

Head 105 – Ministry of Mass Media - 2024

1. Financial Statements

1.1 Qualified Opinion

The audit of the financial statements of the Head 105 – Ministry of Mass Media for the year ended 31 December 2024 comprising the statement of financial position as at 31 December 2024 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 Ministry of Mass Media was issued to the Chief Accounting Officer on 29 May 2025 in terms of Section 11(1) of the National Audit Act, No.19 of 2018. The Annual Detailed Management Audit Report relevant to the Ministry was issued to the Chief Accounting Officer on 31 July 2025 in terms of Section 11(2) of the Audit Act. 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 of the Ministry of Mass Media as at 31 December 2024 give a true and fair view on the financial position and its financial performance and cash flows and on all the material respects in compliance with the basis of preparation of the financial statements set out in Note 01 related to the financial statements.

1.2 Basis for Qualified Opinion

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 responsibility for the financial statements is 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 Emphasis of Matter - Basis of Preparation of Financial Statements

I draw attention to Note 1 to the financial statements which describes the basis of preparation of these financial statements. The financial statements have been prepared for the use of the Ministry of Mass Media, General Treasury and Parliament in accordance with the Financial Regulations 150 and 151 and Public Accounts Guideline No. 06/2024 dated 16 December 2024 as amended on 21 February 2025. Therefore, these financial statements may not be suitable for other purposes. My report is intended only for the use of the Ministry of Mass Media, General Treasury and Parliament of Sri Lanka. My opinion on this matter is not modified.

1.4 Responsibility of the Chief Accounting Officer and the Accounting Officer for the Financial Statements

The Chief Accounting Officer is responsible for preparing financial statements that give a true and fair view in all material respects in accordance with Financial Regulations 150 and 151 and Public Accounts Guidelines No. 06/2024 dated 16 December 2024 as amended on 21 February 2025, and for determining such internal control as 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 Ministry 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 shall ensure that an effective internal control system for the financial control exists in the Ministry 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.

1.5 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 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:

- 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 Ministry'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 the Chief Accounting Officer regarding, among other matters significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

1.6 Comments on Financial Statements

1.6.1 Accounting Deficiencies

(a) Property, Plant and Equipment

The following deficiencies were observed in accounting for Property, Plant and Equipment.

	Audit Observation	Comment of the Chief Accounting Officer	Recommendation
(i)	<p>The value of 26 vehicles, the ownership of which was transferred to the Ministry within a period of 2 to 15 years, amounting to Rs.385,150,000 (as per the valuation reports obtained during the insurance in the year 2024) was not included in the financial statements, and therefore the non-financial assets were understated in the financial statements by that value.</p>	<p>Urgent actions will be taken to assess and account for all vehicles transferred to the Ministry of Mass Media that have not yet been accounted for.</p>	<p>Actions should be taken to accurately account for.</p>

(b) Non-maintenance of Registers and Books

It was observed during audit test checks that the Ministry had not maintained the following registers while certain other registers had not been maintained in the proper and updated manner.

	Audit Observation	Comment of the Chief Accounting Officer	Recommendation
(i)	Security Register	<p>A Security Register containing the details of actions to give security are</p>	<p>A Security Register containing the details of all</p>

all officers and employees required to give security had not been prepared in terms of Financial Regulation 891(1). Security Register will be maintained in the future. officers and employees should be maintained in terms of Financial Regulation 891(1).

(ii) Records of Losses

A Record of losses had not been updated in terms of Financial Regulation 110. Actions are being taken to identify and update the deficiencies in the Record.

In terms provisions in Financial Regulation 110, a Record of losses should be maintained in the Form appended.

(iii) Record of Liabilities

A Record of liabilities had not been maintained in terms of Financial Regulation 214. Actions will be taken to open and maintain a Record of Liabilities.

In terms of Financial Regulation 214, liabilities should be recorded in a Record of Liablitiy to ensure regular examination of such liabiliies.

2. Report on Other Legal Requirements

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.

