

## Head 210 – Department of Government Information

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### 1. Financial Statements

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#### 1.1 Qualified Opinion

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The audit of the financial statements of the Department of Government Information for the year ended 31 December 2020 comprising the statement of financial position as at 31 December 2020 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 provisions of the National Audit Act, No.19 of 2018. The summary report containing my comments and observations on the financial statements of the Department was issued to the Accounting Officer on 30 July 2021 in terms of Section 11(1) of the National Audit Act, No.19 of 2018. The Annual Detailed Management Audit Report relevant to the Department was issued to the Accounting Officer on 30 July 2021 in terms of Section 11(2) of the National Audit Act, No.19 of 2018. This report will be tabled in Parliament in pursuance of provisions in Article 154(6) of the Constitution of the Democratic Socialist Republic of Sri Lanka to be read in conjunction with Section 10 of the National Audit Act, No.19 of 2018.

In my opinion, except for the effects of 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 as at 31 December 2020 and its financial performance and cash flows for the year then ended in accordance with Generally Accepted Accounting Principles.

#### 1.2 Basis for Qualified Opinion

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My opinion is qualified based on the matters described in paragraph 1.6 of this report. I conducted my audit in accordance with Sri Lanka Auditing Standards (SLAuSs). My responsibilities for the financial statements are further described in the Auditor's Responsibilities Section. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

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

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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 in Section 38 of the National Audit Act, No.19 of 2018 and for the determination of the internal control that is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

As per 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 the preparation of annual and periodic financial statements.

In terms of Sub-section 38(1)(c) of the National Audit Act, 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 alterations as required for such systems to be effectively carried out.

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

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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 and its materiality depends on the influence on economic decisions taken by users on the basis of these financial statements.

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

- Appropriate audit procedures were designed and performed to identify and assess the risk of material misstatement in financial statements whether due to fraud or errors in providing a basis for the expressed audit 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.

- An understanding of internal control relevant to the audit was obtained in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Department’s internal control.
- Evaluate the 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.
- Evaluate the overall presentation, structure and content of the financial statements including disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with the Chief Accounting Officer and the Accounting Officer 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

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I express the following matters in terms of Section 6 (1) (d) of the National Audit Act, No. 19 of 2018.

- (a) The financial statements are consistent with the preceding year,
- (b) The recommendations made by me on the financial statements of the preceding year had been implemented.

### 1.6 Comments on Financial Statements

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#### 1.6.1 Financial Performance Statement

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Audit Observation	Comment of the Accounting Officer	Recommendation
<p>-----</p> <p>According to the financial performance statement, even though a sum of Rs. 5,743,484 had been incurred for acquisition of capital assets during the year under review, only a sum of Rs.</p>	<p>-----</p> <p>Although a sum of Rs. 5,743,484 was incurred for acquisition of capital assets during the year under review, only a sum of Rs. 4,842,327 was entered in the statement of non-financial assets</p>	<p>-----</p> <p>Financial statements should be prepared using accurate amount as the values of the vote ledger and the</p>

4,842,327 had been shown in the statement of non-financial assets as purchasing. Accordingly a difference of Rs. 901,157 was observed.

as purchasing. This difference had occurred due to the facts that there was not a methodology to enter the assets purchased by District Secretariat Offices to the CIGAS account, missing several purchases when taking into journal and being taken an air-conditioner into the opening balance because of taking it into inventory in the year 2019.

financial statement totally with each other.

### 1.6.2 Cash Flow Statement

----- Audit Observation	Comment of the Accounting Officer	Recommendation
----- Expenses incurred for rehabilitation of financial assets and staff training amounting to Rs. 18,550,399 had been included in the expenses incurred for building or purchasing of physical assets and acquisition of other investments. As a result, net cash flow generated from investment activities and the net cash flow generated from operating and investment activities had been overstated and understated respectively by the same amount.	----- Expenses incurred for rehabilitation of financial assets and staff training was entered into the cash flow statement considering as it was as an expense incurred for rehabilitation of financial assets and staff training, building or purchasing of physical assets and acquisition of other investments because there was no any other item in the financial statement to show the said expenses. Therefore net cash flow generated from investment activities and the net cash flow generated from operating activities were overstated and understated respectively by Rs. 18,550,399.	----- Accurate amounts should be included when preparing financial statements.

