

Head 213 – Department of Educational Publications

1. Financial Statements

1.1 Qualified Opinion

The audit of the financial statements of the Department for the year ended 31 December 2018 comprising the statement of financial position as at 31 December 2018 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 provisions of the National Audit Act No. 19 of 2018. The Summary Report containing my comments and observations on the financial statements of the Department was issued to the Accounting Officer on 31 May 2019 in terms of Section 11 (1) of the National Audit Act No. 19 of 2018 . The Annual Detailed Management Audit Report of the Department was issued to the Accounting Officer on 30 May 2019 in terms of Section 11 (2) of the Audit Act. This report is presented to Parliament in terms of Section 10 of the National Audit Act No. 19 of 2018 which is read in conjunction with Article 154 (6) of the Constitution of the Democratic Socialist Republic of Sri Lanka.

In my opinion, except for the effects of the matters described in Paragraph 1.6 of this report, the financial statements give a true and fair view of the Department as at 31 December 2018 and its financial performance and cash flow 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. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

1.3 Responsibilities of Chief Accounting Officer and the Accounting Officer on Financial Statements

The Accounting Officer is responsible for preparation of financial statements in a manner that reflects a true and reasonable position and determines the internal control required to enable financial statements to be prepared without inadequate false statements that may result from fraud and error in accordance with Generally Accepted Accounting Principles and the provisions of Section 38 of the National Audit Act, No. 19 of 2018 .

As per 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.

The Accounting Officer shall ensure that an effective internal control system is maintained and maintained for the financial control of the Department in terms of sub-section 38 (1) (c) of the National Audit Act and it should be periodically reviewed the effectiveness of the system and make any necessary changes to keep the system running efficiently.

1.4 Auditor's Responsibility on Audit of Financial Statements

My objective is to express a reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue the Summary Report of the Auditor General 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 the override of internal control.
- It is not intended to express an opinion on the effectiveness of internal control of the Department to plan appropriate audit procedures in a timely manner.
- Evaluate the structure of financial statements including disclosures and content-based transactions and events the structure that the financial statements are appropriate and reasonable.
- The transactions and events underlying the structure and content of the financial statements are appropriately and fairly when submitting financial statements as a whole.

The Accounting Officer was made aware of important audit findings, key internal control deficiencies and other matters identified in my audit.

1.5 Report on Other Legal Requirements

I declare the following matters in terms of Section 6 (d) and Section 38 of the National Audit Act No. 19 of 2018 .

- (a) As there was no need to prepare financial statements for the previous year, it was impossible declare the financial statements for the year under review were consistent with those of the previous year.
- (b) As there was no need for the Department to prepare financial statements for the previous year, the recommendations for the financial statements of the preceding year had not been presented.

1.6 Comments on Financial Statements

1.6.1 Financial Statements not complied with Circulars

Although the financial statements had to be prepared in accordance with the State Accounts Circular No. 267/2018 dated 21 November 2018, the exceptions to those requirements are as follows.

Audit Observation	Recommendation	Comments given by the Accounting Officer
-----	-----	-----
(a) Although an Imprest Adjustment Account should be prepared in terms of Section 7 (VI) of the Circular, an Adjustment Account had not been prepared and furnished with the financial statements whereas imprest balance stated as Rs. 4,101,659,023 as at 31 December 2018 to indicate as zero value in the Financial Performance Statement .	Imprest Adjustment Reconciliation Statement should be prepared in terms of the Circular and submitted with financial statements.	Actions will be taken to prepare and furnish Imprest Adjustment Account.
(b) Although the sub total should be specified classifying and stating each of the fixed assets separately under those classification codes as per the Statement of Non-financial Assets	The value of assets should be stated as per the Format given in the Circular.	Actions will be taken to state the value of assets separately classifying each fixed asset under that classification

provided by the Circular in terms of the Format ACA 06, it had not been so stated in the Statement of Non-financial Assets submitted with the financial statements.

whilst preparation of the Statement of Assets in future.

1.6.2 Statement of Financial Performance

The following observations are made.

