

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 2019 comprising the statement of financial position as at 31 December 2019 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 25 June 2020. 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 28 September 2020 to the 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 prepared in terms of the State Accounts Circular No:271/2019 of 03 December 2019 give a true and fair view of the financial position of the Department of Government Information as at 31 December 2019, 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 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, 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 skepticism 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 override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedure 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 the Legal Requirements

As required by Section 6 (1) (c) and 38 of the National Audit Act, No. 19 of 2018, I state the followings:

- (a) That the financial statements of the year correspond with the preceding year,
- (b) The recommendations on the financial statements for the preceding year had been made.

1.6 Comments of Financial Statements

1.6.1 Statement of Financial Position

Audit Observation	Recommendation	Comments of the Accounting Officer
-----	-----	-----
Rs. 42,571,377 had been spent for acquisition of capital assets during the year, however, according to the statement of non-financial assets it was Rs. 42,400,678 and was observed a difference of Rs. 170,699.	All expenses incurred should be duly included in the financial statements.	According to the ledger Rs. 42,571,377 was incurred, however, only worth of Rs. 42,405,177 assets had been purchased by the department.

1.6.2 Statement of Cash Flow

The following observations are made.

Audit Observation	Recommendation	Comments of the Accounting Officer
-----	-----	-----
(a) In the statement of cash flow, non-revenue receipts had been mentioned as Rs. 281,860 and the revenue collected for the other heads had been mentioned as Rs. 13,885,179, however, according to the consolidated trial balance there had not been a line item as non-revenue receipts and the revenue collected for other heads was Rs. 21,131,018. Accordingly, cash flow from operating activities of the financial statement had been understated by Rs. 6,963,979.	Financial statements should be prepared as per the circular instructions and the values of the trial balance and the statement of cash flow should be equal accordingly.	In the statement of cash flow, although the revenue collected for the other heads had been mentioned as Rs. 13,885,813, the revenue collected for other heads has been mentioned as Rs. 21,131,018 according to the consolidated trial balance.
(b) In the statement of cash flow, the recoveries from advances had been mentioned as Rs. 452,413, however, according to consolidated trial balance it was mentioned as Rs. 10,062,947 and the cash generated from investing activities had been understated by Rs. 9,610,534 in the statement of cash flow.	Financial statements should be prepared in such a way that the values of trial balance and the statement of cash flow are same.	Though the recoveries from advances of Rs. 452,413 had been mentioned in the statement of cash flow, according to the consolidated trial balance that value has mentioned as Rs. 10,062,947.
(c) In the statement of cash flow, the deposits received had been mentioned as Rs. 257,225, however, it	Financial statements should be prepared in such a way that the values of trial balance	Though the deposits received of Rs. 257,222 had been mentioned in the statement of cash flow, according to the

was mentioned as Rs. 1,302,547 according to the consolidated trial balance and it had been caused to understate the cash generated from financing activities by Rs. 1,045,322. and the statement of cash flow are same. consolidated trial balance that value has mentioned as Rs. 1,302,546.

- (d) In the statement of cash flow, personal emoluments and operating payments had been mentioned as Rs. 230,937,450, however, it was mentioned as Rs. 248,176,053 according to the consolidated trial balance and it had been caused to understate the cash flow of cash disbursed for operations by Rs. 17,238,603. Financial statements should be prepared in such a way that the values of trial balance and the statement of cash flow are same. Though the personal emoluments and operating payments of Rs. 230,937,449 had been mentioned in the statement of cash flow, according to the consolidated trial balance that value has mentioned as Rs. 248,176,052.
- (e) In the statement of cash flow, the purchase or construction of physical assets and acquisition of other investments had been mentioned as Rs. 62,281,390, however, it was mentioned as Rs. 62,662,622 according to the consolidated trial balance. Accordingly, cash flow for disbursed for investing activities had been understated by Rs. 381,232. All expenses incurred should be duly included in the financial statements. Though the purchase or construction of physical assets and acquisition of other investments of Rs. 62,281,389 had been mentioned in the statement of cash flow that value has mentioned as Rs. 62,662,622 according to the consolidated trial balance.

1.6.3 Non-maintenance of Registers & Books

Audit Observation	Recommendation	Comments of the Accounting Officer
Register of Losses		
Details such as the value of the loss, the cost of the repairs, the value recoverable had not been included relating to 03 motor vehicle accidents occurred in the year under review in the Register of Losses that should be maintained in accordance with the financial regulations 110 and the Register of Losses had not been maintained in an updated manner.	The Register of Losses should be maintained in an updated manner in terms of Financial Regulations 110.	Investigations relating to the vehicle accidents are in progress.

2. Financial Review

2.1 Expenditure Management

Audit Observation	Recommendation	Comments of the Accounting Officer
It was observed that the deficiencies of estimating Objects and there was a saving of 9 per cent to 68 per cent in the net provision relating to the 04 Recurrent Objects.	Correct expenditure estimates should be prepared in terms of financial regulation 50.	Provisions are saved due to the not arising requirements and the non-fulfillment of expected functions.

2.2 Incurring Liabilities & Commitments

The following observations are made.