### 1.6.3 Reconciliation Statement on the Advances to Public Officers Account

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Audit Observation	Comment of the Accounting Officer	Recommendation
<hr/> <p>Differences were observed in receipts, payment and debit balances during the year between the department books and the Treasury printouts relating to the Advances to Public Officers Account. However it had not been disclosed in the reconciliation statement.</p>	<hr/> <p>Debit balances handed over by another institution were not entered in our monthly account summaries and however it was entered into the debtors and creditors register. The said amount of Rs. 2,038,544 was shown in the audit quires as the difference of debits during the year.</p> <p>The total of loan balances which had been credited to our institute and the loan balances which had been credited to other institute amounting to Rs. 12,253,618 was mentioned in the audit query as credits during the year according to the department books. The total of differences of debit and credit during the year mentioned above was mentioned in the audit query as the difference of maximum limit of debit balances.</p>	<hr/> <p>Differences should be disclosed in the reconciliation statement accurately.</p>

## 2. Financial Review

### 2.1 Expenditure Management

The following observations are made

Audit Observation	Comment of the Accounting Officer	Recommendation
(a) Provision of Rs. 2,149,160 had been transferred by a supplementary for 2 recurrent object codes and out of those object codes, a sum of Rs. 6,385,000 had been transferred to other recurrent object codes through F.R.66.	A sum of Rs.6, 385,000.00 was transferred through F.R.66 because there was savings of object codes relating to the expenditure of the Department for the year 2020. The treasury released a sum of Rs. 2,149,160.00 as provision on the request of the Ministry of Defense and that amount was credited to the expenditure codes of the Ministry of Defense and debited to the expenditure codes of our department.	According to the Financial Regulations 50, accurate estimates should be prepared for the expenditure.
(b) Provisions had been transferred exceeding the estimated provision of 4 capital object codes and 9 recurrent object codes from 43 per cent to 209 per cent through F.R.66. Hence it was observed that there was a weakness in preparing estimates.	Budgetary estimates for the year 2020 were prepared in June 2019 considering the situation prevailed at that time. However budgetary provision for the year 2020 was granted through 4 supplementary estimates and provisions were received less than the estimated provision for certain object codes. Further, on the situation prevailed in the Country at that time, differences were occurred between the estimated amount and actual amount.	

## 2.2 Incurring of Liabilities and Commitments

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The following observations are made.

Audit Observation	Comment of the Accounting Officer	Recommendation
(a) According to the Financial Regulations 94 (1), provisions allocated for the financial year should not be exceeded when incurring of liabilities and commitments. However liabilities had been incurred for 8 expenditure items exceeding the provision by a total of Rs. 2,308 508.	Budgetary provision for the year 2020 was granted through 4 supplementary estimates and provisions were received less than the estimated provision for certain expenditure items. Further, liabilities had to be incurred exceeding the provision due to the fact that actions had to be taken according to the situation prevailed within the Country.	According to the Financial Regulations, the amount of liability should not be exceeded the provision of the year.
(b) The value of 05 liabilities and commitments amounting to Rs.332,931 which had been settled during the year 2021 had not been included in the liabilities and commitments of the year under review.	Liabilities settled in the year 2021 not being included in the financial statements  Observation is correct.	Liabilities should be included in the financial statements accurately.

## 2.3 Certification of Accounting Officer

Audit Observation	Comment of the Accounting Officer	Recommendation
<p>The Accounting Officer should certified to prepare and conduct an effective internal control system for the financial control of the Department and the effectiveness of the said system should be reviewed from time to time and necessary changes should be done in order to carry out the system effectively. Further those reviews should be done in writing and copies of those documents should be presented to the Auditor General. However statements had not been submitted to audit to confirm that such reviews had been done.</p>	<p>Deficiencies and weaknesses of the internal control system which is in operation in the Department were discussed in meetings of divisional heads and in audit and management committee meetings occasionally and actions were taken regarding deficiencies and weaknesses observed in those occasions.</p>	<p>Actions should be taken according to the terms of the Section 38 of the National Audit Act No. 19 of 2018.</p>

## 2.4 Non-compliance with Laws, Rules and Regulations

Instances of non-compliance with the provisions in laws, rules and regulations observed in the sample audit test checks are analyzed below

