

Head 211- Department of Government Printing

1. Financial Statements

1.1 Qualified Opinion

The audit of the financial statements of the Department of Government Printing for the year ended 31 December 2021 comprising the statement of financial position as at 31 December 2021 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 of Government Printing was issued to the Accounting Officers on 31 May 2022 in terms of Section 11 (1) of the National Audit Act No. 19 of 2018. The Annual Detailed Management Audit Report relevant to the Department of Government Printing was issued to the Accounting Officer on 22 June 2022 in terms of Section 11 (2) of the National Audit Act, No. 19 of 2018. This report will be tabled in Parliament in pursuance of provisions in Article 154 (6) of the Constitution to be read in conjunction with Section 10 of the National Audit Act, No. 19 of 2018.

In my opinion, except for the effects of the matters described in the Paragraph 1.6 of this report, the accompanying financial statements give a true and fair view of the financial position of the Department of Government Printing as at 31 December 2021, and of its financial performance and its cash flows for the year then ended in accordance with Generally Accepted Accounting Principles.

1.2 Basis for Qualified Opinion

My opinion is qualified based on the matters described in paragraph 1.6 of this report. I conducted my audit in accordance with Sri Lanka Auditing Standards (SLAuSSs). 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 opinion.

1.2 Responsibility of the Chief Accounting Officer and the Accounting Officer for the Financial Statements

The Accounting Officer is responsible for the preparation of financial statements that give a true and fair view in accordance with Generally Accepted Accounting Principles and provisions in Section 38 of the National Audit Act, No. 19 of 2018 and for such internal control as management determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

As per Sub-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.

In terms of Sub-section 38(1)(c) of the National Audit Act, the Accounting Officer shall ensure that an effective internal control system for the financial control exists in the Department and carry out periodic reviews to monitor the effectiveness of such systems and accordingly make any alterations as required for such systems to be effectively carried out.

1.3 Auditor's Responsibilities for the Audit of the Financial Statements

My objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, whether due to fraud or error, and to issue an auditor's summary report 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 and its materiality depends on the 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 scepticism throughout the audit. I also;

- Appropriate audit procedures were designed and performed identify and assess the risks of material misstatement in financial statements whether due to fraud or errors in providing a basis for the expressed audit 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.

- An understanding of internal control relevant to the audit was obtained in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Evaluate the overall presentation, structure and content of the financial statements including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with the Accounting Officer regarding, among other matters, significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

1.4 Report on Other Legal Requirements

As required by Sub-section 6 (1) (d) of the National Audit Act, No.19 of 2018, I state the following:

- (a) Financial statements presented are consistent with that of the preceding year.
- (b) Recommendations made by me regarding the financial statements of the previous year had been implemented.

1.6 Comments on Financial Statements

1.6.1 Accounting Deficiencies

Property, Plant and Equipment

Audit Observation -----	Comment of the Accounting Officer -----	Recommendation -----
Value of the land situated at Colombo 08 which had been assessed at Rs. 2,200	Arrangements are being made to assess this land and document as an asset of the of Government	Action should be taken immediately to account for this land as an asset.

million in 2015 by the Printing Department in Department of due course. Valuation and vested in the Department by Divisional Secretariat, Thimbirigasyaya in the year under review had not been stated in the financial statements.

2. Financial Review

2.1 Revenue Management

Audit Observation	Comment of the Accounting Officer	Recommendation
<p>(a) In terms of Letter No. PED/RED/WO/2021/30 dated 21 September 2021 of the Director of Public Finance action should be taken to carry out follow up on the outstanding revenue of Rs.81,019,843 pertaining to the year 2009 and the prior years, and recover the balances. Nevertheless, any amount had not been recovered during the year under review.</p>	<p>We have informed the relevant institution by sending letters to pay the due balances.</p>	<p>An arrangement should be made to recover these outstanding balances without delay.</p>

- (b) Only 14 per cent or Rs.25,180,698 of the outstanding revenue amounting to Rs. 183,394,346 relating to the period from 2010 to 2019 had been recovered during the year under review.
- A sum of Rs. 25,180,698 out of the outstanding revenue pertaining to the period from 2019 to 2020 has been recovered, and the relevant institution has been informed on number of occasions via reminders and telephone calls to settle the balance. It has been possible to further recover Rs. 2,665,486 as at 19 May 2022.
- An arrangement should be made to recover these outstanding balances without delay.
- (c) Even though the debt balance of thirteen public institutions was Rs. 106,582,048 as at 31 December 2021, the balance according to the balance confirmation of those institutions was Rs. 58,638,104 thus resulting in a difference of Rs. 47,943,944.
- It has been stated in the Auditor General's Summary Report that the balance of 11 institutions is Rs. 40,971,314 according to the departmental account books and the balance confirmed by those institution is Rs. 15,105,332. The Government Printing Corporation which is one of 04 institutions stated in names from among the institutions referred to in that report has not confirmed its balance to us.
- The balance should be settled in consultation with the relevant institution.

