

Sri Lanka Rupavahini Corporation - 2022

1. Financial Statements

1.1 Qualified Opinion

The audit of the financial statements of the Sri Lanka Rupavahini Corporation for the year ended 31 December 2022 comprising the statement of financial position as at 31 December 2022 and the statement of comprehensive income, statement of changes in equity and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, 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 and the Finance Act No. 38 of 1971. My comments and observations which I consider should be report to Parliament appear in this report.

In my opinion, except for the effects of the matters described in paragraph 1.5 of this report, the accompanying financial statements give a true and fair view of the financial position of the Corporation as at 31 December 2022, and of its financial performance and its cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

1.2 Basis for Qualified Opinion

My opinion is qualified on the matters described in paragraph 1.5 of this report.

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 Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with Sri Lanka Accounting Standards and for such internal control as management determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Corporation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intend to liquidate the Corporation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Corporation's financial reporting process.

As per Section 16(1) of the National Audit Act No. 19 of 2018, the Corporation 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 Corporation.

1.4 Audit Scope

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 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 Corporation's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of the management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Corporation's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Corporation to cease to continue as a going concern.
- 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.

The scope of the audit also extended to examine as far as possible and as far as necessary the following;

- Whether the organization, systems, procedures, books, records and other documents have been properly and adequately designed from the point of view of the presentation of information to enable a continuous evaluation of the activities of the Corporation and whether such systems, procedures, books, records and other documents are in effective operation;
- Whether the Corporation has complied with applicable written law, or other general or special directions issued by the governing body of the Corporation;
- Whether the Corporation has performed according to its powers, functions and duties; and
- Whether the resources of the Corporation had been procured and utilized economically, efficiently and effectively within the time frames and in compliance with the applicable laws.

1.5 Audit Observations over the preparation of Financial Statements

1.5.1 Non –compliance with Sri Lanka Accounting Standards.

Non- compliance with reference to the relevant standard	Management comment	Recommendation
(a) According to the Sri Lanka Accounting Standard No.01, fixed deposits of which the period of maturity is one year should be shown in the statement of financial position as current assets. However fixed deposits of which the period of maturity is one year amounting to Rs. 232,373,251 had been shown under the non-current assets.	Aline with the change of new accounting standards with effect of the year 2012, the value of investments was clarified accordingly. Those investments are carried out on the basis of held to maturity which is that reinvest the investments after the maturity in a year. Therefore according to the Sri Lanka Accounting Standard 01, (According to section 66 - Standard No. 01) it was shown under the non-current assets. Further, these investments were shown in the financial statements since the year 2012 as mentioned above.	Actions should be taken as per the provisions of the standard.
(b) According to the section 79 of the Sri Lanka Accounting Standard 16, the carrying value of the property plant and equipment which had	The details relating to the assets under the property, plant and equipment which had been fully depreciated	Actions should be taken as per the provisions of the standard.

been fully depreciated but currently in use, should be disclosed in the financial statements. However property plant and equipment at the cost of Rs. 3,562,150,536 which had been fully depreciated but currently in use had not been disclosed in the financial statements.

but currently in use were shown under 3.3 in the financial statements and assets relating to the value of Rs.3,562,150,536 were shown in the schedule.

(c) According to the section 17 of the Sri Lanka Accounting Standard 24 (LKAS 24) related parties should be disclosed in the financial statements. However the relevant information of the compensation of the key management personal for the year under review had not been disclosed in the financial statements by the Corporation.

Actions were taken to disclose the information relating to the related parties in the financial statements as per the Standard No.24 and actions were taken to make such disclosures in the financial statements for the year 2022 as well (Financial statements page No. 18-9 – heading 9). However actions will be taken to disclose information relating to the compensation as pointed out as here since the coming year.

Actions should be taken as per the provisions of the standard.

(d) According to the section 9 of the Sri Lanka Accounting Standard 38, computer software should be recognized under the intangible assets. However computer software at the cost of Rs. 9,542,602 had been shown under the property, plant and equipment in the statement of financial position even though it had been fully depreciated as at 31 December 2022.

Actions will be taken to show under the intangible assets relating to the computer software in the coming year (2023)

Actions should be taken as per the provisions of the standard.

1.5.2 Accounting Policies

1.5.3

Audit Observation

Necessary actions had not been taken to make a provision or to settle the

Management Comment

Actions will be taken to remove the said non-

Recommendation

Actions should be taken to settle the

non-moving stock valued at Rs.415,682 which had been included in the value of stocks amounting to Rs.203,341,539 shown in the financial statements as at the end of the year under review. moving stock in a disposal action which will be carried out in future. value of non-moving stock.