Audit Observation	Recommendation	Comments given by the Accounting Officer
-----	-----	-----
The Non-revenue Receipts amounted to Rs. 11,589,235 had been understated in the Financial Performance Statement .	Preparation of Financial Performance Statement should be made in terms of State Accounts Circular 267/2018.	Necessary steps will be taken to provide proper training to the relevant officers and to rectify the shortcomings shown thereon in future.

1.6.3 Statement of Financial Position

The following observations are made.

Audit Observation	Recommendation	Comments given by the Accounting Officer
-----	-----	-----
Even though the value of the library books in the Balance Sheet relating to the Commercial Advance Account of the Department was Rs. 475,383 as at the end of the year under review, an asset as such had not been included in the financial statements for the year under review.	The assets should be properly disclosed in the statement of financial position.	Actions will be taken to include the value of library books in financial statements in future.

1.6.4 Cash Flow Statement

The following observations are made.

Audit Observation

A difference of Rs. 376,940,361 was observed when comparing the values of 02 Objects outlined in the cash flow generated from operating activities in the Cash Flow Statement with their actual values. Similarly, a difference of Rs. 4,216,227,206 was observed whilst the value of the 03 Objects stated under cash outflow as compared with their actual values. The reasons for these differences were not explained. Further, the differences remained in cash inflows of 02 Objects and cash outflows of the 03 Objects outlined under Investment Activities amounted to Rs. 4,375,340,567 and Rs. 4,222,858,200 respectively.

Recommendation

Preparation of the Cash Flow Statement as per State Accounts Circular No. 267/2018 .

Comments given by the Accounting Officer

Necessary steps will be taken to provide proper training to the relevant officers and to rectify the shortcomings shown in future.

1.6.5 Reconciliation Statement on Advances to Public Officers Account

The following observations are made.

Audit Observation

- (a) It had been impossible to recover the outstanding loan balances from the officers who were interdicted for more than 2 years amounted to Rs. 9500 and the loan balance for more than 05 years amounted to Rs. 55,318 as at 31 December 2018.

Recommendation

The provisions of Section 4 of Chapter XXIV of the Establishments Code should be followed.

Comments given by the Accounting Officer

Since the store labour Mr. E. A. Sudath Jayalal has been reinstated, necessary actions will be taken to recover the relevant balance of his salary in future and once the relevant verdict is given, steps will be taken to recover the outstanding loan balance of Rs. 9,500 from Mr. Y.I. Udage.

- (b) There was a balance of Rs. 534,412 remained recoverable as at 31 December 2018 from the officers who had left the Department and out of that a balance of Rs. 69,725 from 04 to 05 years and a balance of Rs. 390,167 for more than 05 years were remained. The provisions of Section 4 of Chapter XXIV of the Establishments Code should be followed. Necessary actions will be taken in future as per the instructions given by the Attorney General's letter No. C/98/2018 of 21 June 2018.

1.6.6 Commercial Advance Account

The following observations are made.

Audit Observation	Recommendation	Comments given by the Accounting Officer
-----	-----	-----
(a) The loss occurred by the disposal of stock of books amounted to Rs. 54,771,558 had been shown as Rs. 83,680,906 in the Profit and Loss Account and had been overstated by a sum of Rs. 28,909,348.	It should be accurately accounted.	A provision from the profit equal to the amount of Rs. 83,680,906 which is the value of the stock of books removed from use as at 31 December 2018 has been recorded in the Profit and Loss Account .
(b) The interest on debit balance of Advance Account amounted to Rs. 6,849,330,109 had not been considered in case of stating the net loss after deducting the fictitious fees included in the note account which included the fictitious fees.	The interest on Advance Account Debit Balance to be adjusted..	Arrangements will be made to adjust the interest in future.
(c) As per the expenditure reports for August 2018, the allowances for books distribution amounted to Rs. 1,681,213 as entertainment expenses (principals), and entertainment expenses amounted to Rs. 2,220 as books distribution allowances had been adjusted by transfer notes in the Ledger Accounts.	Should be brought to accounts under accurate classifications.	In the event of mistaken the amount of the two accounts has been recorded changed. It is ensured that such shortcomings would not occur in future.
(d) Even though there were 14 vehicles belonging to the Department valued	All the assets belonging to the	Actions will be taken to correct the value of vehicles.

