

## **Head 211 - Report of the Auditor General on Department of Government Printing – Year 2017**

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The Appropriation Account, Reconciliation Statement under Head and Item Number stated in the First Schedule and Third Schedule of the Appropriation Act No. 24 of 2016 as amended by the Appropriation (Amendment) Act No.32 of 2017 and one revenue account included in the revenue code of table 3.1.2 of the annual budget estimates were presented to audit by the Department of Government Printing. The financial and physical performance reflected from the account and the reconciliation statement were audited in terms of Article 154(1) of the Constitution of the Democratic Socialist Republic of Sri Lanka.

### **1.2 Responsibility on the Financial Management and Accountability of the Chief Accounting Officer, Revenue Accounting officer and the Accounting Officer**

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The Minister of Finance is charged with the raising of Revenue and the collection of other Government monies as well as with the general oversight of all the financial operations of Government in terms of Financial Regulation 124. The Minister of Finance appoints the Chief Accounting Officers to discharge above responsibility in terms of Financial Regulation 124(2). The Head of the Department will be the Accounting Officer in respect of all financial transactions of his Department in terms of Financial Regulation 125(1)(a) and the Revenue Accounting Officer has been appointed by the Treasury. This responsibility includes designing, implementing and maintaining internal controls relevant to the maintenance, preparation and fair presentation of Accounts and Reconciliation Statements presented within the limitations imposed by Parliament 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, Government Financial Regulations and Administrative Regulations.

### **1.3 Scope of Audit**

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The audit of the Department of Government Printing – Head 211 for the year ended 31 December 2017 was carried out in pursuance of provisions in Article 154(1) of the Constitution of the Democratic Socialist Republic of Sri Lanka in respect of designing of financial and physical performance, Government expenditure, Government revenue, management of human and physical resources, applying of internal control systems, compliance with laws, rules and regulations and maintenance of updated books, registers, records and reconciliation statements, preparation and presentation of accounts in timely manner, issuance of performance reports to respective parties based on the performance indicators. The audit observations, comments and findings on the accounts and the reconciliation statements were based on a review of the plans, accounts, reconciliation statements and performance reports 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.

## 1.4 Audit Observation

The material and significant audit observations revealed from the audit of the Department of Government Printing for the year ended 31 December 2017 appear in t paragraph 2.1 to 2.11 in this report. The audit observations revealed in the execution of accountability as the Accounting Officer in accordance with provisions of the Financial Regulation 128 of the Democratic Socialist Republic of Sri Lanka, to ensure the adequacy of the financial administration are summarized and shown in the undermentioned table.

<b>Accountability of the Accounting Officer in terms of Financial Regulation 128 (1)</b>	<b>Non-compliance with that Provision by the Accounting Officer</b>	<b>Reference to the Paragraph included Observation</b>
Financial Regulation		
128(1)(a)	The work of his Department is planned and carried out with due despatch, having regard to the policy laid down by the Government and the intentions of Parliament in granting him financial provision for the activities authorized and that an endeavour is made, to complete the programme of work laid down for the year and/ or to attain the targets specified.	<ol style="list-style-type: none"> <li>1. Delays in achieving sustainable development goals. 2.1.1</li> <li>2. Deficiencies in Management. 2.6</li> </ol>
128(1)(b)	The work of his Department is planned and carry out for financial control and accounting it his department is effective, and provides adequately for the correct ascertainment, where necessary, of dues to Government, the systematic, complete and prompt collection of dues, and bringing to account of monies received,	<ol style="list-style-type: none"> <li>1. Deficiencies in Implementation of the Procurement Process 2.2</li> <li>2. Deficiencies in process of Printing of School Text Books. 2.1.2</li> <li>3. Audit and Management Committee.</li> </ol>

