

## **Head 210 – Department of Government Information**

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### **1. Financial Statements**

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#### **1.1 Qualified Opinion**

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The audit of the financial statements of the Department of Government Information 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 was issued to the Accounting Officer 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 was issued to the Accounting Officer on 03 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 of the Democratic Socialist Republic of Sri Lanka 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 paragraph 1.6 of this report, the financial statements give a true and fair view of the financial position of the Department as at 31 December 2021 and its financial performance and cash flows for the year then ended in accordance with Generally Accepted Accounting Principles.

#### **1.2 Basis for Qualified Opinion**

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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 (SLAuSs). My responsibilities for the financial statements are further described in the Auditor's Responsibilities Section. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

### **1.3 Responsibilities of the Chief Accounting Officer and the Accounting Officer for the Financial Statements**

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The Chief Accounting Officer and the Accounting Officer are 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 the determination of the internal control that is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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 the preparation of annual and periodic financial statements.

In terms of Sub-section 38(1)(c) of the National Audit Act, the Chief Accounting Officer and 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.

### **1.4 Auditor's Responsibilities for the Audit of the Financial Statements**

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My objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, 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 on economic decisions taken by users on the basis of these financial statements.

As part of an audit in accordance with Sri Lanka Auditing Standards, I exercise professional judgement and maintain professional skepticism throughout the audit. I also:

- Appropriate audit procedures were designed and performed to identify and assess the risk 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 procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Department’s internal control.
- Evaluate the 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.
- Evaluate the overall presentation, structure and content of the financial statements including 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.

## **1.5 Report on Other Legal Requirements**

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I express the following matters in terms of Section 6 (1) (d) of the National Audit Act, No. 19 of 2018.

- (a) The financial statements are consistent with the preceding year,
- (b) The recommendations made by me on the financial statements of the preceding year had been implemented.

## **1.6 Comments on Financial Statements**

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### **1.6.1 Accounting Deficiencies**

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#### **Cash flow statement**

<b>Audit Observation</b>	<b>Comment of the Accounting Officer</b>	<b>Recommendation</b>
According to the paragraph 7.6 of the State Accounts Guideline No.2021/03, the cash flow statement should be prepared to direct method considering both money and cross entries. However a sum of Rs. 3,157,959 had been understated because the cash flow statement had been shown without cross entries.	It is informed that actions will be taken to enter the correct figures when preparing financial statements in future.	Actions should be taken according to the State Accounts Guideline.

## 1.6.2 Books and Records not being maintained

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<b>Audit Observation</b>	<b>Comment of the Accounting Officer</b>	<b>Recommendation</b>
According to the Financial regulations 110, a losses and damages register had not been maintained.	The losses and damages register is being updated.	According to the financial Regulation 110, a losses and damages register should be maintained under the format thereon.

## 2. Financial Review

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### 2.1 Expenditure Management

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<b>Audit Observation</b>	<b>Comment of the Accounting Officer</b>	<b>Recommendation</b>
A sum of Rs. 82,193,819 had been saved after transferring provisions of Rs. 27,150,000 relating to 09 expenditure codes to other expenditure codes through F.R. 66.	Not being implement a number of advertisements programmes due to COVID 19 , being fulfill requirements by managing vehicles belonged to the Department, transferring officers, vouchers not being present, requirements not being emerge, maintenance not being carryout as expected and suspension of construction of new building had affected to the savings.	Estimates should be prepared as accurate as possible.

### 2.2 Incurring of Liabilities and Commitments

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<b>Audit Observation</b>	<b>Comment of the Accounting Officer</b>	<b>Recommendation</b>
(a) Actions had not been taken to settle 15 liabilities totaling Rs.	A sum of Rs. 40,000 was paid to the Distance Education Institute on	Actions should be taken to settle the liabilities.

1,162,393 which had 01.04.2022 under the been stated under 7 expenditure code 210-02- expenditure codes of the 2401. The rest of liabilities financial statements for were not submitted for the year 2021 even up to payment. February 2022.

- (b) Six liabilities totaling Rs. 763,252 relating to the previous year had been shown as the liabilities relating to the year under review when entering in to vote ledgers of the year 2022 without showing as liabilities relating to previous years.
- Observation is correct. Actions will be taken to rectify the vote ledger.
- Actions should be taken to note liabilities correctly.

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

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Instances of non-compliance with the provisions in laws, rules and regulations observed in the sample audit test checks are analyzed below.

Reference to Laws, Rules and Regulations	Amount Rs.	Non compliance	Comment of the Accounting Officer	Recommendation
(a) <b>Sub Section 2:2:1 of Section 4:1 of Chapter XLVIII of Volume II of Establishment Code of the Democratic Socialist Republic of Sri Lanka</b>	-	A female officer attached to the transport Division had been released temporary to the Sri Lanka Telecommunication Regulatory Commission by the letter of the Director General of Government Information dated 23 November 2021 subject to a primary	The legal officer of the postal division Mrs. M.A.H. Athukorala had been appointed to carry out an investigation by the letter of the Secretary to the Ministry of Mass Media No.MMI/AD/	Actions should be taken according to the provisions of the Establishment Code.

investigation to be 2/1/-vol i  
held regarding dated  
irregularities which 23.09.2021.  
had been said to have  
done in repairing  
vehicles and in  
maintaining files  
during the period of  
the duty of the  
transport division.  
However such  
investigation had not  
been carried out up to  
3 March 2022. Further  
the Director  
(Administration) who  
was responsible for  
approving of vehicle  
repairs and services  
had been transferred  
to another Department  
on 26 October 2021.

