out of the approved cadre of 344 of the Department as at 31 December 2018, there had been 109 vacancies.	According to the approved Scheme of Recruitment, the Treasury should be consulted in respect of filling of vacancies and excess posts.	The observation is accurate.
(b) Out of 16 posts in the Tertiary Level of the approved cadre, which are essential for performing the functions of the Department, 14 posts had been vacant as at 31 December 2018. According to the annual budget estimate, provisions of Rs.231.5 million had been made for awareness programmes for the public (Enterprise Sri Lanka). However, the Ministry of Mass Media had been made to conduct the said programme.	According to the approved Scheme of Recruitment, the Treasury should be consulted in respect of filling of vacancies and excess posts.	The observation is accurate. Even though it had been notified to appoint officers for vacancies in the Translators' Service and in other services in the Combined Services, appointments had not been made. The announcement for calling applications, the details of the Interview Board and the scheme of marks had been sent to the Public Service Commission according to the Scheme of Recruitment for recruitment of officers for other Departmental posts. However, approvals had delayed due to various reasons. Moreover, filling the post of Senior Information Officer is carried out on a system of promoting the Grades of officers presently in the service and officers who had fulfilled qualifications therefor are not available. As such, the present Scheme of Recruitment should be revised and action is being taken therefor.