

Report of the Auditor General on Head 211 - Department of Government Printer - Year 2015

The audit of the Appropriation Account, Revenue Account and the Reconciliation Statements including the financial records, books, registers and other records of the Head 211 - Department of Government Printer for the year ended 31 December 2015 was carried out in pursuance of provisions in Article 154 (1) of the Constitution of the Democratic Socialist Republic of Sri Lanka. The Management Audit Report for the year under review was issued to the Government Printer on 20 July 2016. The audit observations, comments and findings on the accounts and the 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 Responsibilities of the Chief Accounting Officer and the Accounting Officer for the Accounts and Reconciliation Statements

The Chief Accounting Officer and the Accounting Officer are responsible for the maintenance, preparation and fair presentation of the Appropriation Account, Revenue Account and the Reconciliation Statements in accordance with the provisions in Articles 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. This responsibility includes: designing, implementing and 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 of Government Printer amounted to Rs.2,006.85 million and out of that Rs.1,936.06 million had been utilized by the end of the year under review. Accordingly, the savings out of the total net provisions of the Department of Government Printer amounted to Rs.70.79 million or 3.53 per cent. Details appear below.

Expenditure	As at 31 December 2015			Savings as a Percentage of Net Provision
	Net Provision	Utilization	Savings	
	Rs. Millions	Rs. Millions	Rs. Millions	
Recurrent	1,833.83	1,789.63	44.20	2.41
Capital	173.02	146.43	26.59	15.37
Total	2,006.85	1,936.06	70.79	3.53

2.2 Revenue Account

2.2.1 Estimated and Actual Revenue

The Department of Government Printer had estimated the Revenue totalling Rs.520.00 million in respect of the Revenue Code 20.03.02.05 for the year 2015 and Revenue totalling Rs.690.33 million had been collected for the year under review. The Revenue had been collected exceeding the estimated revenue by Rs.170.33 million or 32.76 per cent.

2.3. Advance Account

Advances to Public Officers Account

Limits Authorized by Parliament

The limits authorized by Parliament for the Advances to Public Officers Account of the Department of Government Printer under Item No.21101 and the actual amounts are given below.

<u>Expenditure</u>		<u>Receipts</u>		<u>Debit Balance</u>	
Maximum Limit	Actual	Minimum Limit	Actual	Maximum Limit	Actual
Rs. Millions	Rs. Millions	Rs. Millions	Rs. Millions	Rs. Millions	Rs. Millions
56.15	43.83	44.15	54.07	275.00	205.25

2.4 Imprest Account

The balance of the Imprest Account No.7002/0000/00/0104/0015/000 of the Department of Government Printer as at 31 December 2015 amounted to Rs.1.09 million.

2.5 General Deposit Account

The balances of the 03 Deposit Accounts under the Department of Government Printer as at 31 December 2015 totalled Rs.64.16 million. Details appear below.

<u>Deposit Account Number</u>	<u>Balance as at 31 December 2015</u>
	Rs.Millions
6000/0000/00/0013/0035/000	17.25
6000/0000/00/0018/0003/000	42.24
6000/0000/00/0002/0050/000	4.67
Total	64.16

2.6 Audit Observation

The Appropriation Account, Revenue Account and the Reconciliation Statements for the year ended 31 December 2015 of the Department of Government Printer had been satisfactorily prepared subject to the audit observations appearing in the Management Audit Report referred to in Paragraph 1.1 above. The material and important audit Observations out of the audit observations included in the Management Audit Report appear in Paragraph 3.

3. Material and Significant Audit Observations

3.1 Non – maintenance of Books and Records

It was observed during audit test checks that the Department of Government Printer had not maintained the following registers.

Type of Register	Relevant Regulation
-----	-----
(a) Register of Fixed Assets	Treasury Circular No.842 dated 19 December 1978.
(b) Register of Fixed Assets on Computers, Accessories and Software	Treasury Circular No.IAI/2002/02 dated 28 November 2002.
(c) Register of Liabilities	Financial Regulation 214

3.2 Liabilities committed exceeding the Provisions

Although provisions had not been made for the Object 211-1-1-1205 in the year under review, According to the Annual Budget Estimates for 2015 liabilities amounting to Rs.15.92 million had been committed by the end of the year under review for that Object.

3.3 Imprest Account

The imprest balance amounting to Rs.1.09 million as at the end of the year under review had not been settled by the Department even by 30 April 2016.

3.4 General Deposit Account

The following observations are made.

- (i) A sum of Rs.51.81 million had been shown as the opening balance of the year under review instead of the total balance of the old account of sundry deposits bearing No.6000/0000/00/0015/0093/000 and the old account of tender deposits bearing No.6000/0000/00/0002/0004/000 amounting to Rs.165.19 million as at 31 December 2014. Accordingly, the opening balance of the year under review had been understated by Rs.113.37 million.

- (ii) Even though the differences were revealed between the balances of the Deposit account of the Department and the balances of the Treasury Books, those balances had not been reconciled in terms of Financial Regulation 427 even by 31 December 2015.