1.5.4 Accounting deficiencies

Audit Observation	Management Comment	Recommendation
Two law suits had been filed by the Corporation against two companies in order to recover sum of Rs.11,191,484 which should be received as rent for using transmission towers owned by the Corporation and electricity charges and a sum of Rs.677,550 had been incurred as legal fees as at the end of the year under review. Although a sum of Rs.3,330,000 should be received to the Corporation from a suit it had not been disclosed in the financial statements.	Not commented	Actions should be taken to recover the receivables.

1.5.5 Going concern of the Organization

Audit Observation	Management Comment	Recommendation
(a) The value of net assets of the Corporation had deteriorated up to a minus value of Rs.351,202,545 during the year under review and the minus balance of accumulated profit amounting to Rs.571,576,904 as at 01 January 2022 had deteriorated up to a minus value of Rs.1,111,944,969 as at the end of the year under review after the loss of Rs.538,281,105 for the year under review and prior year adjustments made during the year.	Not commented	Actions should be taken to increase income.

(b)	<p>The position of working capital of the Corporation for the year 2020 amounting to Rs.69,307,096 had deteriorated up to a minus value of Rs.254,309,644 in the year 2021 and it had further deteriorated up to a minus value of Rs.567,595,278 during the year under review. The current ratio and quick ratio were 1.06 and 0.87 respectively in the years 2020 and 2021 and they were 0.78 and 0.6 in the year 2021. However it had deteriorated as 0.56 and 0.4 during the year under review. It was observed that reasons such as increase of the balance of bank overdraft by Rs. 54,103,374, other financial liabilities by Rs.67,783,806 had affected to the minus value of the working capital of the Corporation. Debt equity ratio which was 4.9 in the year 2020 and it was 4.5 in the year 2021 and had turned into a negative gearing situation as 1.5 during the year under review. However the situation of incurring continuous losses had affected to the decrease of equity of the Corporation and to the going concern of the Corporation.</p>	Not commented	Actions should be taken to increase income.
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1.5.6 Documentary Evidences not made available for Audit

Item	Amount	Evidence not made available	Management comment	Recommendation
-	-	(a) The following information requested by audit for the year 2022 had not been submitted to audit. (i) Transport allowance paid to the	Not commented.	Information requested by audit should be submitted without delay.

employees of
the Corporation

- (ii) Information relating to utilization of vehicles
 - (iii) Details relating to the programmes of which broadcasted free of charges
 - (iv) Procurement files relating to the tele dramas purchased during the year.
- (b) Bank confirmations had not been submitted to audit to confirm the overdraft balance of Rs. 344,739,442 which had been shown in the financial statements as at the end of the year under review.
- The overdraft balance of Rs.344,739,442 shown in the financial statements as at the end of the year under review was the balance according to the cash book. Bank reconciliation statements prepared as at the end date were submitted to the audit unit. Balances were mentioned in it according to the cash book and the bank statements as well. Those balances can be
- Information requested by audit should be submitted without delay.

confirmed by that. Further such balances can be confirmed from the cash flow statement included in the financial statements. In addition the accuracy of those balances can be confirmed through the difference between the two bank accounts in the trial balance.

1.6 Payable and Receivable Account

1.6.1 Accounts Receivable

Audit Observation	Management Comment	Recommendation
(a) The balance of client debtors as at 31 December of the year under review was Rs.333,760,980 and out of that a sum of Rs.133,852,987 had been represented by government institutions and Rs.199,907,993 had been represented by the private sector. Out of that confirmation of debtors had been submitted only for the total value of Rs.4,435,184 and accordingly the management had failed to confirm the total balance of Rs.129,871,825 represented by the government institutions and the total balance of Rs.199,453,972 represented by the private sector to audit.	Not commented	Actions should be taken to call balance confirmations as receive as direct to audit.
(b) Law suits had been filed against 12 client debtors by the Corporation to recover a sum of Rs.34,991,769 as at 31 December 2022 and a sum of	Not commented	Actions should be taken to recover the debtor balances without delay.

Rs.1,607,000 had been incurred as legal charges. According to the Limitation Act, legal actions should be taken before exceeding 6 years and even though the debtor balance exceeded 4 years as at the end of the year under review had represented 40 per cent out of the total balance of debtors which is a sum of Rs.132,148,582, legal actions had been taken to recover only a sum of Rs.20,488,346.