- at Rs. 48,962,000, due to the fact that only two lorries amounted to Rs. 11,237,810 had been shown as vehicles in the Balance Sheet, the value of the vehicle had been understated by Rs. 37,724,190. Department should be disclosed in the financial statement.
- (e) The unsettled creditor balances amounted to Rs. 1,147,200 stated in the Register of Payment for Printers 2018, had not been shown in the Statement of Financial Performance as at 31 December 2018. These balances should be disclosed in the financial statements. Actions would be taken to correct by journal entries.
- (f) It had not been able to recover the receivable balance remained from the year 2009 amounted Rs. 7,431,012 from a private company even by the year under review. Actions should be taken to recover these loans promptly. Actions will be taken to recover these loans in future.
- (g) Text books, Teachers' Guidelines and 37 extra books whereas the contracted value for printing orders for the year 2018 amounted to Rs. 15,059,725 had not been printed and handed over even by the end of the financial year. It should be formally printed during due dates. The relevant details of this are given in the annexures.
- (h) Teachers' Guidelines, Extra Books and Textbooks worth of Rs. 2,887,230 related to creditors in the years prior to 2018 included in the balance of creditors as at 31 December 2018 had not been printed and handed over by 30 April 2019. -do- The relevant details of this are given in the annexures.

1.6.7 Non-compliance with Laws, Rules and Regulations

Instances of non-compliances with provisions in Laws, Rules and Regulations observed during the course of audit test checks are analyzed below.

Observation -----	Recommendation -----	Comments given by the Accounting Officer -----
Reference to Laws, Rules and Regulations -----	Value Rs. -----	Non-compliance -----
(a) Financial Regulation of the Democratic Socialist Republic of Sri Lanka -----		
(i) Financial Regulations 396 (d)	1,031,658	Actions had not been taken in accordance with the Financial Regulations in respect of 123 cheques valued at Rs. 1,031,658 that had issued but not presented for payment for more than 06 months relating to 02 accounts.
(ii) Financial Regulations 1647 (b) and (e)		The Officers In Charge for vehicles should keep a list of motor vehicles in their possession and although a complete survey of vehicles and equipment thereon should have been

carried out, actions had not been so taken.

(b) Chapter III of the Establishments Code and Paragraph xviii of the Procedural Rules of the Public Service Commission published in Gazette Extraordinary No. 1589/30 of the Democratic Socialist Republic of Sri Lanka dated 20 February 2009 .

Although the officers who complete a long period of service in one place in the public service are subject to transfers, 18 officers of the Department of Education Administrative Service and 15 officers in other services had been employed in the Department continuously for a period of 05 to 22 years.

Actions should be taken in accordance with the Establishments Code and relevant Rules.

It is primarily considered that the fulfillment of highest educational qualifications in an interview whereas the Recruitment of Assistant Commissioners of Education Publications Department, and the placement of officers are carried out in particular consideration on eligibility requirements to perform the duties of the Department of Educational Publications in accordance with the procedural Rules.

2. Financial Review

2.1 Expenditure Management

The following observations are made.

Audit Observation	Recommendation	Comments given by the Accounting Officer
Due to lack of proper identification of requirements and complying with specific plans whilst preparation of Annual Estimates the	Steps should be taken to prepare estimates with proper planning and management in terms of Financial	(i) The reason for the savings of the Object 2-1-1003 was the absence of replacement on behalf of released officers. (ii) The provisions of Objects 2-1-1402 and

provision amounted to Rs. Regulation 50 .
6.61 million had been saved in
the range of 18 per cent to 21
per cent with regard to 05
Objects.

2-1-1409 were saved as a result of
managing of the expenses.

(iii) The reason for the saving of the Object
2-1-2401 was inability to conduct
training programmes as scheduled to
be implemented in December.

(iv) The reason for the saving of the Object
2-1-2104 was the problem of
preparation of engineering estimates.

2.2 Assets

Management

The following observation is made.

