

Report of the Auditor General on Head 211 – Department of Government Printing -- Year 2016

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 Printing for the year ended 31 December 2016 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 23 August 2017. 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 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 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 amounted to Rs.2,002.00 million and out of that Rs.1,841.83 million had been utilized by the end of the year under review. Accordingly, the savings out of the net provision of the Department amounted to Rs.160.17 million or 8 per cent. Details appear below.

| Expenditure | As at 31 December 2016 | | | Savings as a Percentage of the Net Provisions |
|--------------|------------------------|-----------------|---------------|---|
| | Net Provision | Utilization | Savings | |
| | Rs.Millions | Rs.Millions | Rs.Millions | |
| Recurrent | 1,904.00 | 1,752.15 | 151.85 | 7.98 |
| Capital | 98.00 | 89.68 | 8.32 | 8.49 |
| Total | 2,002.00 | 1,841.83 | 160.17 | 8.00 |

2.2 Revenue Account

----- Estimated and Actual Revenue -----

The Department had prepared Revenue Estimates totalling Rs. 500.00 million in respect of Revenue Code 20-03-02-05 for the year 2016 and Revenue totalling Rs.519.47 million had been collected in the year under review. It had been 104 per cent of the estimated revenue. Details appear below.

| Revenue Code | As at 31 December 2016 | | | Excess as a Percentage of Estimate |
|--------------|------------------------|----------------|--------------|------------------------------------|
| | Estimated Revenue | Actual Revenue | Excess | |
| ----- | ----- | ----- | ----- | ----- |
| | Rs. Millions | Rs. Millions | Rs. Millions | |
| 20-03-02-05 | 500.00 | 519.47 | 19.47 | 3.89 |

2.3 Advances to Public Officers Account

----- Limits Authorized by Parliament -----

Limits authorized by Parliament for the Advances to Public Officers Account, Item No.21101 of the Department and the actual amounts are given below.

| Expenditure | | Receipts | | Debit Balance | |
|---------------|--------------|---------------|--------------|---------------|--------------|
| Maximum Limit | Actual | Minimum Limit | Actual | Maximum Limit | Actual |
| ----- | ----- | ----- | ----- | ----- | ----- |
| Rs. Millions | Rs. Millions | Rs. Millions | Rs. Millions | Rs. Millions | Rs. Millions |
| 50.00 | 49.99 | 45.00 | 51.26 | 255.00 | 203.19 |

2.4 Imprest Account

The balance of the Imprest Account No. 7002/0000/00/0104/0016/000 of the Department as at 31 December 2016 amounted to Rs.17.72 million.

2.5 General Deposit Account

The balances of 03 General Deposit Accounts of the Department as at 31 December 2016 totalled Rs.71.92 million. Details appear below.

| Deposit Account Number | Balance as at 31 December 2016 |
|-------------------------------|---------------------------------------|
| ----- | ----- |
| | Rs. Millions |
| 6000/0000/00/0013/0035/000 | 69.22 |
| 6000/0000/00/0018/0003/000 | 0.85 |
| 6000/0000/00/0002/0050/000 | 1.85 |
| | ----- |
| Total | 71.92 |
| | ===== |

2.6

Audit Observation

The Appropriation Account, the Revenue Account and the Reconciliation Statements for the year ended 31 December 2016 of the Department of Government Printing have been prepared satisfactorily subject to the Audit Observations appearing in the Management Audit Report referred to in paragraph 1.1 above. The material and significant Audit Observations out of the Audit Observations included in the said Management Audit Report appear in paragraph 3.

3. Material and Significant Audit Observations

3.1 Non-maintenance of Registers and Books

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

| Type of Register | Relevant Regulation |
|---|------------------------------|
| ----- | ----- |
| (a) Register of Liabilities | Financial Regulation 211(1) |
| (b) Register of Listing of Motor Vehicles | Financial Regulation 1647(e) |

3.2 General Deposit Account

Action in terms of Financial Regulation 571 had not been taken on 25 deposits older than 2 years totalling Rs.2,807,172.

3.3 Revenue Account

The duties relating to the preparation of Revenue Estimates, collection of Revenue, Accounting and the presentation of Accounts relating to a Revenue Code had been assigned to the Head of the Department as the Revenue Accounting Officer. The following deficiencies were observed during the course of the test audit of that Revenue Code 20-03-02-05.