1.6.2. Accounts payable

Audit observation	Management comment	Recommendation
The Value Added Tax liability payable to the Department of Inland Revenue by the Corporation since the year 2019 was Rs.314,285,876 and out of the said amount the VAT liability which should be paid in the year 2022 was Rs.44,682,510.	Not commented	Actions should be taken to pay the payable tax without delay.

1.7 Non - compliance with Laws, Rules, Regulations and Management Decisions etc.

Reference to the Laws, Rules and Management decisions	Non - compliance	Management comment	Recommendation
Public Finance circular No.03/2015 dated 14 July 2015			
(i) Section 371 (2) (b) of the Amended Financial Regulations	Although the maximum limit of ad hoc advances which can be given in an instance is Rs.100,000, a sum of Rs.54,717,124 had been given in 117 instances exceeding the said limit for programmes, lodging, and purchasing.	Not comment	Actions should be taken as per the provisions of the circulars.

(ii) Section 371 (2) (b) and 371(5) of the Amended Financial Regulations	Although the imprest taken should be settled within 10 days after the relevant job is done, the unsettled balance of ad hoc advances as at the end of the year under review was Rs.16,277,172.	Not commented	Actions should be taken as per the provisions of the circulars.
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1.8 Financial Management

Audit observation	Management comment	Recommendation
The overdraft relating to two current accounts as at the end of the year under review were Rs.231,076,126 and Rs.113,663,316 and a sum of Rs.22,793,178 had been paid by the Corporation as interests for overdraft during the year under review. Further in connection with one current account, the approved overdraft limit had been exceeded time to time in 08 months of the year under review.	Not commented	Financial management should be done properly.

1.9 Non - compliance with Tax Regulations

Audit observation	Management comment	Recommendation
According to the Section 03 (1) of the Economic Service Charges Act No. 13 of 2006, the overpayment of economic service charges can be set off from the income tax paid within 2 following years. However, economic service charges of Rs.21,030,312 overpaid in the years 2018 and 2019 had been shown under the receivable advances and deposits in the financial statements for the year under review. Hence the financial	It had not to be paid income tax during the previous years because losses had been incurred by the corporation and therefore economic charges paid could not be set off. Therefore actions will be taken in future to discuss with the Department of Inland Revenue to set off the economic charges against other payable taxes.	Actions should be taken to show the financial position accurately.

position had been overstated by the same amount.

1.10 IT General controls

Audit observation	Management comment	Recommendation
(a) As a media institute the content of the visual library 1 and 2 which had been maintained in order to store visual programmes belong to the Corporation and to reissue when required is a key asset of the Corporation. Even though actions should be taken to protect valuable programmes updating library content with the new technology in line with the changes of the technology, 2700 number of VRT,BETA and UMATIC formats which had been operated under the Analog technology since the commencement of the Corporation to the year 1996 had not been convert to the new technology up to now.	Not commented	Actions should be taken to protect the content of the Corporation.
(b) As an n institution commenced in the year 1982 with a long history unlike other media institutions, a formal method had not been implemented properly to maintain the important backups belong to the Corporation. As a result out of the obsolete visual discs, 211 discs had become unusable due to the formation of mold and fungus and so that they could not be transferred to the new technology. As a result, opportunities to obtain additional income by providing rare and important videos to other media organizations as needed had been avoided by the Corporation.	Not commented	Actions should be taken to confirm the safe guard of assets.
(c) It was observed that most of tele dramas and children cartoons	Not commented	Actions should be taken to protect the

dubbed and telecasted by the Corporation which claims high quality as well as high audience appeal had been telecasted in large number of other YouTube channels with the corporation logo without any changes. Attention had not been paid by the Corporation to implement a proper security method and to establish a proper internal control system to prevent misusing of such programmes by external parties because such cartoons and foreign tele dramas can be obtained only from the visual library of the Corporation and as those are not be sold in the “Ru entertainment” of the Corporation.

content of the Corporation.