3. Financial Review

3.1 Revenue Management

Audit Observation	Comment of the Chief Accounting Officer	Recommendation
The amount of Rs. 20 million due from two private institutions had been outstanding for a period of 12-18 years and no formal actions had been taken to recover them.	It was informed that one institution has been informed by letter to pay the outstanding lease, while the other institution has also paid three installments of the outstanding lease, reminders have been sent to pay the balance, and actions will be taken to follow up and recover the amount.	Relevant actions should be taken immediately to collect the outstanding revenue.

3.2 Management of Expenditure

Audit Observation	Comment of the Chief Accounting Officer	Recommendation
(a) While there was a capital net allocation of Rs. 432,500,000 for the Ministry of Mass Media, Rs.185,723,029 had been utilized by the end of the year under review. Accordingly, 57 percent of the capital expenditure was remained.	The failure of the Digitalization of Terrestrial Television Broadcasting project to reach the expected operational level was the main reason for the capital expenditure remains.	Estimates should be prepared accurately.
(b) In terms of Financial Regulation 50, it is the responsibility of the Chief Accounting Officer to ensure that the draft estimates relating to his Ministry are prepared in accordance with the Financial Regulations. It was observed that out of the total 25 recurrent expenditure codes for which provisions were made for the year under	Due to the fact that sufficient additional provisions were not received to pay the increased cost of living allowance and executive allowances in the year 2024, the increase in the number of staff officers who applied for the transport allowance, etc., provisions were made for the respective expenditure codes under F.R. 66, and the fact that the	Estimates should be prepared accurately.

review, the provisions of Rs.10,810,000 allocated to 04 recurrent expenditure codes had been transferred to 06 other recurrent expenditure codes, and therefore the realistic estimates had not been prepared in accordance with the requirements of the Financial Regulations.

State Media Awards Ceremony was not held, and the reduction of electricity costs through the use of solar panels, the provision savings of the respective expenditure codes were used to cover the above-mentioned provision deficiencies.

3.3 Certification of Chief Accounting Officer

Chief Accounting Officer should certify the following matters in terms of provisions set out in Section 38 of the National Audit Act, No. 19 of 2018. However, it had not been so done.

Audit Observation	Comment of the Chief Accounting Officer	Recommendation
<p>The Chief Accounting Officer and the Accounting Officer should ensure that an effective internal control system for the financial control exists in the Ministry, 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. Such reviews should be carried out in writing, and a copy thereof should be presented to the Auditor General, but no statements had been furnished to the Audit that the reviews had been carried out</p>	<p>It was stated that the review to be conducted by the Chief Accounting Officer on the effective internal control over the financial control of the Ministry could not be completed and submitted by the year 2024 and that actions will be taken to submit the report to the Auditor General without delay.</p>	<p>Actions should be taken to act in accordance with the provisions of Section 38 of the National Audit Act, No. 19 of 2018.</p>

3.4 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 test checks are analyzed below.

Reference to Laws, Rules and Regulations	Value Rs.	Non-compliance	Comments of the Chief Accounting Officer	Recommendation
(i) Financial Regulations of the Democratic Socialist Republic of Sri Lanka	F.R.880	- 22 officials of the Ministry who were required to give security according to the Government Officials Bail Ordinance had not acted accordingly.	The relevant actions for giving security are being taken and security register will be maintained in the future.	Actions should be taken in accordance with financial regulations and relevant acts.
(ii) Public Administration Circulars	Circulars No. 09/2009 dated 16 April 2009 and No. 09/2009 (i) dated 17 June 2009	- It is stated that ministerial staff should prove their arrival and departure at their workplace, but register had not been maintained to record the arrival and departure of 05 officers of the Minister's staff and 05 officers of the State Minister's staff during the period from 01 January 2024 to 30 September 2024. Without documents proving arrival, Rs.13,941,368 had been borne by the Ministry for salaries, transport allowances and fuel for these officers.	When the request for overtime/composite allowances is submitted by the ministerial staff, the Private Secretary/Coordinating Secretary examines it and submits his recommendation, and based on that, the arrival is confirmed. The above action has been taken due to the absence of any notification regarding specific provisions	Action should be taken to act in terms of the circular.

regarding the confirmation of arrival/departure of the private staff. Based on this inquiry, actions will be taken to make the submission of arrival/departure documents mandatory in the future.