Audit Observation	Recommendation	Comments given by the Accounting Officer
Four types of test equipment in the possession of the Departmental Laboratory that had not subjected to audit, were underutilized without being used for testing.	That the equipment should be utilized effectively.	It is expected to bring a trained officer from ITI Institution to test the performance of the related machines and study how they work and use them for quality inspection in future years.

3. Operating Review

3.1 Procurements

The following observations are made in this regard.

Audit Observation	Recommendation	Comments given by the Accounting Officer
(a) The Department had paid Rs. 1.58 million for the purchase of office equipment in December 2017. The following observations are made in this regard.	(i) Although the specifications reviewed and approved by the Technical	Actions should be taken in compliance with the It has been instructed to obtain the specifications of

Evaluation Committee should be of common characteristics so that to have equal levels of competition among all bidders in accordance with Section 2.6.1 (II) of the Government Procurement Guidelines, the details of the prepared specifications such as length, width, height, thickness, raw material (type of planks or plates), diagrams etc. had not been stated by the Department .

provisions of the Procurement Guidelines.

the Technical Evaluation Committee along with the diagrams when calling quotations in future.

(ii) The procurement timeframe had not been prepared by the Department for this procurement. All the activities of opening of Bids, obtaining the approval of the Technical Evaluation Committees, obtaining the approval of the Procurement Committee, sending orders to organizations, procuring equipment and making payments to the institutions had been carried out within two days.

Formulate a procurement timeframe on plan and act accordingly.

Since the purchasing of these items had to be completed by 31 December 2017 with the intention of moving to new premises, procurement activities had to be done within a very short period of time, it was so done and the relevant officers were informed that the next purchases should be made in a formal manner with preparing a procurement timeline.

(iii) Even though the Bids from the Institutions offering the lowest bid for 05 items had been rejected noting that it is not compatible with the specification, the specifications had not been prepared precisely while calling quotation.

Actions should be taken as per the provisions of the Procurement Guidelines.

Since it is practically impossible to submit precise specifications when purchasing goods and as these items are sold in different sizes and qualities by the institutions who sold their products in the market, the relevant specimens were obtained and tested and it was taken into consideration not only the prices of the product but also the quality and durability and the appropriate items have been selected and

purchased.

(b) Procurement of Printing of School Text Books 2018/2019

The following matters were observed at the audit test checks carried out in respect of the procurement of printing of 357 categories of text books required for the year 2018 with 27,598,600 copies and 39,714,000 copies by the public and private sectors.

- | | | |
|---|--|---|
| <p>(i) Although it has been stated that the audited accounts of 03 ancillary years have to be submitted in terms of Section 13.3 of the Bidding Conditions Paper, the 06 selected institutions had not complied with this requirement.</p> | <p>It should be act as per the bidding conditions.</p> | <p>The Technical Evaluation ommittee will monitor the accounts of the printing organizations and analyzing the notes presented by each printers and pay attention on supervision information sheets of the presses as per the Bidding Condition Sheets.</p> |
| <p>(ii) The maximum rating percentages of 04 criteria for evaluating printers had been determined when printing text books in high quality. The procedure for selection of printers at the occasions of the offering competitive prices of the Bidders had not been included in the procurement conditions.</p> | <p>It should be complied with the procurement conditions.</p> | <p>When considering the bids quoted by the Bidders, methods have been followed to make revisions to get reasonable prices to the Government after focusing and making discussions by the Procurement Committee that the value is greater.</p> |
| <p>(iii) The number of text books provided to public institutions for printing in the year 2018 as compared to the year 2017 had decreased by 14 per cent.</p> | <p>An appropriate method should be put in place, to allow government institutions to print a certain number of books to make the best use of available resources in government institutions.</p> | <p>The printing of books had been handed over to the State Printing Department and the Government Printing Corporation under the approval of the Cabinet of Ministers in the years 2017 and 2018 outside the open procurement process.</p> |

