

Head 211-Government Printing Department

1. Financial statements

1.1 Qualified audit opinion

The audit of financial statements for the year ended 31 December 2018 comprising of the Statement of Financial Position at 31 December 2018, Statement of Financial Performance for the year ended 31 December 2018 and cash flow statement was carried out in pursuance of provisions of the National Audit Act No 19 of 2018 and provisions of article 154(1) of the Democratic Socialist Republic of Sri Lanka under my direction. The summary report was issued to the Accounting Officer on 31 May 2019 in terms of section 11(2) of the National Audit Act. The detail management report was issued to the Accounting Officer on 30 May 2019 terms of Section 11 (1) of the National Audit Act. This report is presented to Parliament in terms of Section 10 of the National Audit Act No. 19 of 2018, read in conjunction with Article 154 (6) of the Constitution of the Democratic Socialist Republic of Sri Lanka.

In my opinion, excluding the impact of paragraph 1.6 of this report, the financial position as at 31 December 2018, the financial performance for the year ended therein and the cash flow show a true and fair view of in terms of generally accepted accounting principles.

1.3 Responsibility of the Chief Accounting Officer and the Accounting Officer on financial statements

It is the responsibility of the Chief Accounting officers and Accounting Officers to decide the internal controls in order to prepare financial statements in accordance with generally accepted accounting principles and complying with provisions of section 38 of the National Audit Act No. 19 of 2018, to show a true and fair view and prepare financial statements devoid of material misstatements.

Department shall keep proper books and records on its income, expenditure, assets and liabilities to prepare annual and timely financial statements in accordance with section 16(1) of National Audit Act No 19 of 2018.

The Chief Accounting Officer and the Accounting Officer shall ensure that an effective internal control system is developed and maintained for the financial control of the department in terms of subsection 38 (1) (c) of the National Audit Act, and the periodic review of the effectiveness of the system shall be conducted. Changes must be made to the system for effective operation of the same.

1.4 Auditor's Responsibility in Auditing Financial Statements

My objective is to provide a reasonable assurance that the overall financial statements are free from any material misstatements resulting from fraud or error and issuance of Auditor General's report. While fair certification is a high-quality guarantee, it does not always ensure that material misstatements do not contain in financial statements when audited in accordance with Sri Lanka Auditing Standards. While effects of frauds or errors, either individually or collectively cause material misstatements, users of financial statements shall be careful when making financial decisions based on them.

Audited in accordance with Sri Lanka Auditing Standards with professional judgment and professional compliance. By me

- In my opinion, obtaining adequate and appropriate audit evidence to mitigate the risks of fraud and error by planning appropriate audit procedures in a timely manner when identifying and assessing the risks of financial statements that may result in fraud or error. The impact of fraud is stronger than the impact of inaccurate misrepresentation, and can lead to fraud, such as misconduct, forgery, intentional avoidance or internal controls.
- It does not intend to comment on the effectiveness of the internal control of the department in planning the appropriate audit procedures in a timely manner.
- Evaluate the structure and content of the disclosure financial statements and the transactions and events that underpin the financial statements in an appropriate and reasonable manner.
- that the transactions and events underlying the structure and content of the financial statements are appropriately and fairly incorporated in the presentation of the financial statements as a whole;

The accounting officer was made aware of key internal control deficiencies and other important audit findings identified in my audit.

1.5 Report on other legal requirements

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

- (a) It could not be stated that the financial statements for the year under review corresponded to the previous year as there was not need to prepare financial statements previous year.
- (b) The Government Printing Department did not make recommendations on financial statements as there was no need to prepare financial statements for the previous year.

1.6 On financial statements

1.6.1 Statement of Financial Position

The following observations are made.

| Observation | Recommendation | Accounting officers response |
|---|--|---|
| <p>(a) According to the Treasury Assets Report the value of property plant and equipment was Rs. 619,376,286. However the statement of Financial Position suggests it as Rs. 990,637,130. Thus there was a difference of Rs. 371,260,844.</p> | <p>Action should be taken according to the paragraph 3.3 of State Accounts Circular No. 267/2018 of 21 Nov 2017.</p> | <p>Purchases and disposals of assets during the year under review were adjusted to the closing balance of assets shown in the appropriation account of previous year. The balance thus arrived at was shown as the assets value in financial statement. Treasury assets records show the value of assets purchased according to CIGAS computer programe. This balance does not contain old assets values. Inclusions of such old balances are being done now. Therefore there was no way to reconcile the two balances.</p> |
| <p>(b) According to Value Added Tax (Amendment) Act No 14 of 2002 Value Added Tax shall be calculated based on the value addition on supply value.</p> | <p>Action should be taken according to the Value Added Tax (Amendment) Act No 14 of 2002.</p> | <p>No reply had been given.</p> |

1.6.2. Non compliance with Laws, Rules and Regulations

Instances of non compliance with Laws, Rules and Regulations observed during a sample audit are shown hereunder.

| Audit Observation | Recommendation | Accounting officers response |
|--|---------------------------------|------------------------------|
| <p>Reference to Laws Rules and Regulations</p> | <p>Nature of non compliance</p> | |