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| <p>(d) Actions had not been taken by the Corporation to fix the authority to access to the library in order to recognize persons who use the content of the visual library and the cassette library without delay, to establish a proper security system to avoid fixing USB drives to the computer system of the Corporation, to facilitate editing of programmes produced by the Corporation in the studios of the Corporation and to establish laws and rules in order to prevent outside editing.</p> | <p>Not commented</p> | <p>Actions should be taken to protect the content of the Corporation.</p> |
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2. Financial Review

2.1 Financial Results

The operating result of the year under review was a deficit of Rs.538,281,105 and the corresponding deficit for the preceding year was Rs.227,342,397. Accordingly, a decrease of Rs.310,938,708 was observed in the financial result. Decrease of air time sales income by Rs.221,189,415 had mainly affected to this decrease.

2.2 Trend Analysis of Main Income and Expenditure Items

The air time sales income of the year under review had decreased by 19 per cent compared with the previous year and decrease of air time sales income of education programmes by 85 per cent had mainly affected to this decrease. The other operating income had increased by 12 per cent compared with the previous year and increase of government grant given for the capital items which is included in the other operating income by 42 per cent, increase of income of sale of “Nanamihira” question papers by 51 per cent, income of Rs. 12,051,076 relating to the income of acting academy which had not been in the previous year and income of Buddhist programmes and musical programs had mainly affected to this increase.

Distribution expenses for the year under review had decreased by 45 per cent compared with the previous year and decrease of agency commissions by 41 per cent had mainly affected to this decrease. Administration expenses had decreased by 0.48 per cent. Financial and other expenses had increased by 31 per cent and increase of bank loan interest by 52 per cent and increase of legal charges by 597 per cent had mainly affected to the said result.

2.3 Ratio Analysis

The current ratio and quick ratio for the year 2021 were 0.78 and 0.6 respectively and it had decreased as 0.56 and 0.4 during the year under review. The condition of negative working capital for the year 2021 was Rs.254,309,644 and it had further decreased up to Rs.567,596,278 (negative) during the year under review. It was observed that reasons such as increase of the balance of the bank overdraft as at the end of the year under review by Rs.54,103,374 and increase of the other financial liabilities by Rs.67,783,806 had affected to the said situation of negative working capital.

The gross profit ratio for the previous year was minus 6.3 per cent and it had become to minus 32.6 per cent during the year under review. The net profit ratio for the year 2021 was 19.7 per cent and it had become minus 57 per cent during the year under review. Decrease of air time sales income had mainly affected to the said decrease.

The debt equity ratio of the year 2021 was high leverage of 4.5 and it had become to a high leverage of minus 1.5 during the year under review. The equity had decreased up to a minus value as a result of the situation of continuing losses as compared to the decrease of long term liabilities had affected to the said situation.

3. Operating Review

3.1 Identified losses

Audit observation	Management comment	Recommendation
The number of cassettes which had not been returned to the Corporation by 106 officers as at 31 December 2022 was 819 and	Not commented.	Actions should be taken to follow a proper method to obtain the cassettes which had not

the value of those cassettes was Rs.2,375,991.

been returned.

3.2 Management Inefficiencies

Audit observation	Management comment	Recommendation
(a) Television sets, DVD sets, Phones Tab and computers etc. had been provided for the home use of officers who engage in the categories such as Chairmen, Members of the Board of Directors, Director General/Chief Executive Officer/Working Director of the Corporation and it had been the normal practice of the corporation to give the opportunity to take away for very little value on termination of service without considering minimum service period or any other criteria. It was observed that during the period of last few years, there is a tendency for the chairman, board members and director generals of the corporation to provide their services to the corporation within a very short period of time. Due to the fact that officers bring the above items when they leaving their posts, the Corporation has to provide new items for the new officers who come for the said posts. The said situation had adversely affected to the financial situation of the Corporation.	Not commented	Actions should be taken to maintain the financial position of the Corporation in good manner.
(b) According to the information submitted to audit, adequate productions had not been done by 18 producers attached to the sub units under the programme division during the year 2022.	Not commented	Actions should be taken to utilize the human resources efficiently and effectively.

(c)	Although the Board of Directors should take actions to increase the income of the Corporation and to decrease the expenses in order to avoid the financial crisis facing the Corporation at present, proper attention had not been paid in the meetings of Board of Directors in this regard and instead more attention had been paid in the meetings of Board of Directors to solve the staff matters such as appointments, promotions, increasing of allowances, approving of foreign leave.	Not commented	Actions should be taken to avoid the financial crisis facing by the Corporation currently.
(d)	The initial image about any institution is given to any external party by the reception section of the said institute. It is the responsibility of the staff of the reception section to receive the parties coming from outside in a friendly and pleasant manner and to provide the necessary guidance to fulfill their needs promptly. However, in a way that protects its image as a recognized government institution, the management of the Corporation had failed to assign suitable officers to the post of receptionists.	Not commented	Actions should be taken to assign officers who are capable of fulfilling duties relevant to the posts.