4. Operating Review

4.1 Non-achievement of expected Output Level

The following observations are made.

Audit Observation	Comment of the Chief Accounting Officer	Recommendation
(a) A provision of Rs.10.75 million was made in 2024 for the renovation of the auditorium of the Sri Lanka Foundation Institute and the progress of the work was stated as 100 percent as at 31 December 2024. However, its construction work had been assigned to the Department of Buildings, but the department had invited external parties to carry out this task from 24 February 2025.	It has been informed that since the newspaper advertisement in this regard, the selection of contractors and construction work have been carried out by that institution and the relevant construction work is currently being carried out.	The functions of the institutions under the Ministry should be supervised to ensure that the planned tasks are carried out as scheduled in the year under review. Instructions should be given for the correct maintenance of records.
(b) The progress of Rs.6.8million project for providing and installing WiFi facilities of Sri Lanka Foundation, has also been stated as 100 percent as at 31	The foundation has stated that there has been some deficiency in presenting the progress report it was also informed that actions will be taken to prevent this situation in the future.	The functions of the institutions under the Ministry should be supervised to ensure that the planned tasks are carried out as scheduled in the year under review.

December 2024, but this project had not yet commenced by that date.

Instructions should be given for the correct maintenance of records.

4.2 Procurements

The following observations are made.

Audit Observation	Comment of the Chief Accounting Officer	Recommendation
(a) In accordance with paragraph 4.2 of the Government Procurement Guidelines, the expected procurement activities for a period of at least 03 years should be listed and the master procurement plan should be prepared, and the procurement activities for the year should be prepared in detail, but the Ministry had not done so.	Instructions were given to officers to prepare procurement plans for the next 3 years in accordance with the Procurement Guidelines.	The procurement plan should be prepared in accordance with the Government Procurement Guidelines.
(b) The contract period of the company that provided security services to the Ministry had expired on 31 August 2023 and without selecting a new company, the same company had been provided service until 01 April 2024 spending Rs.368,000 to that company. However, another company had been selected from 01 April 2024. According to the agreement, an agreement had been entered into to pay that company a maximum of Rs.276,149 per month. Accordingly, due to the failure to select the	It has also been informed that instructions have been given to ensure that such deficiencies do not occur in the future.	An institute should be selected through a formal invitation to bid in accordance with government procurement guidelines before the contract period expires.

company through a formal procurement process within the stipulated time, the Ministry had had to incur an additional cost of Rs.551,106 for a period of 06 months at the rate of Rs.91,851 per month.

4.3 Assets Management

The following observations are made.

Audit Observation	Comment of the Chief Accounting Officer	Recommendation
(a) The Peugeot vehicle bearing number 32-8985 had been taken over by the Ministry of Mass Media on 26 January 2022, and a revenue license could not be obtained due to the first owner of the relevant vehicle was failed to pay the outstanding license fee of Rs.180,000. As a result, it was observed that the vehicle had not been used for driving since the date of taking over and had been idle.	It was informed that the Western Province Motor Transport Commissioner has informed that there is an outstanding revenue license fee of Rs. 185,117 that should be paid by the first owner. When this vehicle is repaired and made ready for operation and when the revenue license is obtained.A request has been made to the Western Province Chief Secretary to waive the outstanding revenue license fees and fines. The Ministry has addressed this practical problem that arose when obtaining the revenue license and is awaiting approval from the Western Province Governor.	Immediate action should be taken to properly utilize the assets.
(b) Although there were about 29 vehicles, including vehicles that were transferred to the Ministry and those that were not transferred, for	It has been informed that since the vehicles in the Ministry are generally more than 10 years old, there is a high tendency to resort to frequent repairs, and since	Government expenditure should be minimized through proper management and actions should be taken to act in accordance with the circular provisions issued on

the Ministry's transportation activities, 19 vehicles were used during the year 2024. Despite this, 02 vehicles were acquired on lease for a period of 5 years for Rs.33 million on an operating lease basis and an expenditure of Rs. 8,227,326 was incurred for these 02 vehicles in the year 2024 alone. there were no suitable vehicles to be assigned to the officials entitled to official vehicles of the Ministry, as the need for those vehicles had already been met, two vehicles have been acquired under the operating lease system on 02 January 2023 with the formal approval of the Comptroller General as per the provisions of National Budget Circular 07/2022, and provisions have been allocated by the National Budget Department.