- (iv) Although the number of copies of 56 text books to be printed under the new syllabuses of the year 2018 was 9,417,000, none of them have been issued to the public sector. -do- That the Government Printing Corporation was given the opportunity to select only the text books which could be printed to suit the machinery capacity of the Corporation.
- (v) A number of 419 books with 39,714,000 copies valued at 3,499.25 million had been printed from 02 government institutions and 27 private printers by the Department in the year 2018 for the year 2019. A Committee comprising a Commissioner and two Deputy Commissioners were named in this regard and although the printers were given responsibilities for printing text books on the recommendation of those committees on several occasions, an approval from the Cabinet Procurement Committee had not been obtained. Actions should be taken to make decisions with the approval of the Procurement Committee. The primary role of the Department is to prepare and distribute the relevant text books in Sinhala, Tamil and English medium to the entire student population while planning for the implementation of the government policy on school text books and, in the event that the printing institutions having any problem and does not print the ordered text books, actions will be taken in accordance with Section 20 of the Agreement.
- (vi) Because it had been refused to print 586 copies of 05 books 03 months after the bid were offered by two entities that were awarded bids by this Committee, those had been reprinted by 04 other presses. Even though the Bid Security of the printing order had been taken over by the government, by refusing orders as such, it had been impossible to deliver text books to school children on time. It is necessary to take a deeper look into these printing institutions and make decisions on assigning printing jobs in future. Although the it had to be exchanged the letters as per the rules and regulations, arrangements has been made to print these books without delay.
- (vii) Although the reports should be obtained from the officers in charge regarding the reasons for delays in cases where the Departmental delays have been more than 50 days. Actions should be taken to obtain reports with regard to the reasons for delays from the officers in charge. A report on these books has been obtained by now and it is expected to obtain the reports of these officers in future without

as per the Report of the Steering Committee, dated 25 October 2017, actions had not been so taken.

delay .

- | | | |
|--|--|--|
| <p>(viii) The delays in presses from 9 to 55 days had occurred because of the distribution delays of text books as per the report of the Departmental Steering Committee and it had been released from paying fines for the printing delays longer than 14 to 97 days at certain times considering as Departmental delays.</p> | <p>Charging Fines should be regulated.</p> | <p>Details of Departmental delays related to late book delivery as stated in the Reports of the Department's Steering Committee are shown.</p> |
|--|--|--|

3.2 Management Weaknesses

----- Audit Observation -----	----- Recommendation -----	----- Comments given by the Accounting Officer -----
<p>(a) The following observations are made.</p>		
<p>(i) The schools had been instructed to correctly calculate and apply only the essential number of text books so that no excess books are stored in the stores as per Section 9 of the Internal Circular No: 2017/09 dated 31 May 2017 of the Commissioner General of Educational Publications on the Distribution of text books. Nevertheless, the Department has supplied 10,540 text books to 11 schools in Colombo exceeding the requirement.</p>	<p>Determine the necessity for text books accurately and supply text books with maximum efficiency.</p>	<p>That the schools are requesting text books by order documents and extra letters, there may be some delays occur in some cases and plans are being made to carry out the task in a systematic manner, preventing such problems in future.</p>
<p>(ii) Even though 06 months had elapsed since the required text books for 2018 were made available to students due to lack of ordering of text books in the accurate amount as per the requirement of the schools there were 13,194 text books stored in 08 schools in Colombo area.</p>	<p>Determining the necessity for text books accurately and make the best use of resources.</p>	<p>There may be some delays occur in some cases and plans are being made to carry out the task in a systematic manner, preventing such problems in future.</p>

(b) Quality Checks for Text Books

The following observations are made.