- (a) According to the Revenue Account furnished to Audit, the arrears of revenue totalled Rs.558.34 million and that balance included a sum of Rs.202.93 million which was unrecoverable over a period of 21 years from the year 1989 to the year 2009. No amount whatsoever had been recovered during the year under review as well.

- (b) The loan balance recoverable for printing purposes assigned to private institutions by the Department totalled Rs.10,174,643. Out of that balance, a loan balance totalling Rs.931,096 had been outstanding over a period from 12 years to 24 years. Moreover, the balance of Rs.9,243,546 that remained outstanding since the year 2014, had not been recovered even by the end of the year under review.

3.4 Reconciliation Statement of the Advances to Public Officers Account

The following deficiencies were observed during the course of audit test checks of the Reconciliation Statement as at 31 December 2016 for the Advances to Public Officers Account, Item No.21101.

- (a) A sum of Rs.1.77 million was recoverable as at 31 December of the year under review from 08 officers who had been interdicted and who had deceased, vacated and left the service due to other reasons. Action had not been taken to recover the said balance of property loans over a period ranging from 10 years to 20 years.

- (b) Action had not been taken in the year under review to recover the distress loan of Rs.3.11 million recoverable from officers who are not in the service at present.

3.5 Good Governance and Accountability

3.5.1 Audit and Management Committee

In terms of paragraph 06 of Circular No. DMA/2009(1) of 09 June 2009 revised by the Management Audit Circular No. DMA/2009(I) (i) of 28 January 2016, six Audit and

Management Committee meetings should be held per year once in every two months by the Departments of which the Head of the Department is the Revenue Accounting Officer. Nevertheless, only 04 Committee meetings had been held during the year 2016.

3.5.2 Annual Performance Report

Even though the Department should table the Performance Report in Parliament within 150 days after close of the financial year in terms of the Public Finance Circular No.402 of 12 September 2002, that Report had not been tabled in Parliament even by 11 July 2017.

3.6 Assets Management

(a) Idle and Underutilized Assets

- (i) Five machines valued at Rs.1,250,000, purchased for the purpose of bookbinding had remained idle over a period of 13 years due to unavailability of printing works that can be carried out by those machines.
- (ii) It was revealed in audit test check that 36 machines of which the value cannot be determined accurately, had remained idle over a period from 06 months to 10 years due to reasons such as failure in repairing them and the outdated technology. In addition to that, 20 idle machines had been identified according to the report dated 17 November 2014 of the Committee, appointed by the Government Printer for the identification of unusable machines on printing works.
- (iii) **The computer system by which what the quantity and the institution of forms and books issued by the Forms Store can be ascertained efficiently, had remained idle due to lack of trained officers to operate that system.**
- (iv) Three categories of books, Legislative Enactments of Ceylon, New Law Reports and Voice from Ancient Sri Lanka valued at approximately Rs.12 million had been stored in a unprotected manner without using from the year 2012 up to now.
- (v) Two systems of automotive gates valued at Rs.2,951,179 which were fixed in the premises of the Department, had remained idle over a period of two years.

(b) Conduct of Annual Boards of Survey

According to the Public Finance Circular No. 02/2014 of 14 October 2014, the Board of Survey for the year 2016 should be conducted and the reports thereon should be furnished to the Auditor General before 17 March 2017. Nevertheless, the Department had not furnished those reports even by 06 June 2017. The last Board of Survey conducted had been for the year 1989.

3.7 Performance

----- Printing of School Text Books -----

- (i) The orders for printing of school text books received from the Ministry of Education had decreased and as such, the Department had been informed by the Committee on Public Accounts held on 11 September 2009 to prepare a proper plan by formulating a methodology to **improve the said position**. However, a proper plan had not been prepared therefor even by the end of the year under review.
- (ii) The variance ranging from 01 to 06 was observed in the number of categories of books received by the Department for printing within the period from the year 2010 to the year 2016 and that number had not further increased.
- (iii) The printing of 3 out of 4 categories of school text books pertaining to the order received from the Educational Publications Department for printing of school text books for the year 2017 had been delayed for a period ranging from 01 day to 31 days. The printing of school text books for the year 2016 as well had been delayed for a period from 03 days to 115 days. A sum of Rs.1,245,367 had been **charged** by the Educational Publications Department as the penalty and delay charges as at 30 May 2017 for two categories of text books so printed with a delay.