3.3 Operating inefficiencies

Audit Observation	Management comment	Recommendation
(a) Three local tele dramas had been purchased by the Corporation during the year under review for Rs.20,958,000 and a sum of Rs.13,408,260 had been earned as air time income. However the total cost incurred on telecasting of	Not commented	Actions should be taken to minimize the losses

those dramas was Rs.22,969,239 and therefore the loss incurred from telecasting the said local teledrama was Rs.9,560,979. Six single episode tele dramas had been produce and telecasted during the year and losses had been incurred by 5 dramas out of the said six. The total expenditure incurred on that was Rs.1,370,152 and only a sum of Rs.661,147 had been earned as air time income. Therefore the total loss was Rs.709,005. The expense of 02 foreign tele dramas out of 03 foreign tele dramas telecasted during the year was Rs.4,978,270 and the income earned from them was Rs.3,727,800 only. Hence a loss of Rs.1,250,470 had been incurred.

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| (b) | In order to fulfill a certain target, the said target should be identified before the commencement of the relevant period and actions should be taken to achieve it. And the outcome should be evaluated at the end of the period of time. However marketing targets had not been given to the marketing staff by the Marketing Division of the Corporation at the beginning of each month and instead a method of showing the outcome reached at the end of the month as the target of the month had been followed. | Not commented. | Marketing targets should be given at the beginning of the period of time. |
| (c) | A main part of the duties of the Director (Marketing) is to operate the human resources of the marketing division of the Corporation in an efficient and effective way. However it was observed that there were instances | Not commented | Actions should be taken to utilize the human resources of the marketing division efficiently and effectively. |

of which marketing executives were on no pay leave in every year, daily attendance and departure had not been recorded in the finger print machine properly and low performance. And proper attention had not been paid by the Director (Marketing) in this regard.

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| (d) | As at the end of the year under review, 15 law suits had been filed by external parties against the Corporation and out of that the compensation requested by the plaintiff relating to 07 cases was Rs.933,000,000. A sum of Rs.6,188,540 had been incurred as at the end of the year under review for these cases as lawyer's fees. | Not commented | Actions should be taken to avoid possible losses to the Corporation. |
| (e) | According to the paragraph 7 (1) of the Finance Act No. 38 of 1971, the responsibility of the Board of Directors of the Corporation to maintain the activities of the Corporation as to be sufficient to settle the extreme deficit of the income account within a period of 5 years or any period of time decided by the Minister of Finance by the extreme surplus of that account. However the net loss of the nearest five years of the Corporation was Rs.1,312,287,598 and it was observed that the expected level had not been achieved by the function of the Corporation. | Not commented | Actions should be taken according to the provisions of the Finance Act and to avoid the losses. |
| (f) | Employees' salaries of the Corporation for the year under review had increased by Rs.30,667,506 compared with the previous year and the operating | Not commented | Actions should be taken to increase income. |

cost for the year under review had increased by 137 per cent compared with the year 2021. However the income for the year under review had decreased by Rs.182,119,548 compared with the year 2021.

3.4 Procurement Management

Audit Observation	Management comment	Recommendation
(a) According to the Section 4.2.1 of the Government Procurement Guideline, a procurement plan should be prepared at least for 3 years and a detailed plan should be prepared for the procurement activities relating to the following year. However the procurement plan prepared for the year under review including 04 activities in the priority list to the estimated value of Rs. 41 million which had been planned to fulfill during the year under review had been submitted for approval on 31 October 2022.	Not commented	Actions should be taken as per the Procurement Guideline.
(b) Although the live telecasting right of a tournament should be obtained in cost effective manner following the proper procurement procedure through the direct connection of the relevant institute of which the telecasting right had been owned, at the event of obtaining the live telecasting right of the Live Road Safety world series T 20 to the Corporation, it had been entered into an agreement with an institution to the value of US\$.48,500 without following the 2006 Government Procurement Guideline.	Not commented	Actions should be taken as per the Procurement Guideline
(c) Although this tournament was scheduled to be commenced since 10	Not commented	Actions should be taken as per the

September 2022, actions had been taken by the Corporation to obtain the telecasting right only on 07 September 2022. Attention had not been paid by the management to obtain the maximum advantage to the Corporation acting through a proper plan and an adequate time and in a very short time like 03 days, actions had been taken to enter into an agreement with the said supplier.