2.2 Non-compliance with Laws, Rules and Regulations

Reference to laws, rules and regulations -----	Non-compliance -----	Comment of the Accounting Officer -----	Recommendation -----
Paragraph 1.3 of the Public Administration Circular No.22/99 (XXXIII) dated 07 November 2017.	It was observed in the examination of running charts of the vehicles of four months that the departmental vehicles had been used to transport officers on 06 occasions for destinations which exceeded distance of 50 kilometers thus operating vehicles for 20,453 kilometers.	This has been referred to the Director General of Establishments seeking approval and guidance in this connection.	Circular instructions should be followed.

3. Operating Review

3.1 Procurements

Audit Observation -----	Comment of the Accounting Officer -----	Recommendation -----
(a) As per the audit test check, late fees and fines of Rs. 519,671 had to be paid on four occasions of clearance of papers relating to the procurements carried out during the year under review.	The delay in the clearance of goods due to delay in the receipt of funds from the Treasury resulted in this situation.	Payment of delay charges and fines should be avoided through proper planning of procurement activities.

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| <p>(b) Even though a written agreement should be entered into according to the Guideline 8.9.1(a) of the Government Procurement Guidelines in respect of goods and services procurements which exceed Rs. 500,000, no action had been taken accordingly in respect of procurements carried out during the year under review.</p> | <p>This will be necessarily carried out from the year 2022.</p> | <p>Action should be taken in accordance with Guideline 8.9.1(a) of the Government Procurement Guidelines</p> |
| <p>(c) No action had been taken in the procurements to briefly specify shortcomings of the unsuccessful bidders in terms of Guideline 8.8 of the Procurement Guidelines to educate the bidders to submit more responsive and competitive bids in future and to minimize the level of complaints, and to demonstrate clearly the principle and practice of probity and transparency.</p> | <p>Those facts will be provided when requests are received from the relevant parties.</p> | <p>Action should be taken in accordance with the Guideline 8.8 of the Government Procurement Guidelines</p> |

3.2 Assets Management

Audit Observation	Comment of the Accounting Officer	Recommendation
<p>(a) The land containing 0.105 hectares that had been vested in the Printing Department on 31 January 2003 by the Divisional Secretariat, Kataragama under Section 44 of Chapter 460 of the Land Acquisition Act, No.28 of 1964 had been given for the use of Government Printing Cooperative Thrift and Credit Society even after the end of its term of lease.</p>	<p>The Government Printer has, under the Deed No.311, given this land on lease to the Society for a period of 10 years from 01.12.2004. Even though the term of lease has ended, the Society is taking action to construct a holiday resort on this land at present under the absolute supervision of the Government Printer.</p>	<p>Government assets should not be vested in private parties.</p>
<p>(b) The land containing 0.105 hectares in extent situated at Kataragama and vested in the Department by the Divisional Secretary, Kataragama in 2003 had not been assessed and not stated its value in the financial statements.</p>	<p>Arrangements are being made to assess this land situated at Kataragama and document as an assets of the of Government Printing Department in due course.</p>	<p>This land should be brought to account as an asset.</p>

3.3 Management Weaknesses

Audit Observation	Comment of the Accounting Officer	Recommendation
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<p>(a) In terms of Cabinet Paper No. 97/5232/17/035 dated 16 December 1997, the Staff Grade Officers of the Department are paid the commercial printing allowance with effect from 1998 and the said commercial printing allowance is paid by proportioning the value of one month's commercial printing order to the base amount of Rs.40 million considering that it remains unchanged. Nevertheless, action had not been taken to increase that base amount of Rs.40 million from the year 1998 up to present taking into account the facts such as inflation of the country and salary increases in the public service.</p>	<p>Further revisions on the commercial printing allowances are due to be made in the submission of the committee report for simplifying the method of allowance paid to the staff of the Government Printing Department to the Salary Commission.</p>	<p>Action should be taken to increase that base amount of Rs.40 million taking into account the facts such as inflation of the country and salary increases in the public service.</p>