Reference to Laws, Rules and Regulations	Non compliance	Comment of the Accounting Officer	Recommendation
<p>(a) Paragraph 3 (a) of the Finance Ministry Circular No. F.M.01/2015/01 dated 15 May 2015.</p>	<p>Incidental allowance should be paid as US\$ 40 per day for a maximum period of 30 days in the</p>	<p>In the letter presented for the training course held in India of which the said officer</p>	<p>Payments of allowances should be made according to the instructions of relevant</p>



absence of participated, it circulars.  
payment as had mentioned  
incidental that □. 1500  
allowance by the (Indian  
foreign Rupees)will be  
government or paid for airfare  
donor agency to India and  
covering return, Course  
expenses such on fee,  
traveling, accommodation  
telephone and and food,  
airport taxes travelling as a  
incurred abroad. part of the  
However course and to get  
contrary to the to and from the  
Circular a sum of airport. Amount  
Rs. 201,234 had was not included  
been paid as in these  
incidental expensesfor  
allowance by the traveling within  
Department to India, airport  
the officer who taxes and  
had participated telephone except  
to a training for the  
programme held requirement of  
in India even the course.  
though the Indian Hence incidental  
government had allowance was  
paid. 1500 paid to the  
(Indian Rupee) officer according  
per day equals to the Paragraph  
US\$. 21 and 3 (a) of the  
provided all Finance Ministry  
other relevant Circular No.  
facilities. F.M.01/2015/01  
dated 15 May  
2015.

(b) Public Finance Circular No. 01/2020 dated 28 August 2020.	Board of Survey reports for the year 2020 had not been submitted to the Auditor General.	Activities relating to Board of Survey for the year 2020 are being carried out for now and carrying out disposals is difficult because the staff of the Department has limited in this period of time. It is informed that as soon as those activities get done, board of survey will be completed and board of survey reports will be submitted.	Actions should be taken according to the circular instructions.
(c) Paragraph 3 of the Public Finance Circular No. 01/2014	Updated organization structure, details relating to approved cadre and actual cadre, plan for the requirement of imprest for annual activities and internal audit plan which should be included in the action plan had not been presented.	It was not included into the action plan by mistake.	- Do-

## 2.5 Issuance and Settlement of Advances

Audit Observation	Comment of the Accounting Officer	Recommendation
----- According to the instructions of the Ministry of Finance Circular No. 03/2015 dated 14 July 2015 and the Public Finance Circular No.01/2020 dated 28 August 2020, ad hoc imprests should be settled within 10 days as soon as the relevant work is completed. However a sum of Rs. 362,000 obtained by 3 officers in 4 instances had been settled with a delay in 33 days to 125 days.	----- Delays in settlement of advances occurred due to the facts that curfew being operated in the country during this season, being reported a limited staff in government institutes, not being a possibility to make transactions regularly.	----- Actions should be taken according to the circular instructions.

## 2.6 Deposit Balances

Audit Observation	Comment of the Accounting Officer	Recommendation
----- In connection with 10 expired deposits amounting to Rs. 7,488,595, actions had not been taken according to the financial regulations 571 to credit to the state revenue or to refund as soon as possible or in connection with contract deposits, to recover the losses occurred from contracts.	----- The amount of retained money relating to the construction of new media center was Rs. 7,488,595. Actions are being taken to release this deposit.	----- Actions should be taken as per the financial regulations.

### 3. Operating Review

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#### 3.1 Failure to perform roles

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Audit Observation	Comment of the Accounting Officer	Recommendation
<hr/> <p>According to the progress report submitted as at 31 December 2020, it was observed that 34 activities amounting to Rs. 10.5 million which had been planned to fulfill during the year under review in the action plan prepared according to the annual budget in order to achieve the objectives of the Department.</p>	<hr/> <p>Most of activities in the annual action plan could not be fulfilled as planned due to the facts that a limited staff had to be called for duty because of the quarantine curfew and travel restrictions as a result of the COVID 19 pandemic spread out throughout the Country in the year 2020 and the said limited staff had to be deployed on essential media coverages.</p>	<hr/> <p>Attention should be paid to fulfill the activities planned without delay.</p>

#### 3.2 Expected completion level not being obtained

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Audit Observation	Comment of the Accounting Officer	Recommendation
<hr/> <p>According to the progress report submitted as at 31 December 2020, it was observed that progress of 12 activities were in the range of 4 per cent to 100 per cent and the progress of 17 activities had not been mentioned even though those activities had been planned to fulfill during the</p>	<hr/> <p>Expected target of several activities in the annual action plan could not be achieved as planned due to the facts that a limited staff had to be called for duty because of the quarantine curfew and travel restrictions as a result of the COVID 19 pandemic spread out throughout</p>	<hr/> <p>Actions should be taken to achieve the expected target.</p>

year under review in the action plan prepared according to the annual budget in order to achieve the objectives of the Department.

the Country in the year 2020 and the said limited staff had to be deployed on essential media coverages.

