

Report of the Auditor General on Head 210- Department of Information- Year 2015

The audit of the Appropriation Account and the Reconciliation Statements including the financial records, books, registers and other records of the Head 210 Department of Information for the year ended 31 December 2015 was carried out in pursuance of provisions in Article 154(1) of the Democratic Socialist Republic of Sri Lanka. The Management Audit Report for the year under review was issued to the Director General of the Department on 08 August 2016. The audit observations, comments and findings on the accounts and reconciliation statements were based on a review of the Accounts and Reconciliation Statements presented to audit and tests of samples of transactions. The scope and extent of such review and tests were such as to enable as wide an audit coverage as possible within the limitations of staff, other resources and time available to me.

1.2 Responsibility of the Chief Accounting Officer and the Accounting Officer on the Accounts and the Reconciliation Statements

The Chief Accounting Officer and the Accounting Officer are responsible for the maintenance, preparation and fair presentation of the Appropriation Account and the Reconciliation Statements in accordance with the provisions in Article 148, 149, 150 and 152 of the Constitution of the Democratic Socialist Republic of Sri Lanka, other Statutory Provisions, and Public Finance and Administrative Regulations. The responsibility includes, designing, implementing, maintaining internal control relevant to the preparation and fair presentation of Accounts and Reconciliation Statements that are free from material misstatements whether due to fraud or error.

2. Accounts

2.1 Appropriation Account

Total Provision and Expenditure

The total net provision made for the Department amounted to Rs.234.90 million and out of that Rs.193.47 million had been utilized by the end of the year under review. Accordingly, the savings out of the total net provision of the Department had been Rs.41.43 million or 17.64 per cent. Details are as follows.

Expenditure	As at 31 December 2015			Savings as a percentage of Net Provision
	Net Provision	Utilization	Savings	
	Rs. Million	Rs. Million	Rs. Million	
Recurrent	216.36	179.64	36.72	16.97
Capital	18.54	13.83	4.71	25.40
Total	234.90	193.47	41.43	17.64

2.2 Advance Account

2.2.1 Advances to Public Officers Account

Limits Authorized by Parliament

The limits authorized by Parliament for the Advances to Public Officers Account of the Department and the actual amounts under Item No.21001 are given below.

Expenditure		Receipts		Debit Balance	
Maximum Limit	Actual	Minimum Limit	Actual	Maximum Limit	Actual
Rs.Million	Rs.Million	Rs.Million	Rs.Million	Rs.Million	Rs.Million
9.72	9.71	7.00	7.67	40.00	29.03

2.3 Imprest Account

The balance of the Imprest Account bearing No.7002/0000/00/0246/0015/000 of the Department as at 31 December 2015, amounted to Rs.9.96 million.

2.4 General Deposit Account

The balance of the General Deposit Account bearing No.6000/0000/00/0016/0075/000 of the Department as at 31 December 2015, amounted to Rs.8.9 million.

2.5 Audit Observation

Subject to audit observations appearing in the Management Audit Report as stated in paragraph 1.1 above, the Appropriation Account and Reconciliation Statements for the year ended 31 December 2015 of the Department of Information have been satisfactorily prepared. The material and important observations out of the observations included in those Management Audit Reports appear in paragraph 3.

3. Material and Important Audit Observations

3.1 Non- maintenance of Registers and Books

It was observed at the audit test check that the following registers had not been maintained in the proper and updated manner.

Type of Register	Relevant Regulation
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Register of Losses and damages	Financial Regulation 110
Register of Liabilities	Financial Regulation 214

3.2 Replies to Audit Queries

Replies to 07 Audit queries issued in the year under review and one audit query issued in the preceding years had not been furnished even by 31 March 2016. The quantifiable value of transactions relating to those audit queries amounted to Rs.18,353,966.

3.3 Appropriation Account

3.3.1 Budget Variances

The following observation is made.

- (a) Provisions ranging from 32 per cent to 92 per cent had been saved out of the net provision relating to 19 Expenditure Objects after the utilization of provisions due to making over provisions and various management weaknesses.

3.4 Imprest Accounts

Ad hoc sub- imprests totalling Rs.710,700 had been issued to 11 non- staff grade officers in 25 instances contrary to the provisions in Financial Regulation 371.