	Audit Observation	Recommendation	Comments of the Accounting Officer
	-----	-----	-----
(a)	The commitments of Rs. 595,812 had not been recorded in the annual financial statements paid by vouchers up to 31 May 2020.	All commitments should be disclosed as at 31 December of the year under review in terms of Financial Regulation 150.	Audit observation is accurate.
(b)	In terms of Financial Regulation 94(1), provisions should not be exceeded when incurring liabilities, however, the commitments of Rs. 11,842,717 exceeding the provisions had been made for 09 Objects.	The commitments should not be exceeded the provision during the year in terms of financial regulations.	These commitments were made for the requirements were arisen then and according to FR 94(2).

2.3 Deposits Balances

	Audit Observation	Recommendation	Comments of the Accounting Officer
	-----	-----	-----
	Actions, such as crediting to Revenue or refunding as soon as possible or when relates to contract, recovering losses of contracts had not been taken relating to lapsed deposits totaling Rs. 7,488,595 in terms of Financial Regulation 571.	Actions should be taken in terms of Financial Regulations.	This amount has not been released due to problems with the contract.

3. Operating Review

3.1 Non-performance of Functions

Audit Observation	Recommendation	Comments of the Accounting Officer
06 activities out of 64 activities should be completed relating to 07 strategies mentioned in the annual action plan had not been performed by the department.	Activities should be performed as planned in the year under review.	3D animation programs were not produced as there were no requests to produce from the Government Film Unit and the main reason for not publishing the Thingal Tamil magazine that has to be published concurrently with the Desathiya magazine was not published due to lack of suitable staff. The seminar which was scheduled to be held with the objective of promoting knowledge of the teachers in charge of the subject in order to improve the quality of the subject of mass media could not be implemented due to Easter attack in 2019.

3.2 Failure in Obtaining the Expected Output Level

Audit Observation	Recommendation	Comments of the Accounting Officer
08 activities which had been allocated Rs. 12.5 million provisions out of 64 activities mentioned in the annual action plan had not been achieved the	Activities should be performed as planned in the year under review.	03 out of 24 volumes of Desathiya magazine could not be printed due to an unavoidable reason, press conferences announcing

expected output level and ranged between 12 per cent to 96 per cent.

cabinet decisions were suspended by the previous government and certain activities were postponed until 2021 due to the presidential election at the end of the year and Easter attack.

3.3 Procurement

The following observations are made.

Audit Observation	Recommendation	Comments of the Accounting Officer
-----	-----	-----
(a) According to the section 4.2.1(e) of the Procurement Guideline, the procurement plan should be regularly updated at intervals not exceeding six months, however, the procurement plan had not been updated accordingly.	Actions should be taken according to the Procurement Guideline.	Kindly informed that the actions will be taken in the future according to the section 4.2.1(e) of the Procurement Guideline.
(b) According to the section 4.2.2(a) of the Procurement Guideline, Procurement Time Schedule should be prepared describing in chronological order, steps of each individual procurement action, from the point of commencement until its completion, however, procurement time schedule had not been prepared accordingly.	Actions should be taken according to the Procurement Guideline.	The procurement plan has been prepared by including procurement time schedule.

3.4 Losses and Damages

The following observations are made.

Audit Observation	Recommendation	Comments of the Accounting Officer
-----	-----	-----
(a) A preliminary inquiry had not been conducted regarding 02 vehicle accidents occurred in the year 2019 for identifying responsible officers, taking actions for recovering the losses or damages in terms of Financial Regulations 104 and 105.	Actions should be taken as soon as possible after occurring an accident in terms of Financial Regulations.	The investigations have been initiated by obtaining notes from relevant officials regarding these accidents and further actions are in progress.
(b) The mobile phone and laptop computer issued to a former Director General had not been returned even by November 2020 and they had been shown as shortages in the reports on Board of Survey for the years 2014 and 2015. Even though a period of over 05 years had lapsed since non-returning of the items even by September 2020, the appropriate action in terms of Financial Regulations had not been taken.	The value of the loss or damage should be recovered from relevant officer.	The returning of these equipment to the department was discussed over the phone with the relevant officer and the officer said that the equipment would be returned as soon as possible.

3.5 Management Weaknesses

The following observations are made.

Audit Observation	Recommendation	Comments of the Accounting Officer
-----	-----	-----
(a) The actions had not been taken to recover the loans of Rs. 195,040 older than 18 years from 02 officers who	Provisions in Section 4 of Chapter XXIV of the Establishment Code should be followed	We have forwarded the copies of all these letters to the Public Finance Department on 24 February

had left service, even by June 2020. regarding the recovery of loans. 2020 and actions will be taken in the future after receiving the approval.

- (b) The loan balance of Rs. 244,390 which is outstanding more than 03 months and had to be recovered from a suspended officer had not been recovered even by November 2020. Provisions in Section 4 of Chapter XXIV of the Establishment Code should be followed regarding the recovery of loans. The Director General of Information has approved the payment of half salary with effect from 19 March 2020 until formal disciplinary inquiry is conducted and a final decision is taken. Only W&OP contribution, Agrahara contribution and stamp duty have been charged when paying the half salary after taking into account the financial difficulties of the officer.

4. Good Governance

4.1 Internal Audit

Audit Observation	Recommendation	Comments of the Accounting Officer
-----	-----	-----
In terms of Section 40(1) of the National Audit Act, No. 19 of 2018 and Financial Regulation 133, an Internal Auditor had not been appointed for the Department even by September 2020.	An Internal Audit Unit should be established in terms of National Audit Act No.19 of 2018 and Financial Regulations.	The relevant officer should be appointed by the Ministry of Public Administration, Home Affairs, Provincial Councils and Local Government for the post of Internal Auditor.