	the authorization of commitments on behalf of the Government, the supervision and examination of services and supplies rendered, and the prompt and correct payment therefore from public funds;	4. Deficiencies Human Resources Management	2.10
			2.11
128 (1)(c)	The Financial Regulations and other Supplementary instructions of the Government are adhered to in his Department and that they are supplemented by Departmental instructions where necessary.	1 Non-maintenance of Registers and Books. 2 Non-compliances.	2.8 2.9
128(1)(e)	Adequate and proper arrangements are made for the safe custody and preservation of money, stores, equipment and other assets belonging to the Government, or is in its custody, and that these are verified from time to time and where they are disposed of such disposal is according to prescribed Regulations and instructions.	Not carried out fuel consumption tests of motor vehicles.	2.3
128(1)(h)	Special arrangements are made to recover outstanding dues and that the officers assigned that task report to him at least once a quarter or as otherwise directed regarding arrears and action pursued to expedite their money.	Recover outstanding loan balances under Advances to Public Officers Account.	2.7

128(2)(e) Even though special Deficiencies in revenue Account 2.5  
arrangements are made for the  
expeditious collection of  
outstanding arrears of Revenue  
in consultation with the  
Accounting Officers and  
departments concerned in  
collection; those details are not  
reconciled with the detail  
available at the department.

## **2. Material and Significant Audit Observation**

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### **2.1 Performance**

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#### **2.1.1 Planning**

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#### **Delays in achieving sustainable development goals**

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The Department was not aware on the preparation actions to be taken to achieve the Sustainable Development Goals and Objectives set out under the “Agenda for Sustainable Development 2030”. of the United Nations Organisation. Accordingly, the actions had not been taken by the Department to identify the Sustainable Development Goals and Objectives, Indexes, allocation of human and physical resources thereon, collection of data etc,

As stated above, actions had not been taken to identify the Sustainable Development Goals and, Objectives related to the activities of the Department, key milestones to be achieved and Indexes to measure such achievements etc. as the Department of Government Printing had not made aware about the Agenda for 2030

#### **2.1.2 Printing of School Text Books**

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#### **The following observations are made**

- (a) It was directed by the Committee on Public Accounts at its meeting held on 11 September 2009 to prepare a plan to mitigate the adverse effect on reducing of the orders for printing of school text books of the Ministry of Education. However, a proper plan had not been prepared thereon even at the end of the year under review.

- (b) Even though the possible orders to be undertaken by the Department had been varied from 01 to 10 during the period from 2011 to 2017, there was no improvements achieved thereon.
- (c) Out of 10 types of school text books to be printed under the order received from the Department of Education Publications for 2018, 07 types of school text books had been printed with delays ranging from 01 to 187 days. A sum of Rs 55.3 million had been received as at 06 September 2018 from the Department of Education Publications and out of that a sum of Rs 5.4 million had been recovered as penalties and delay charges.
- (d) The Department had not possessed an information system to identify the Division/ Divisions responsible for delays in the process of printing of school text books. Therefore, the Department was not in a position to solve the problems arisen on delays in printing of school text books in the previous years.

### **2.1.3 Annual Performance Report**

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The Annual Performance Report for the year under review required to be tabled in the Parliament within 150 days after the financial year, as required by the Public Finance Circular No.402 of 12 September 2002, had not been tabled in the Parliament even as at 10 August 2018.

## **2.2 Supplies and Services made through Procurement Procedure**

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### **2.2.1 Implementation of the Procurement Procedure**

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The following observations are made in this connection.

- (a) According to the bid documents issued on import of 1626 metric tons of paper reels by the Department at an aggregated value of Rs.109.38 million, the supplier had agreed to supply the consignment within the period ranging from 21 to 45 days from the date of the Letter of Credit. However, the respective consignment had been received with the delays ranging from 01 to 03 months.
- (b) According to the bid documents, the delay charges of 2 per cent per week is required to be recovered. However, no action had been taken recover the delay charges amounting to Rs 19.24 million to be recovered on above mentioned supply.

## 2.3 Assets Management

### Fuel Consumption Tests not carried out

The tests on consumption of Fuel of 13 motor vehicles of the Department had not carried out in terms of paragraph 3.1 of the Public Administration Circular No.30/2016 dated 29 December 2016.