- (a) Section 16(2) of National Audit Act No 19 of 2018. Although an annual performance report should be submitted along with the annual financial statements, no such report had been presented. Action should be taken according to the National Audit act No 14 of 2018. Reports were prepared according to the state accounts circular No 267/2018 of annual financial statements. Since no directive had been given to submit an annual performance report along with annual financial statements no such report was submitted.
- (b) Section 41 of Factory Ordinance No 45 of 1942. No fire alarm system had been installed. A safe passage for people to move during an emergency had not been marked in the premises. Since paper which is a highly inflammable item is used extensively, such a fire alarm should be installed and a safe passage should be marked for people to move during an emergency. A discussion was held with the fire department of Colombo Municipal Council to install a fire alarm system and a physical inspection was also carried out. However since forklift machines operate inside the buildings of the Printing Department and the smoke emanates from them make the alarm system to operate, it was decided that such a system was not practicable. As an alternative high speed water taps and other fire extinguishers have been installed.
- (c) Section 23(J) and 23(K) to be read in conjunction with section 32 of National Environme. Empty ink plastic cans which were leftovers of printing works had been burned outdoors, although it Since department is bound to act in accordance with regulations of the National Environmental act, action should be taken accordingly. The disposal of empty plastic cans have become a big problem. Although attempts were made to sell them, it had not become successful. Therefore in order to prevent the breeding of mosquitoes, it was decided to burn them. However at present it was

nt Act No should not
 47 of 1980 have been
 appear in done.
 extra
 ordinary
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 September
 2017.

stopped and discussions are
 underway with the Colombo
 Municipal Council to formulate
 a suitable method to dispose
 plastic cans.

2. Financial review

2.1. Revenue Management

Following observations are made.

| Audit Observation | Recommendation | Accounting officers response |
|--|---|---|
| (a) During the year under review the total printing income billed was Rs. 1,018,388,626. Sum of Rs. 399,537,982 representing 39 percent of it had been in arrears at the end of the year under review. | Action should be taken to debit the department heads as per Financial regulations 208 for amounts due. | Letters have been sent to the respective institutions to collect the due amounts and recoveries are ongoing. |
| (b) Total outstanding balance for the year 2009 and preceding years were Rs 165,768,304. Only Rs. 87,136 was out of recovered by the department during the year under review. Rs 140,560,630 out of debtor balance as at 01 January 2018 were from outstanding balance for the period of 2010 to 2016. Out of that outstanding balance, only Rs 17,778,019 representing 13 percent of debtor balance was recovered. | If any amount cannot be recovered, then action should be taken to recover the same from the officers concerned. | Recoveries from old outstanding balances were extremely poor. The response for this departments request was also extremely poor. |
| (c) According to the department's books of accounts, eight state institutions owed the Printing Department sum of Rs. 13,729,564 as at December 2018. Out of that balance, a sum totaling Rs. 4,577,632 had been confirmed and the balance of Rs. 9,151,932 had not been confirmed. | Outstanding debtor balances should be recovered using the provisions available in Financial Regulations 208. | Balances shown in the books of accounts in the department are correct and the response received from institutions conserved was not seemed to be correct. |

3. Operating review.

3.1 Management deficiencies.

Following observations are made.

| Audit Observation | Recommendation | Accounting officers response |
|---|--|---|
| (a) 1,277,000 copies of school text books on 04 subjects were printed during the year under review and the Printing Department had received Rs. 110 million from the Department of Educational Publications. A sum of Rs. 21 million had been deducted as late charges due to the books being printed and supplied after the agreed date. | A plan of action should be initiated to print school text books on agreed times. | No response had been given. |
| (b) Although the books were printed late, 1112 persons of the department were paid total of Rs. 4,762,800 as a school text book printing allowance in addition to salaries paid during the year under review. | Since school text book printing allowance was paid as an additional payment, the management of the department must take steps to print the school text book on time. | This allowance is paid for the printing of school text books hence levying of late charges did not apply. |
| (c) The department's canteen is maintained by the government printing workers co-operative society which is registered with Co-operative Development Department. 26 and 03 department employees were released on fulltime and part-time basis respectively. | The operation of the canteen should be handed over to a suitable party selected from competitive tender procedure. The employees of the printing department should be removed from the | The department's canteen is maintained by the government printing workers co-operative society which is registered with Co-operative Development Department. Accordingly, request had been made to the Commissioner of Co-operative Development and Register of |

The department had paid a canteen. total of Rs. 10,953,637 as piece rate, over time and special allowance for these employees during the year under review.

Co-operative societies to conduct an audit. Action will be taken after the submission of their reports.

(d) According to chapter 10.03.04 of printing service minute amended in 2013, trainees recruited from outside the printing service are subjected to one year training period. During that period they were paid a daily allowance of Rs. 580. That daily allowance was affirmed by the public service commission by their letter No PC/6/5/194/3R dated 06 August 2015. However a total of Rs. 17,405,011 was paid as overtime and other allowances to those trainees during the year under review.

Trainees should be paid allowances according to circular instructions. If there is an unavoidable reason then proper approval should be taken.

This department has a factory environment and works in two shifts. It is compulsory to obtain services beyond normal of working hours. Therefore Rs. 580 paid for a day was divided by 8 and paid that sum as an hourly rate. If we were to obtain the same service from some other means there will be a bigger expense to be incurred. Due to deficiencies in the printing service minute, a suitable allowance could not be paid to them. In future the service minute would be amended and necessary action would be taken.

4. Attainment of Sustainable Development Goals

Following observations are made.

| Audit Observation | Recommendation | Accounting officers response |
|---|--|-------------------------------------|
| ----- | ----- | ----- |
| <p>The department was not aware of attainment of Sustainable Development Goals (SDG'S). Therefore activities such as identification of SDG goals and indexes, allocation of physical and human resources and collection of data had not been done.</p> <p>As mentioned above since the department had not been aware of 2030 agenda, it had not taken action to identify SDG goals, objectives, identification of indexes to gauge the attainment of sustainable development goals.</p> | <p>Maximum contribution should be given to attain the sustain able development goals and objectives.</p> | <p>No response had been given.</p> |