Procurement
Guideline

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| (d) An internal memo had been referred to the Chairman on 07 September by the cricket committee and the approval had been obtained to purchase the telecasting right of the said tournament from a local advertising agency. However the Corporation had entered into an agreement with the foreign institute namely Ground Pictures International FZCO as the first party. | Not commented | Actions should be taken as per the Procurement Guideline. |
| (e) Although the said tournament had been scheduled to telecast since 10 September 2022 and a letter had been referred to the Director General by the relevant senior producer on 08 September 2022 in order to get the covering approval until getting the p4 approval for purchasing of digital print which should be needed for preparing setbacks for telecasting of the said tournament and the approval had been given by the Director General on the same day. And quotations had been issued for 05 suppliers via emails on the same day and quotation had been submitted by only one supplier up to 09 September 2022. Accordingly the said supplier had been selected on the same day for purchasing of digital print required for preparing of setbacks. Generally in a ground of where the | Not commented | Actions should be taken to get the optimal supply for a minimal cost under the competitive bidding process. |

period of time for conducting an international tournament is decided in advance, actions had been taken by the Corporation to get supplied the necessary things for telecasting the tournament within a short period of time like 2 days. As a result, the opportunity to get the optimal supply for the minimal cost under a competitive bidding process had been avoided by the Corporation. And it is problematic that an organization with experience in sports broadcasting had not acted according to a proper plan in advance.

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| <p>(f) According to the agreement entered into between the two parties, a sum of US\$. 48,500 should be paid by the Corporation as per two instalments of US\$.24, 250 to get the complete telecasting right to the agreed party. According to the section 02 (e) of the agreement, if the relevant payment made in US\$, it should be paid to the Emirate Islamic Bank of which the bank of the Ground Pictures International FZCO who the first party of the agreement. On the other hand a condition had been included in the above agreement, if the payment made in Sri Lankan Rupees, it should be paid to the Commercial Bank Ceylon PLC. Of which the bank of ULC Broadcasting Network (Pvt) Ltd. who is not a party of the agreement. However it is problematic in audit that including a condition to pay the value of a transaction which is done according to an agreement entered into between two parties to other party which is not a party of the agreement.</p> | <p>Not commented</p> | <p>The terms of an agreement should be clear and transparent.</p> |
| <p>(g) An electronic certificate had been submitted to prove that the Ground Pictures International FZCO of which the first party of the agreement relating</p> | <p>Not commented</p> | <p>Entering into agreements should be done properly.</p> |

to the live telecasting of the tournament had been located in the Dubai Silicon Oasis of Dubai Digital Park building and it had been mentioned that the said institute is a place of which a license was obtained for carrying out business in a digital space. However even a telephone number of the Ground Pictures International FZCO had not been mentioned. Although the income of telecasting the tournament was Rs.16,507,500 the estimated loss from the telecasting of tournament was Rs.8,936,333 at present.

(h) It is a matter of controversy that allowing opportunities to bypass the advantages which could be obtained to the Corporation connecting directly to obtain the telecasting right as a government media channel and it could not be satisfied about the transparency of this procurement.	Not commented	Procurement activities should be transparent.
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3.5 Human Resources Management

Audit Observation	Management comment	Recommendation
The approved permanent cadre of the Corporation as at the end of the year under review was 1041 and the approved cadre on contract basis was 08. However 785 had been employed in the approved permanent carder and 16 had been employed in the approved cadre on contact basis. Accordingly there were 256 vacancies in the approved permanent cadre and 08 vacancies in the approved cadre on contract basis. In addition 12 employees had been deployed on assignment basis. Further 18 permanent officers, 11 contract basis and 2 assignment basis had been deployed in 15 posts, which had not been included in the approved cadre. And 16 permanent officers, 05 officers on contract basis and 10 assignment	Not commented	Actions should be taken to fill the vacancies of the approved cadre and it should be adhered.

basis had been deployed in 05 posts exceeding the approved cadre.

4. Accountability and Good governance

4.1 Internal Audit

Audit Observation	Management comment	Recommendation
Although a post of internal audit officer had been included in the approved cadre of the Corporation, it had been vacant since 22 May 2019. As a result the ability to carry out the work of the internal audit unit effectively had been limited and however actions had not been taken by the Corporation to fill the said post as at the date of this report.	Not commented	Actions should be taken to fill vacancies.