3.5 Revenue Account

Duties such as preparation of Revenue estimates, collection of Revenue, Accounting and presentation of accounts in respect of 01 Revenue Code of the Department of Government Printer had been assigned to the Government Printer as the Revenue Accounting Officer of the Department. The following deficiencies were observed during the audit test checks carried out on in respective of that Revenue Code.

- (a) According to the Revenue Account presented to audit, the arrears of revenue as at 31 December 2015 amounted to Rs.861.81 million. Even though a sum of Rs.127.98 million out of those arrears of revenue remained since the period ranging from the year 1989 to 2007, the Department had failed to recover any revenue thereof even in the year under review.
- (b) Out of the arrears of revenue in respect of the years 2003, 2005, 2008, 2009, 2011 and 2013, only a sum of Rs.7.64 million or 6.8 per cent of the total arrears of revenue had been recovered in the year under review.
- (c) Action had not been taken to recover loan balances amounting to Rs.9.51 million recoverable from the private sector as at 31 December 2015 in terms of the instructions of the letter No.NC/6/71/2/1 of the Deputy Secretary to the Treasury dated 24 June 2008.

3.6 Reconciliation Statement of the Advances to Public Officers Account

The following deficiencies were observed at audit test checks of the Reconciliation Statement as at 31 December 2015 relating to the Advances to Public Officers Account bearing, Item No.21101.

- (a) According to the Reconciliation Statement presented to audit the balances that remained outstanding as at that date totalled Rs.6.13 million. Even though those outstanding balances remained over periods ranging from 3 years to 5 years, the follow-up action on the recovery of outstanding balances had been at a weak level.
- (b) Action had not been taken to recover the loan balances of deceased officers totalling Rs.426,332 which remained over a period of 5 years as at 31 December 2015 from the respective sureties or gratuity.
- (c) Action had not been taken to recover the loan balances recoverable from retired officers amounting to Rs.1.19 million remained over periods ranging from 1 year to 3 years.

3.7 Good Governance and Accountability

3.7.1 Annual Performance Report

Even though the Performance Report should be tabled in Parliament within 150 days after the closure of the financial year by the Department in terms of Public Finance Circular No.402 of 12 September 2002, that report had not been tabled in Parliament even by 12 July 2016.

3.7.2 Conduct of Audit and Management Committee Meetings

Even though the audit and management committee meetings should be held at least once in quarter, the Department had held only one meeting for the year 2015.

3.8 Assets Management

The following deficiencies were observed at audit test checks of the assets of the Department.

(a) Idle and Underutilized Assets

It was revealed during the audit checks that the following assets had remained idle.

Category of Assets	Number of Units	Value	Period of Idle
-----	-----	-----	-----
		Rs.	
Automated Gates System	02	2,951,171	Over 1 year
Kord 05 Printer	01	Could not be determined.	Over 16 years
Post card Rotary Machine	02	Could not be determined.	Over 1 year
Mo.1 – one color machine	01	Could not be determined.	Over 06 months

(b) Conduct of Annual Boards of Surveys

In terms of Public Finance Circular No.02/2014 of 17 October 2014, the Annual Board of Survey for the year 2015 should be conducted and the reports thereon should be furnished to the Auditor General before 17 March 2016. Nevertheless, the Department of Government Printer had not furnished those reports even by 23 May 2016. The last Boards of Survey conducted had been for the year 2013.

3.9 Non – compliance

Non-compliance with Laws, Rules and Regulations

Instances of non-compliances with the provisions in laws, rules and regulations observed at audit test checks are analysed below.

Reference to Laws, Rules and Regulations	Value	Non-compliance
-----	-----	-----
(a) General Contract Act No.3 of 1987	Rs. -	It was not confirmed that the bidders had been registered by the Registrar of Contracts, who offered the bids to supply 51 Air Conditioners.
(b) Establishments Code of the Democratic Socialist Republic of Sri Lanka ----- - Section 1.1 of Chapter V	-	- Even though a former Deputy Printer had been released to the duty of the Ministry of Parliamentary Reforms and Mass Media, a request for that release had not been made to the appointing authority in terms of the referred Section.
(c) Financial Regulations of the Democratic Socialist Republic of Sri Lanka ----- Financial Regulation 770	-	- Even though the approval had been granted by the Acting Printer to dispose 45 Air Conditioners which were in working condition, the recommendations to sell or distroy those Air Conditioners had not been given by a Board of Survey.
(d) Public Administration Circulars -----		
(i) Public Administration Circular No.13/2008 of 26 June 2008. Paragraph 4	19,031	Even though 162.66 litres of petrol had been given to the official vehicle by petrol orders in addition to the monthly petrol allowance for the Deputy Printer worked as the Acting Printer for the period from 01 January 2015 to 20 January 2015, special approval had not been obtained thereon.
(ii) Public Administration Circular No.22/99 of 08 October 1999. Paragraph 1	322,458	An officer who worked as a Counter and a Packer in the Department of Government Printer had been re assigned

to the Post of Assistant Secretary (Labour Relations) in the Ministry of Parliamentary Reforms and Mass Media on 15 May 2015. A vehicle belonging to the Department had been released to his usage and two drivers had been assigned thereon and the salaries and allowances and overtime had been paid by the Department.