(b) **Financial  
Regulations of  
the Democratic  
socialist  
Republic of Sri  
Lanka**

(i) <b>F.R.571</b>	7,652,315	Actions had not been taken regarding overdue deposits to credit to the state revenue or to refund and regarding contracts to recover the losses occurred from contracts. Further deposits valued at Rs. 7,488,595 older than 12 years had been included into it.	Retention money relating to construction of New media center was retained in the general deposit account. Losses are being assessed. Losses were assessed	Actions should be taken as per the Financial regulations.
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already for 9 items out of 10. Loss of one item was not assessed and handed over by the Department of State Engineering. Recovering will be made after receiving such values.

(ii) **F.R.802 (1)** - Seven vehicles Running of - Do - belonged to the Department had been limited due to remained idle during a limitation of period of 3 months to duties and 15 months as at 31 repairing of December 2021. vehicles could not be carried out because of the garage was closed as a result of COVID outbreak of the year 2021.

## 2.4 Issuance and Settlement of Advances

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<b>Audit Observation</b>	<b>Comment of the Accounting Officer</b>	<b>Recommendation</b>
a) Actions had not been taken to recover a sum of Rs. 159,870 and Rs. 150,700 from deceased and retired officers respectively as at the end of the year under review.	It is informed that actions will be taken to recover the loan balance of Rs. 159,870 which should be recovered from Mr. B.S.D. Premasundara who was died on 19.12.2020 from his death gratuity and Rs. 150,700 from the retirement gratuity of Mr. M.A. Jayasingha who retired on 31.12.2021 within this year.	Actions should be taken to recover balances of loans.
b) Actions had not been taken to recover the balances of loans amounting to Rs. 211,486 which should be recovered from 3 officers who had vacated their posts and a loan balance of Rs. 179,740 older than 5 years had been included in it.	It is informed that further actions will be taken to refer information and registers to the Attorney General's Department in connection with recovering a sum of Rs. 123,475 relating to Mr.O.C.L. Silva vacated post in the year 1997 and Rs. 56,265 relating to Mr. M. Ariyaratne vacated post in the year 2001 after receiving of instructions. The distress loan balance of Rs. 31,746 was settled by accounts head for march 2022.	Actions should be taken to recover the outstanding balance.

## 3. Operating Review

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### 3.1 Procurement

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<b>Audit Observation</b>	<b>Comment of the Accounting Officer</b>	<b>Recommendation</b>
Although the requirement of 42 computers had been recognized by the Department as at 18	The Director General had observed for purchasing of 52 computers for divisions of the	When making procurement, actions should be



February 2021, quotations had been called in two instances in this regard. Accordingly purchasing had been made based on the quotations presented on 31 May 2021 for 3 computers and on 25 August 2021 for 39 computers and an over payment of Rs. 4,189,600 had to be made for 11 computers due to rising of price because purchasing had not been made in one instance.

Department. Considering as an urgent requirement, quotations were called for purchasing of 03 computers on 24.05 2021 because of the fact that taking a lot of time for procurement activities relating to 39 computers. Meanwhile even though the major procurement was replied and recognized, there were difficulties for conducting meetings due to limitations of calling officers for duty because of the Covid pandemic. Accordingly it could be purchased 03 computers for the production division at lower price than the major procurement.

taken as possible as to take more advantage to the institution.

### 3.2 Not replying for Audit Queries

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Audit quires issued to the Department but not replied even up to 31 May 2022 are given below.

Audit Observation	Comment of the Accounting Officer	Recommendation
(a) Examination of the process of repairing and servicing of vehicles. (b) Examination of irregularities of maintaining files of vehicles. (c) Examination of release of the service of the Department. (d) Audit of government officers advance "B" account for the year 2021. (e) Audit of financial statements for the year 2021 (f) Financial audit 2021	Replies for 6 audit queries sent after the date of 07 March 2022 are being prepared and actions will be taken to submit without delay.	Actions should be taken to reply within the period mentioned in the query.

#### 4. Good Governance

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##### 4.1 Internal Audit

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<b>Audit observation</b>	<b>Comments of the Accounting officer</b>	<b>Recommendation</b>
According to the Section 40 (I) of the National Audit Act No.19 of 2018, even though an internal auditor should be appointed to a Department by the Accounting Officer, an internal auditor had not been appointed to the Department even up to July 2022.	The vacancy of the internal auditor post should be filled appointing an officer by the Ministry of Public Services, Provincial Councils and Local Government. It is informed that requests were made by the Department in several times to fill the said vacancy and however an officer suitable to the post was not appointed.	Actions should be taken according to the section 40 (1) of the National Audit Act No.19 of 2018.

#### 5. Human Resources Management

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<b>Audit Observation</b>	<b>Comment of the Accounting Officer</b>	<b>Recommendation</b>
The approved cadre for the year 2021 was 330 and the actual cadre was 232. As a result there were 98 vacancies and 06 vacancies in senior level had included in it.	In connection with vacancies of island wide and combined service, updates were done through the PACIS software of the web site of Ministry of Public administration. It was taken time to fill vacancies of certain departmental posts due to the delays occurred when following relevant methodologies. Further new recruitments were temporary terminated since 01.09.2021 until further notice by the letter of the secretary to the Ministry of Mass Media No. MMI/5/7/Com – Vol 1 dated 21.09.2021.	Actions should be taken to fill the vacancies of existing cadre.