3.8 Uneconomic Transactions

- (a) In terms of the Public Finance Circular No.1/2014 of 17 February 2014, the Imprest Requirement Plan had not been included in the Annual Action Plan. It was observed that a sum of approximately Rs.260,000 had been spent for a workshop conducted at the Ranminithenna National Tele Cinema Park during the two days of 17 and 18 December 2016 with the participation of 34 officers of the Department for the preparation of that Plan.
- (b) A proper assignment of duties relating to the post of Printing Work Aide of the Department had not been made through a work study on duties. As such, the employees who were served in the post of Printing Work Aide, had performed various duties of the Department and obtained various payments therefor on piece rate basis. Moreover, it was observed in audit test check that a sum of Rs.138,907 had been obtained by 12 officers in December of the year under review on the piece rate basis.

3.9 Irregular Transactions

In terms of the Letter No. EST/8/ALLOW/03/969/22 of 24 March 2014 of the Director General - Establishment, prior approval should be obtained for the payment of other allowances. However, a total sum of Rs.1,298,534,052 had been paid as other allowances without obtaining the prior approval since the year 2014 itself.

3.10 Management Weaknesses

- (a) The following deficiencies were observed in the administrative system, operating in the Department from the receipt of a printing order up to the completion of that order.
 - (i) A plan on the completion of the order had not been prepared by considering the date on which that order should be completed at the instance of receiving the printing order.
 - (ii) It was observed that a proper coordination and **operation** among divisions of the Department, which contribute to complete a printing order, do not exist. Handing over of printing orders with a delay revealed that supervision is not carried out by the officers who are responsible for the entire process from the receipt of the order up to the completion of that order.
 - (iii) A prior agreement had not been entered into with the client on the date on which the printing order should be completed and handed over.
- (b) It was revealed in the audit test check that the officers had spent 42.5 hours, 116.75 hours, 57.5 hours and 115.5 hours for typing 07 pages, 10 pages, 08 pages and 12 pages of the Gazette Extraordinary No.1953/22, 1991/42, 1992/03 and 1964/17 respectively due to weakness in the administrative system of the supervision of works of the officers of the Computer Type Setting Division.
- (c) The Committee on Public Accounts held on 11 September 2009 had directed to formulate a methodology on the payment of employees' incentive. However, that purpose had not been completed up to 19 June 2017, the date of audit.
- (d) According to a Decision of the Meeting of the Cabinet of Ministers, held on 16 December 1981, the approval had been granted to pay on Piece Rate Basis instead of paying overtime for certain works. As such, it had been indicated that the Treasury should discuss with the Government Printer and decide the specific work that can be operated under the said method. However, those specific works which had elapsed 35 years, had not been identified.
- (e) A training programme had not been prepared for the year under review by identifying training requirements of the officers of the Department.
- (f) A specific basis had not been formulated for the selection of the staff of the Department for following courses of the Sri Lanka Institute of Printing.

3.11 Human Resources Management

Approved and Actual Cadre

The position on the cadre as at 31 December 2016 had been as follows.

| Category of Employees | Approved Cadre | Actual Cadre | No. of Vacancies | Excess |
|---------------------------|-------------------|-----------------|---------------------|--------|
| (i) Senior Level | 37 | 20 | 17 | |
| (ii) Tertiary Level | 08 | 03 | 05 | |
| (iii) Secondary Level | 1,234 | 638 | 596 | |
| (iv) Primary Level | 694 | 544 | 150 | |
| (v) Other(Contract Basis) | 0 | 10 | - | 10 |
| Total | 1973 | 1215 | 768 | 10 |

The following observations are made.

- (a) As the printing field is an expeditiously developing sector with the new technology, the staff that should be attached to each Division of the Department had not been identified through a proper work study.
- (b) A junior employee had been attached with effect from 15 May 2015 to the post of Assistant Secretary (Labour Relations) of the Ministry of Parliamentary Reforms and Mass Media.