- | | | |
|---|---|--|
| <p>(i) The Tensile Index checks that should be tested when printing and granting storage approvals on the cover pages and inner papers of books printed for in 2018 for the year 2019 had not been carried out regarding any book in accordance with the specifications specified by the Department.</p> | <p>Proper quality inspections Should be made.</p> | <p>Tensile Index testing is done before they are printed. The quality of the paper changes once it is put into machines for printing and when the letters are printed. Therefore, this quality will be tested during the dummy test of the papers for printing.</p> |
| <p>(ii) Adequate number of samples had not been tested whilst granting approval for printing and storage of books printed by Print Suppliers from 1 July 2018 to 31 December 2018 .</p> | <p>Sufficient number of samples should be checked.</p> | <p>The pre copies are provided to the Production Division of the Department before printing of text book stocks , that one sample out of those copies is tested .</p> |
| <p>(iii) Although the standards prepared by the Sri Lanka Standards Institution should be used to the maximum extent possible in accordance with Section 5.6.3 of the Government Procurement Guidelines dated 25 January 2006, the quality inspection and testing procedures in relation to the 04 quality inspection specifications had not been implemented.</p> | <p>Should comply with the Procurement Guidelines.</p> | <p>The Standards set by the Sri Lanka Standards Institution are complied with ISO Standards and the machineries were bought in compliance with ISO Standards when obtaining relevant machineries to entire Department of Educational Publications.</p> |
| <p>(iv) The Techni dyne Color Spectrophotometer purchased in the year 2010 for a sum of Rs. 3.35 million had been used to measure the brightness and opacity in the Departmental Laboratory. Due to malfunction of the machine from 4 April 2018 the specifications such brightness and opacity had not been tested in any text book printed in 2018 for the year 2019.</p> | <p>The machine should be repaired immediately and the quality tests should be carried out properly.</p> | <p>The machine used to measure brightness and opacity is currently inactive and the issues also had occurred with regard to the repairs and further work plans are being made and implemented obtaining the approval of the Secretary of the Ministry of Education regarding that.</p> |

(c) Books prepared Relating to Grade 3 English as per the New Syllabus

The following observations are made.

Since the Grade 3 English work book, English Writing Book and English Text Book prepared for the new syllabus for distribution in the year 2018 had consisted of errors, it had to be revised again in the year 2019. As a result, a number of 27,275 books worth of Rs. 5.72 million printed in excess of the requirements for the year 2018 had been removed from the use of students.

Preventing of wastage of public money through setting text books accurately. Actions should be taken to identify the errors in the syllabus at the time of preparation of books.

Since some of the fonts introduced by the National Institute of Education in the year 2017 were revised in 2018, the requirement for re-editing of books relating to the subject of English in Grade 03 had arisen and as a problematic situation occurred in distribution of the printed text books to the schools at the beginning, those text books had left in the book store.

(d) Determining the requirement of yearly Text Books

The number of estimated copies of text books printed from the year 2017 to the year 2019 was 42,192,500, 27,598,600 and 39,714,000 respectively and the expenditure made for that was Rs. 10,697 million. The following observations are made in this regard.

(i) It was not observed that the many matters those had to be concerned were taken in to consideration while making decisions on the yearly text book order.

It should be determined the necessity for text books accurately.

The requirements provided by the Distribution Branch and Sales Promotion Branch as well as information on Board of Survey Reports conducted at the end of each year, reports on mobile service surveys carried out and book exhibitions and data obtained at the trade counter held are also considered on determining the text books requirement.

(ii) Although the yearly text books

It should be

Although information are being

requirements should be determined by obtaining the information with regard to the necessity of yearly text books requirements of 10,194 students in government schools through order lists and summarizing that information obtaining from the order lists, by the time of commencement of the procurement process for printing, those summaries had not been prepared for decision making.

determined the necessity for text books accurately.

called from the order documents for that year when obtaining information on the text book requirement in the previous years, and whilst the delays in those statistics, the need for printing of text books will be determined according to the student statistics obtained from the previous year's order documents and arrangements are being made to prepare a computer software to obtain overall number of students in future.

(iii) There was no evidence available that the Statistics Division of the Ministry of Education had collected information on the number of students pursuing each subject in each school in determining the need for text books. Whilst comparing the total number of students who applied for the G.C.E Ordinary Level Examination for the first time in the year 2017 with the annual book order, the number of students applied for the examination by 57 subjects was 2,441,503 and the total number of books ordered for Grade 10 was 3,467,000. Accordingly, a number of 1,025,497 books, or 42 per cent were printed beyond the requirement.

It should be determined the necessity for text books accurately.

International school requirements, natural disasters, exhibition activities and marketing promotions, are taken into consideration whilst preparation of the text book requirements list for the year 2020. The information consisted in the order documents received from schools as well as data obtained from the Ministry in the previous year were also considered.