## 2.4 Non -utilization of Allocations made by Parliament to implement the Activities

The information relating to the allocation made to the Department of Government Printing, utilisation of funds and savings thereon made during the 05 years period ended as at 31 December 2017 are given below.

Year	Category of Expenditure	Net Allocation	Utilization	Savings	Savings as a Percentage of Net Allocation
		Rs.Millions	Rs.Millions	Rs.Millions	
2013	Recurrent	1,619.37	1,372.46	246.91	15
	Capital	166.60	129.21	37.38	22
	Total	<b>1,785.97</b>	<b>1,501.67</b>	<b>284.29</b>	<b>16</b>
2014	Recurrent	1,776.71	1,776.55	0.15	0
	Capital	141.00	105.71	36.78	26
	Total	<b>1,919.21</b>	<b>1,882.26</b>	<b>36.93</b>	<b>2</b>
2015	Recurrent	1,833.83	1,789.62	44.21	2
	Capital	173.01	146.43	26.58	15
	Total	<b>2,006.84</b>	<b>1,936.05</b>	<b>70.79</b>	<b>4</b>
2016	Recurrent	1,904.00	1,752.14	151.85	8
	Capital	98.00	89.68	8.32	8
	Total	<b>2,002.00</b>	<b>1,841.82</b>	<b>160.17</b>	<b>8</b>
2017	Recurrent	2,209.92	2,207.72	2.20	0
	Capital	120.27	119.91	0.36	0
	Total	<b>2,330.19</b>	<b>2,327.63</b>	<b>2.56</b>	<b>0</b>

## 2.5 Estimated and Actual Revenue

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It was estimated by the Department of Government Printing to collect a revenue of Rs 600 million under the Revenue Code 02-03-02-05 for 2017 and revenue aggregating Rs 611.7 million representing 102 per cent of the revenue estimated had been collected during the year under review. Details are given below.

Revenue Code	As at 31 December 2017			Revenue collected as a Percentage of Estimate
	Estimated Revenue	Actual Revenue	Excess	
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	Rs. Millions	Rs. Millions	Rs. Millions	
20-03-02-05	600.00	611.67	11.67	102

### Revenue Code 20-03-02-05- Receipts of Department of Government Printing

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According to the Revenue Account furnished to audit, the total amount of revenue of Rs.788.6 million remained in arrears for the period ranging from 01 year to 28 years. The following deficiencies were made in this connection.

- A sum of Rs.202.93 million had remained in arrears during the period from 1989 to 2009 and out of that a sum of Rs.36.46 million representing 18 per cent only had been recovered during the year under review.
- Out of the balance of Rs.355.4 million recoverable related to the period from 2010 to 2016, only a sum of Rs.45 million representing 13 per cent had been recovered during the year under review.
- The total balance of Rs.10,174,643 had remained recoverable at the end of the year under review for the printing services rendered by the Department for the private sector organizations. Out of that balance, balance amounting to Rs.931,096 had remained outstanding for the period ranging from 13 years to 25 years and other balance of Rs.9,243,546 had remained unrecovered since 2014. The respective balances had remained outstanding even at the end of the year under review.

## 2.6 Management Inefficiencies

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The following observations are made.

- (a) According to the decision of the Ministers of Cabinet at its meeting held on 28 February 1998 on the Cabinet Memorandum No අම/97/5232/17/35 of 16 December 1997, the commercial printing allowance is required to be paid based on the value of annual commercial production. It was observed that the non-commercial production revenue amounting to Rs.78.91 million had also been treated as the value of annual commercial production and calculated the commercial printing allowance thereon.
- (b) It was decided by the Cabinet of Ministers at its meeting held on 26 February 1998 to establish cost accounting system within the Department, improve the productivity and formation of Project with dedicated fund allocations or an Advance Account to pay commercial printing allowance. However, action had not been taken to implement the decision up to now.
- (c) As per the Letter No. MMI/05/06/2/13-2 of 01 March 2014 of the secretary of the Ministry of Mass Media and Communication, it was informed to pay the allowance for working on holidays and therefor no such working days to be considered for other allowances or counted other allowances. However, the hours worked in holidays had been counted for the payment of commercial printing allowance Therefore a sum of Rs.4,443,872 has been paid during the year under review as commercial printing allowance for 25 officers who are not entitled allowance