3.5 General Deposit Account

Action in terms of Financial Regulation 571 had not been taken in respect of 10 deposits totalling Rs.7,348,912 older than 2 years.

3.6 Reconciliation Statement on Advances to Public Officers Account

It was observed at the audit test check carried out in terms of Reconciliation Statements as at 31 December 2015 on Advances to Public Officers Account under Item No.21001 that the Department had failed to recover outstanding balances totalling Rs.261,272 recoverable from deceased and interdicted officers which had remained for over 05 years even by 31 December 2015.

3.7 Good Governance and Accountability

3.7.1 Annual Action Plan

Even though the Department should prepare an Annual Action Plan in terms of the Public Finance Circular No.01/2014 of 17 February 2014, an Action Plan for the year under review had not been prepared in terms of Paragraph 3 of the Circular.

3.7.2 Annual Procurement Plan

The following deficiencies were observed in the Annual Procurement Plan presented to audit.

- (a) A Procurement Time Table had not been prepared by chronologically describing steps of each procurement function from the instance of initiation to cessation of the procurement function in terms of Guideline 4.2.2(a) of the Government Procurement Guidelines.

- (b) Even though a principal procurement plan should be prepared for the expected procurement function at least for a period of three years in terms of Guideline 4.2.1(b) of the Government Procurement Guidelines, that Procurement Plan had been prepared only for the year 2015 by the Department.

- (c) A detailed procurement plan should be prepared for the year under review in accordance with the principal procurement plan in terms of Guideline 4.2.1 of the Government Procurement Guidelines, it had not been so prepared.

3.7.3 Internal Audit

An Internal Audit Unit had not been established for the Department. Internal audit functions of the Department had been carried out by the Internal Audit Unit of the Ministry. Even though 11 internal audit queries had been issued by it for the Department in the year under review, replies had not been given for 04 internal audit queries by the management of the Department.

3.7.4 Audit and Management Committee

Even though Audit and Management Committee meeting sessions should be held at least every quarter in terms of paragraph 06 of the Management Audit Circular No.DMA/2009(1) of 09 June 2009, at least one committee meeting had not been held in the year under review by the Department.

3.8 Assets Management

The following deficiencies were observed during the course of audit test checks carried out in respect of the assets of the Department.

(a) Idle and Underutilized Assets

Equipment for the colour laboratory purchased in the year 2003 for French Franc 9,150,000 (1,442,601 Euros) equal to a sum of Rs.102.2 million under a foreign loan obtained from the French Government in accordance with an agreement entered into between the supplier and the Department of Information on 10 December 1999 at an interest rate of 2.1 per cent without properly carrying out a proper feasibility study, had remained idle without being maintained even by May 2016. A committee comprising of three persons had been appointed in the year 2010 in this connection and its recommendation was to furnish a Cabinet Memorandum to obtain the approval for the sale of such machine by calling for public bids. However, action had not been taken accordingly even by 31 May 2016 by the Department.

(b) Conduct of Annual Boards of Survey

The following observations are made.

- (i) According to the Public Finance Circular No.02/2014 of 17 October 2014, the Board of Survey for the year 2015 should be conducted and the reports there on should be furnished to the Auditor General before 17 March 2016. Nevertheless, the Department had not furnished those reports for audit even by 31 March 2016.
- (ii) Action on the excesses and shortages pointed out and other recommendations made in the Reports of the Board of Survey for the year 2013 had not been taken in terms of the Financial Regulations.

3.9 Performance

Key Functions not executed in accordance with the Action Plan

Thirteen functions of the Department had not been executed and several instances so observed are given below.

- (a) Repair of the laboratory building with an estimated cost of Rs.4.6 million and renovation of the Research Division.
- (b) Repair of the Conservatory.

3.10 Irregular Transactions

Certain transactions entered into by the Department had been devoid of regularity. Several such instances are given below.

- (a) A detailed estimate for the partitioning of the upper floor of the Publication Bureau had not been prepared. A sum of Rs.285,168 had been paid inclusive of value added tax for the relevant work without obtaining the approval of the Technical Evaluation Committee for the prepared estimate. A certificate had not been obtained for work completed from a Technical Officer.
- (b) A sum of Rs.201,026 had been spent for two officers who were not entitled for vehicles for fuel for their private travels for a period of 02 months without obtaining even a specific approval in terms of Public Administration Circular No.22/99 of 08 October 1999.