### 3.3 Losses and Damages

Audit Observation	Comment of the Accounting Officer	Recommendation
<p>The vehicle belonged to the Department of government Information No. PD 9625 which had been deployed in the service of the Ministry of Mass media had met with an accident on 26 December 2016. At that time the vehicle had been driven by a person who had not hold a driving license. After the said accident a sum of Rs. 453,000 had been incurred by the Department during the year 2020 to repair the vehicle. However any compensation had not been recovered from the insurance and the said damage had not been disclosed in the financial statements. A preliminary report under the financial regulations 104 (3) had been presented on 04 September 2020 regarding the accident taken place on 26 December 2016. Although it had been decided to recover a sum of Rs. 453,000 from the person who had driven the vehicle, such recoveries had not been made even up to the date of this report.</p>	<p>The cab No. PD 9625 was parked in the vehicle park of the Department for a long period of time after the accident. In order to avoid the damage which can be occurred from the sun and rain, the repair was done after calling quotations. Incurring the expenditure by the Department. The Secretary to the Ministry of Mass Media was informed that investigations under the F.R. 104 was completed by the Ministry of Mass Media and actions were taken to get the instructions of the Department of Attorney General to proceed legal actions against the people those responsible in the purpose of recovering relevant loss.</p>	<p>Actions should be taken to get actions as per the financial regulations in connection with using public resources properly and to disclose in the financial statements.</p>

### 3.4 Management Inefficiencies

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The following observations are made

Audit Observation	Comment of the Accounting Officer	Recommendation
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(a) According to the approval of the Public Service Commission the officer acts on the post of Executive Producer (Departmental) had been appointed 3 times for acting duties of the post of Director (Government Films Section). At the time of appointing to this post for a period of a year since 01 July 2019, instructions had been given by the Public Service Commission to take necessary actions to fill the vacancy of the contract post without delay. However the said officer had been appointed continuously to the said post on acting basis by the Department.	It is mentioned that actions will be taken to appoint a qualified officer through calling applications in future according to the guidance of the Public Service Commission.	Immediate actions should be taken to fill the vacancies.
(b) A sum of Rs. 211,486 should be recovered from 3 officers who had vacated their posts and actions had not been taken to recover the said amount even up to	Instructions of the Department of Attorney General were requested to recover the balance of distress loan of 2 officers and the relevant instructions were not received yet. The other	Immediate actions should be taken to recover the receivables.

28 February 2021 even though the said balance had been brought forward more than a period of 19 years. female officer had made an appeal for considering her vacation of post and actions will be taken to recover the receivable amount on the decision of the said appeal.

- (c) A balance of loan of Rs.159,870 which should be recovered from an officer died on 19 December 2020, had not been recovered even up to 28 February 2021. Actions are being taken to recover the loan balance of Rs. 159,870 which should be recovered from late Mr. B.S.D. Premasundara died on 19 December 2020 from his dependents. Immediate actions should be taken to recover the receivables.

#### 4. Achieving of Sustainable Development Targets

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Audit Observation	Comment of the Accounting Officer	Recommendation
<p>Issuing of identity card for Journalists in a computerized system had been recognized as a sustainable development target. Although the progress of the said task had been mentioned as 100 per cent, under the progress of achieving sustainable development targets it had been mentioned as “Able to commence the design and implement of the software required to computerized the said job together with Sri Lanka Telecom since the year 2021”. Therefore a difference was observed between those information.</p>	<p>Sufficient training could not be given to the relevant staff for issuing identity cards for Journalists using the software due to the COVID 19 outbreak during the year 2020. Therefore several months of early 2021 had to be spent for the said training. For now such training was given and those activities are being implemented.</p>	<p>Correct information should be presented in reports.</p>

## 5. Human Resources Management

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The following observations are made

Audit Observation	Comment of the Accounting Officer	Recommendation
(a) The approved cadre for the year 2020 was 343 and the actual cadre was 237. As a result there were 106 vacancies and actions had not been taken to fill those vacancies even up to the date of this report.	Out of the relevant vacancies, the Ministry of Public Administration had been informed to fill the vacancies of the combined services. Further actions are being taken to fill the vacancies of the departmental posts.	Actions should be taken to fill the vacancies of essential posts.
(b) According to the section 40 (1) of the National Audit Act No. 19 of 2018, an internal auditor should be appointed for a Department by the Accounting Officer. However an internal auditor had not been appointed for the Department of Government Information even up to April 2021.	It had been informed to the Ministry of Public Administration to appoint an internal auditor to the Department. Further it had been informed the Ministry of MassMedia to appoint an officer even on acting basis until a permanent appointment will be done.	Actions should be taken as per the provisions of the Act.