## 2.7 Advances to Public Officers Account

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### Limits Authorized by Parliament

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The limits authorized by Parliament for the Advances to Public Officers Account of the District Secretariat, Item No.21101 and the actual amounts are given below.

Expenditure		Receipts		Debit Balance	
Maximum Limit	Actual	Minimum Limit	Actual	Maximum Limit	Actual
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Rs.Millions	Rs.Millions	Rs.Millions	Rs.Millions	Rs.Millions	Rs.Millions
80	79	53	68	350	214



## **Non-recovery of Outstanding Loan Balances**

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According to the Reconciliation Statement as at 31 December 2017 presented for audit, the aggregate balance remained outstanding as at that date amounted to Rs.9,037,515 excluding the loan balances to be recovered from the officers transferred out. Out of that, 52% from those outstanding the balance, aggregating Rs. 4,712,862 representing 52 per cent of balances to be recovered had remained over 05 years. However, the follow-up action taken to recover the outstanding balances had remained inadequate.

## **2.8 Non-maintenance of Registers and Books**

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

<b>Type of Register</b>	<b>Relevant Regulation</b>
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(a) Register of Liabilities	Financial Regulation 211(1)
(b) Register of Motor Vehicles	Financial Regulation 1647(e)

## **2.9 Non-compliances**

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### **Non-compliance with Laws, Rules and Regulations**

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Instances of Non-compliance with the provisions in laws, rules and regulations observed during the course of audit test checks are analysed and shown below.

<b>Reference to Laws, Rules and Regulations</b>	<b>Non-compliance</b>
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(a)Section 41 and 42 of Factory ordinance No 45 of 1942	(i) Lack of a fire alarm system within the Department premises. (ii) An emergency safety signals in an emergency situation not indicated.
(b) Paragraph 09 of the Public Accounts Circular No 252/2016 of 09 December2016	In addition to the submission of the Appropriation Account, the Statement of financial performance review, Statement of, Financial Position and Cash Flow Statement are required to be submitted to the Auditor General on or before 30 June 2018 with a copy to the Department of Public Accounts.

However, such accounts had not been presented. Further, the respective financial statements had not been prepared and presented during the previous year as well.

## 2.10 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 meetings of Audit and Management Committee required to be held per year once in every two months by the Head of the Department as the Revenue Accounting Officer. However, only 04 Committee meetings had been held during the year 2017.

## 2.11 Human Resources Management

### Approved Cadre, Actual Cadre and Expenditure for Personal Emoluments

The particulars on approved and actual cadre, vacancies and the excess cadre remained as at 31 December 2017 are given below. The Department had spent a sum of Rs.994 million under the category of Personal Emoluments Expenditure during the year under review. Accordingly, the per capita expenditure amounted to Rs.806,164.

Category of Employees	Approved Cadre	Actual Cadre	Number of Vacancies	Excess Cadre
(i) Senior Level	37	17	20	-
(ii) Tertiary Level	08	04	04	-
(iii) Secondary Level	1234	632	602	-
(iv) Primary Level	694	575	119	-
(v) Casual/ Contract Basis	-	05	-	05
<b>Total</b>	<b>1,973</b>	<b>1,233</b>	<b>745</b>	<b>05</b>

The following observations are made in this connection.

- (a) Action had not been taken to conduct work study to identify the staff deployed for each section of the Department of Printing as the printing field is an expeditiously developing sector with the new technology.

#### (b) Training of the Staff

A plan for training purposed not been prepared for the year under review .