- (b) The three conditions; introduction of a cost accounting system for the payment of commercial printing allowance as per the Cabinet decision, enhancing manufacturing productivity of the printing activities and creation of a project with identified provisions or an advance account as an alternative had not been fulfilled from the year 1998.
- Even though efforts were made to purchase costing, estimation and invoice software, it was unsuccessful due to mismatching with the specifications. Various measures have been taken to increase the manufacturing productivity. A decision has been reached initiate necessary activities to open an advance account.
- The conditions that had been specified in the Cabinet decision to fulfill in the payment of commercial printing allowance should be fulfilled promptly. Similarly, the costing of the printing activities should be assigned under an Accountant.
- (c) Taking into consideration the recommendations of the Salaries and Cadre Commission, approval had been granted to pay staff allowances only up to the year 2018 by the Letter No. ESJ / T / ALLOW / 03 /012 of the Director General of Establishments. No approval whatsoever had been taken for the allowances of Rs. 557,421,503 paid to the staff on piece rate basis during the year under review.
- Approval has been taken for the payments made up to 2018.
- Approval of the Director General of Establishments should be obtained for the relevant allowances.

- (d) According to the Letter No. b/8/3/706/969/21 dated 02 December 2008 of the Director General of Establishments, approval had been granted to pay an allowance at 65 per cent of the present salary drawn by an employee up to the year 2018. Nevertheless, it was observed at an audit test checks carried out in two divisions of the Department that 19 allowances of various types were being paid at the rates ranging from 104 per cent to 555 per cent exceeding 65 per cent of monthly salaries of the employees. An allowance of Rs. 30,372,909 had been paid for those two divisions during the year under review.
- Action is being taken to introduce a common allowance system precuding the introduction of allowances in different names at present.
- Action should be taken in accordance with the conditions referred to in the relevant letter of the Director General of Establishments.

- (e) According to the Cabinet decision dated 16 December 1981, approval had been granted to make payments on piece rate basis instead of overtime payments to accelerate the urgent printing works of the Department. Despite lapse of 40 year from the grant of relevant Cabinet decision, both the overtime allowances and allowances on piece rates had been paid for the same work without being correctly identified the works to be done on piece rate basis and the rates to be paid for the allowances.
- It has been planned to refer this matter to the Salaries and Cadre Commission, and a methodology has been developed in the report prepared for the payment of allowances to receive only one allowance either on piece rate basis or on overtime basis. Action is being taken accordingly.
- As per the Cabinet decision, establishment of piece rate payment method instead of overtime allowances should be carried out expeditiously.
- (f) Even though staff of the Multimedia Division should report at least 16 days or maximum of 22 days for service to pay their attendance allowance, an attendance allowance totaling Rs. 243,811 had been paid during the year under review for the staff members who had reported for service less than 16 days.
- As calling for service has been restricted due to Covid situation, attendance allowances have thus been paid irrespective of attendance of the employees for service.
- Since many number of other allowances are paid to the employees in this Division in addition to this allowance, this payment should be made only if the conditions prescribed for the payment of the allowance are fulfilled.

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| (g) | As allowances had been paid on the total production without being deducted the production norm of one production machine of the Multimedia Division, sums totalling Rs. 325,602 had been overpaid to the staff of that division during the year under review. | Monies have thus been overpaid due to a computation error. | Allowances should be paid only if the conditions prescribed for the payment of this allowance are fulfilled. |
| (h) | It had not been possible to settle loan balance of Rs. 3,108,952 that had continued to exist for a period from 05 years to 24 years from 03 retired officers, one interdicted officer, 18 officers who had vacated the service and from 04 officers who had been dismissed on other reasons. | Legal actions are being taken to recover the loan balances. | Action should be taken to recover the dues in accordance with provisions of the Establishments Code. |

4. Human Resource Management

Audit Observation	Comment of the Accounting Officer	Recommendation
Without stating specific reasons, Foremen had been appointed as Assistant Government Printers on duty covering basis to 10	These appointments have been made to maintain more efficient performance in the printing activities. According to the	Informal appointments should not be made in this manner.

divisions for which provisions of the Assistant Government Establishments Code, ¼ Printers had been of the initial salary appointed on permanent entitled to the post has basis and acting basis been paid as the acting and a sum of Rs. allowance. 714,225 had been paid as acting allowances during the year under review.