3.11 Losses and Damages

It was decided at the discussion held by the State Engineering Corporation and the officers of the Department that action should be taken to rectify the defects occurred in constructions of the new Media Centre of the Department of Information and to recover a sum of Rs.6,623,624 overpaid to the contractor. Rectification of defects of that building and the recovery of overpayments had not been done even by 31 May 2016.

3.12 Uneconomic Transactions

A sum of Rs.1,201,480 had been paid to the Ceylon Electricity Board on 12 October 2015 for the installation of a Baker with a capacity of 160 KVA in the Audio Unit of the Department. The Baker which was so purchased had not been installed even by 30 April 2016.

3.13 Unresolved Audit Paragraphs

Reference to the audit paragraphs relating to the Department included in the Reports of the Auditor General on which rectifications had not been made by the Department relating to the deficiencies shown in the audit paragraphs is given below.

Reference to the Report of Auditor General

Subject referred to

Year	Paragraph Number	
2014	4.2	A sum of Rs.611,788 had been spent for obtaining luxury room facilities at exorbitant prices contrary to the Presidential Secretariat Circular No.CSA/P1/40/2007 of 24 February 2007. Even though it was accepted that any documents in that connection did not belong to the Procurement Unit of the Department on 24 November 2015, steps had not been taken to recover the loss occurred to the government even by 31 May 2016.
2014	4.13	Even though it was accepted that a sum of Rs.1,156,288 had been overpaid in obtaining food for press conferences in the years 2013 and 2014, action had not been taken to recover the overpaid amount.
2014	4.17	A Special Research Unit had been established consisting of 07 officers including three officers who had studied "Research" subject employed, in the Department. A sum of Rs.3,380,000 had been paid to an external institution by calling bids irregularly without assigning to conduct a field survey on the development of the country, to that Unit. The report issued by that institution had not been used for any purpose.

3.14 Management Weaknesses

The following weaknesses were observed at audit test checks.

- (a) A computer software for the preparation of sales invoices of the Government Publication Bureau existing under the Department, facilitating customers to identify stocks and documenting stocks, had been obtained by paying a sum of Rs.600,000 in the year 2008. This computer software had not been used for purposes other than the preparation of sales invoices even by May 2016.
- (b) A sum of Rs.1.75 million had been paid to a private company from 01 May 2015 to 31 December 2015 for the cleaning of buildings and the garden belonging to the Department. At the audit test check conducted in this regard revealed that the relevant company had not taken action in terms of the agreement as shown below.
 - (i) Even though twenty labourers and a work supervisor should be deployed for cleaning activities in terms of the agreement, that company had failed to deploy the number of employees specified. As such, payments had been made by deploying those employees in the Department of Information after cleaning activities of the Ministry of Mass Media for many days, under this circumstance.
 - (ii) Opportunity had been provided to initial the arrival and the departure either at the end of the relevant day or on the following day due to daily cleaning activities and attendance records not being subjected to the supervision of a responsible officer. As such, payments had been made based on attendance furnished accordingly.
- (c) Paint coatings and smooth ointments of walls had been removed due to not properly carrying out water proofing and had subjected to water leakages in construction activities of the fourth floor of the new Media Centre commenced in the year 2012. Even though those deficiencies had committed by the contractor, that condition had been continuously improved. Transparent sheets inserted to the roof near the front entrance door had been rusted within a short period as 4 years after the construction of buildings. As such, a sum of Rs.461,538 had been spent in the year under review for repairs carried out due to faults of the contractor.

3.15 Transactions of Fraudulent Nature

The liquor selling license of Sri Lanka Media Society had been transferred to an external person without a formal agreement since the year 2008. A sum of Rs.4,653,515 recoverable from him there for had not been recovered even by May 2016. Moreover, evidence as to suspending the extension of this license for the year 2016 had not been furnished to audit.

3.16 Human Resources Management

Approved Cadre and Actual Cadre

The position on the cadre as at 31 December 2015 had been as follows.

Category of Employees	Approved Cadre	Actual Cadre	Number of Vacancies
(i) Senior Level	15	06	09
(ii) Tertiary Level	16	04	12
(iii) Secondary Level	227	180	47
(iv) Primary Level	52	45	07
(v) Others (Casual/ Temporary/ Contract Basis)	20	09	11
Total	330	244	86