(e) Printing of Extra Orders for Text Books

The following observations are made.

- (i) The original order requirement for text book printing in the years 2017 and 2018 had not been accurately determined. Accordingly, a number of 2,946,700 text books valued at Rs. 399.59 million by issuing three additional orders after the first order in the year 2017 and a number of 1,215,300 text books worth of Rs.109.4 million after the original order in the year 2018 by three additional orders had also been printed.
- Minimizing additional printing orders by determining the necessity for accurate number of text books at the beginning.
- Even though the original order has been issued determining the purpose of printing the text books for the years 2017 and 2018, due to various reasons it had to place re-orders on the approval of the Secretary.
- (ii) The prices for the procurements of 103 text books for the year 2018 had increased from 44 per cent to 257 per cent for more than the prices of year 2017 and procurement prices for the year 2019 for 70 types of books had fallen from 12 per cent to 58 per cent less than the year 2018 printed prices. The total number of copies printed in the year 2018 was 30,650,300 and this was a decrease of 10,279,000 copies compared to the number of copies printed in the year 2019. However, a high cost of Rs. 3,908.22 million had incurred in printing of text books in the year 2018 and that was an increase of Rs 325.65 million more than the year 2019. Although the Department had stated that the decrease in the number of copies caused the increase of the cost of text books and despite the cost of the text books had decreased in the 2019 the increase of the cost of the text books in the year 2018 in a quantitative manner was a controversial matter .
- Public money should be utilized more effectively when printing text books.
- The Open Procurement Procedure was also followed in the year 2017/2018 for printing of books. The Bids quoted by Newspaper Advertisements were evaluated and furnished by the Technical Evaluation Committee appointed by the Department of Public Finance. The fluctuation occurs at the offering prices in the procurement process by book to book as per the quantity of text books to be printed for each year, and factors that can cause cost variations also affected.

(f) Delays in Printing of Text Books due to Delays in Receiving Syllabuses

The following observations are made.

As the revised syllabuses of the years 2017, 2018 and 2019 were not received within a reasonable time, it was observed that the delivery of the text books to the students were impossible on time. It was not observed that the Department had taken steps to get the syllabuses from the National Institute of Education before the due time for the preparation of the text books.

Actions should be taken to obtain the syllabuses in due time.

The relevant officials of the National Institute of Education have been informed by the letters with the objective of obtaining syllabuses, teacher manuals and other copies on time for setting subject content of text books.

pj

(g) Charging Fines from Text Books suppliers and make Payments for Less or more Pages

The following observations are made.

(i) Due to the re-use of text books in the grades 6,7,8,9 increased up to 50 per cent as per the Paragraph 07 of the 2018 Specification Committee Report, even though it was decided to improve the quality of the papers and increase the brightness up to 85 per cent, since the changes in brightness of 106 types of books out of the total number printed for the year 2018 in 2017, a sum of Rs. 6.13 million had been charged as fines.

Look for a scoring system considering the past performance of providing quality books when giving points for printers in future procurements.

About 410 types of text books are printed and distributed annually by the Department of Educational Publications and the text books relating to grades 6, 7, 8, 9 are offering into reuse, and to provide a conceptual understanding for that and provisions have been made to streamline the reuse mechanism and also the Department is taking steps to get more quality books was reported.

(ii) It was observed according to the selected sample at the audit examination conducted relating to the year 2018 a sum of Rs. 72.86 million had been overpaid for a range of 10 to 46 page increase. Similarly, a sum of Rs. 39.37 million had been paid less for 10 to 32 page reductions. Accordingly, since the students could be uncomfortable with changing the

Look for a scoring system considering the past performance of providing quality books when giving points for printers in future procurements.

The number of pages provided in case of pre-text book planning process is a fictitious plan for the process of realization of learning. When the book is written on the variations of the standard additions/ subtractions of subscriber sources such as multiple choice questions, open questions, structured essay

content of the text books in more than 10 pages fluctuations, it was not observed as this matter was considered when the payments were made.

questions, maps, drawings, diagrams, tables, mathematic examples, practical exercises, puzzles, changes in the number of initially planned figures are practicable.