(c) Actions had been taken to dispose of a vehicle for Rs. 2,500,000, the ownership of it had not been formally transferred to the Ministry and had not been assessed. The money received from the disposal of the vehicle was credited to the revenue code number 2006-02-01, which is the Comptroller General acting as a revenue accounting officer.

Assets should be disposed of in accordance with correct procedures.

4.4 Uneconomic Transactions

Give audit observations revealed in this connection.

Audit Observation	Comment of the Chief Accounting Officer	Recommendation
(a) The Public Performances Board purchased a DCP machine worth Rs.6,581,432 in 2015 and it was not operational from 2019 to 31 December 2024 so the cinema hall built by the Ministry of Education worth Rs.56,500,000 could not be put into operation until now. Accordingly, the Board had lost an income of Rs. 14,765,000 due to the	A committee had been appointed to obtain a full report for the allocation of provisions from the 2025 budget by the current line ministry of the Public Performance Board.	Action should be taken to minimize losses by performing machine maintenance work promptly.

failure to put this machine into operation.

(b) The Ministry of Mass Media incurred a repair cost of Rs. 3,042,848 during the year 2024 for the Tiana Nissan vehicle bearing number KY – 3328 belonging to the Civil Aviation Authority of Sri Lanka, valued at Rs.14,000,000, which is 54 percent of the total repair cost of the Ministry during that year. It was observed that the expenditure incurred for the use and maintenance of such a large value vehicle is not in accordance with the provisions of the National Budget Circular No. 01/2024 dated on 10 January 2024.

It is an official vehicle owned by the government attached to officials, therefore the repair costs have been incurred, and as per the provisions of 01/2024, there is scope to obtain vehicles on monthly rental/operating lease, but since 2 vehicles have already been obtained in that manner, this vehicle has been repaired and put into operation without further obtaining such vehicles.

Action should be taken in accordance with the provisions of National Budget Circular No. 01/2024.

(c) An expenditure of about Rs. 32.7 million had been incurred for the Terrestrial Television Broadcasting Digitalization Project from the year 2021 to the year 2024 under expenditure codes numbers 105-02-04-08-2509-12 and 105-02-04-08-2509-17 respectively and in the year 2025 under expenditure code number 111-02-28-004-2509-17 up to the audit date of 30 April 2025. An amount of more than 99 percent of this expenditure had been

This project, is being implemented under JICA loan assistance, began in 2021 and in April 2022, due to the adverse economic situation in the country at that time, the Japanese government temporarily suspended the transfer of funds for the ongoing projects, and therefore, the future activities of the project could not be carried out as planned. It was decided to implement this project with a minimum staff of two people to carry out the basic activities. JICA has given its consent to the relevant agreement on

Action should be taken to achieve the project objectives as expected.

incurred for salaries and wages, but the functions had not been performed as expected. 14 May 2025, and accordingly, the necessary actions have now been initiated to carry out the future project activities of this project expeditiously.

4.5 Management Weaknesses

The following observation is made.

Audit Observation	Comment of the Chief Accounting Officer	Recommendation
(a) Out of the vehicle repair expenditure of Rs.5,643,580 allocated under Head No. 105 Ministry of Mass Media, Rs.3,042,848 was incurred for the repair of vehicles owned to the Ministry of Civil Aviation.	The necessary approvals have now been received to take over this vehicle to the Media Division of the Ministry of Health and Mass Media, and the repairs have been made to maintain its running condition as a government vehicle in use by the Media Division.	Provisions should be used only for the maintenance of vehicles owned by the Ministry.