3.10 Performance

The observations on the progress of the Department according to the Annual Budget Estimate and the Action Plan for the year 2015 are given below.

- (a) The printing of 795,500 text books of 5 categories relating to 3 subjects had been delayed for a period ranging from 3 days to 113 days in the year under review. The invoice value of printing works so delayed amounted to Rs.35.16 million.
- (b) At the examination carried out relating to the printing and distribution of the Gazette Notification during the period from January to March 2015, it was observed that the printing and the distribution had been delayed for a period ranging from 5 days to 45 days.

3.11 Irregular Transactions

Purchasing of 48 Air Conditioners

The following observations are made in this connection.

- (a) Based on the fact that one air conditioner fixed in the Department had destroyed due to a fire, without being carried out any technical evaluation, a decision had been taken that 45 air conditioners were not suitable for use and 48 air conditioners had been purchased to the value of Rs.7,008,073.
- (b) A cost estimate for the above purchase had not been prepared in terms of Guideline 4.3.1 (a) of the Government Procurement Guidelines.
- (c) Even though a formal contract agreement should be signed in terms of the Guideline 8.9.1 (a) of the Government Procurement Guidelines, a formal contract agreement had not been entered into with the supplier for this purchase.
- (d) Even though the prior approval of the Secretary to the Ministry should be obtained for the purchases of air conditioners in terms of Financial Regulation 41(2), the approval had not been obtained thereon.

3.12 Losses and Damages

The observations on losses and damage observed at audit test checks are given below.

- (a) A stock of stamps due to excessive printing and damaged the value of which could not be computed been retained in the Confidential Stamps Division.
- (b) Losses amounting to Rs.0.35 million had been incurred due to 07 accidents caused to the vehicles of the Department in the years 2002, 2011, 2012 and 2014. Action had not been taken either to recover the losses from the parties responsible or to write off from the books by the Department even by the end of the year under review.
- (c) In purchasing of 50 metric tonnes of 24”– 80 GSM Printing Papers, all the bids had been rejected, by which technical specifications or the reports of the Institute of Technology had not been submitted. The institute which offered the 4th lowest price and exceeded the required technical specification of water absorbing level of “22 gm2” of the institute had been selected and as such a financial loss of Rs.371,823 had been sustained by the Department.

3.13 Uneconomic Transactions

Even though 4100 dirty covers had been purchased to make diaries required for Parliament, the diaries had been handed over to Parliament amounted to 3026, thus an additional sum of Rs.65,890 had been incurred for 1074 covers of diaries purchased.

3.14 Management Weaknesses

The following weaknesses were observed at audit test check carried out relating to the transactions of the Department.

- (a) Even though the stamps should be printed confidentially and prorectively, no security arrangement had been implemented to avoid unauthorized access to the site in which the printing machine of the stamps has been installed at present. The room in which the security papers for printing of stamps stored, had also not been under Lock and Key.
- (b) In terms of Section 39 of the Factory Ordinance No.45 of 1942, a Fire Alarm Signal System had not been installed in the factory premises. An adequate training had also not been given to the employees relating to the methods of safety when and instance of a fire is caught. A fire was occurred in the Department in July 2004, and the Committee on Public Accounts held on 11 September 2009 had informed to submit a full report on the damage occurred due to that fire.

3.15 Human Resources Management

(a) Approved Cadre and Actual Cadre

The position of the Cadre as at 31 December 2015 had been as follows.

	Category of Employees	Approved Cadre	Actual Cadre	Number of Vacancies	Excess Cadre
(i)	Senior Level	37	18	19	-
(ii)	Tertiary Level	08	02	06	-
(iii)	Secondary Level	1,234	669	565	-
(iv)	Primary Level	694	529	165	-
(v)	Others (Casual/ Temporary/ Contract Basis)	-	08	-	08
	Total	1,973	1,226	755	08

The following observations are made.

- (a) The vacancies existed, out of the approved cadre as at the end of the year under review had been 755. The Department had not taken action to fill those vacancies properly, and a sum of Rs.2.32 million had been paid to 08 officers recruited under contract basis as salaries and allowances in the year under review.
- (b) Irregular Release of Human Resources to Other Parties

The particulars of irregular release of human resources to other parties during the year under review by the Department are given below.

Category of Employees	Number	Other Party	Period of Release
(i) Senior Level	01	Ministry of Parliamentary Reforms and Mass Media	Not mentioned.
(ii) Tertiary Level	01	- do -	Until the period of tenure of the Minister of Parliamentary Reforms and Mass Media.

- (c) An officer employed as an Acting Government Printer stated in (b) (i) above had been attached to the Ministry of Parliamentary Reforms and Mass Media from 21 January 2015 without being specified the post, and a sum of Rs.1.23 million had been incurred by the Department as salaries, telephone allowances, fuel allowances and other allowances for that officer in the year under review.