(h) Disposal of Scrap Books

The following observations are made.

- | | | |
|--|---|---|
| <p>(i) As it was not identified the yearly book requirement accurately, a number of 1,190,691 textbooks, teacher manuals and extra books had been disposed in the years 2016, 2017 and 2018 due to the increase in excess book stocks as well as weaknesses in book storage.</p> | <p>Printing and storing of books by determining the necessity for text books as accurately as possible.</p> | <p>An analysis of disposed text books for the years 2016, 2017 and 2018 is indicated in the Annexure. The text books that have changed the syllabuses for many years since 1999 have been so disposed and details of those text books are presented here. Majority of the text books in grade 3 and grade 9 which changed the syllabuses in each years have been so disposed.</p> |
| <p>(ii) There were about 265,223 text books left in the stores due to not printing text books based on accurate data and as a result of printing of text books by the Department exceeding the required number of schools for use in the year prior to the prescribed year of revision of the syllabuses.</p> | <p>It is needed to print the books more economically when printing text books in the year prior to the prescribed year of revision of the syllabuses.</p> | <p>The Department is planning to obtain accurate data to determine the accurate number of textbooks to be printed in future.</p> |
| <p>(iii) Due to the revisions made in the syllabuses of Pirivenas in the year 2018, a number of 39,366 Pirivena text books valued at Rs. 4.97 million printed for the year 2017 had been stored in the Store 'A' of Pitipana for over a year.</p> | <p>It is needed to print the books more economically when printing text books in the year prior to the prescribed year of revision of the syllabuses.</p> | <p>Since the number of books printed was changed later on from the original demand, a stock of books had remained.</p> |

- | | | |
|--|---|--|
| <p>(iv) Because of a number of 1,545,883 extra books valued at Rs. 205.29 million remained at Pitipana Naduhena 'B' Book Store by 15 December 2018 were not being stored in First In and First Out (FIFO) System, it was observed that the occurrence of wastages of books.</p> | <p>Steps should be taken to store the books properly.</p> | <p>A committee was appointed on 15 May 2019 to get a report on this and once that report is received, arrangements will be made to refer the Secretary of Education for further instructions and it has been planned to take actions to avoid such situations in future.</p> |
| <p>(v) It was observed that a number of 1,105,418 slow moving extra books valued at Rs. 217.31 million were available at Pitipana and Naduhena stores as at 15 December 2018, due to weaknesses in the storage of the books and long periods of storage in the store most of the books had unusably destroyed.</p> | <p>Steps should be taken to store the books properly.</p> | <p>A committee was appointed on 15 May 2019 to get a report on this and once that report is received, arrangements will be made to refer the Secretary of Education for further instructions and it has been planned to take actions to avoid such situations in future.</p> |

4. Achieving Sustainable Development Goals

The following observation is made.

Audit Observation	Recommendation	Comments given by the Accounting Officer
-----	-----	-----
Even though the Department was aware of the United Nations' "2030 Agenda" for Sustainable Development, the sustainable development goals and its objectives in relation to its work and plan to achieve those goals, measures to reach those goals, as well as indicators for measuring achievement have not been identified.	Actions should be taken as per the circulars.	That the actions will be taken in future.

5. Human Resource Management

The following observations are made.

Audit Observation	Recommendation	Comments given by the Accounting Officer
-----	-----	-----
(a) Although internal transfers between branches of the Department should be made at least once in every five years to perform the services of the Department effectively and strengthen the internal control as well , there were 31 officers working in the same branch for 5 to 19 years.	A formal internal transfer system should be formulated.	The duties of the officers working in the major divisions of the Department are varied as Heads of Divisions. These officers are recruited on the basis of subject specificity and make placements on various roles and also assign to different roles in the production of textbooks.
(b) Although there were two posts of Printing Machine Operator in the approved cadre, a Scheme of Recruitment had been prepared.	Steps should be taken to prepare the Scheme of Recruitment.	Preliminary steps were discussed to take further actions to prepare the Scheme of Recruitment procedure for the post of Printing Machine Operator as well . Necessary plans will be prepared to make further arrangements and to take actions.