

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 2022 comprising the statement of financial position as at 31 December 2022 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 12 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 11 July 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 2022, 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 (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 opinion.

1.3 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.

1.4 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.

1.5 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.

Paragraph reference	Audit Observation	Recommendation
1.2.1(c)(i) of CAM/D/GP/ML/2021	The ownership of the land owned by the department located in Colombo 08, which was valued at Rs.2200 million by the valuation department in the year 2015, was transferred to the department on November 22, 2021 by the Timbirigasaya Divisional Secretary, but the value of the land was not stated in the financial statements.	Action should be taken to account for this land as an asset promptly.
1.2.1(c)(ii) of CAM/D/GP/ML/2021	On January 31, 2003, the Kataragama Divisional Secretary transferred the land of 0.105 hectares to the Department. were assessed and not disclosed in the financial statements.	Action should be taken to account for this land as an asset promptly.

1.6 Comments on Financial Statements

1.6.1 Accounting Deficiencies

(a) Property, Plant and Equipment

Audit Observation	Comment of the Accounting Officer	Recommendation
<p>(i) The value of the land in Colombo 08, which was assigned to the department by the Divisional Secretary of Timbirigasaya in the year 2015 for Rs.2200 million in 2015, and the land in Kataragama of 0.105 hectares, which was assigned to the department by the Divisional Secretary of Kataragama on January 31, 2003. Not assessed and disclosed in the financial statements.</p>	<p>That after receiving the Valuation report for the year 2022 of the land in Colombo 08 and the land in Kataragama, steps have been taken to proceed.</p>	<p>Action should be taken to account for this land as an asset promptly.</p>
<p>(ii) According to the statement of financial position as on December 31 of the year under review, the balance of the value added tax control account on that date was Rs.41,997,251 but according to the treasury books it was Rs.41,306,373, the balance of the tax control account was overstated by Rs.690,878 on the added value of the statement of financial position.</p>	<p>This change has also happened due to the fact that the transfer slips have been submitted to the Public Accounts Department, but the Treasury has not taken action to correct it.</p>	<p>Action should be taken to avoid this problem in the future.</p>

2. Financial review

2.1 Revenue Management

Audit Observation	Comment of the Accounting Officer	Recommendation
(a) The Director General of State Finance No. PFD/RED/WO/2021/30 dated September 21, 2021, it was informed to follow up and recover the outstanding revenue balance of Rs.81,019,843 was not recovered during the year.	No comments have been made. Only letters which sent for payment of arrears have been submitted as attachments,.	Action should be prepared to recover these arrears promptly.
(b) From the year 2010 to 2019 outstanding income of was Rs.185,579,595 ,form it only 2.3 percent of which was Rs.4,296,250 had been settled in the year under review.	No comments have been made. Only letters sent for payment of arrears have been submitted as attachments.	Action should be prepared to recover these arrears promptly.
(c) The Department has received Rs.20,840,046 balance confirmations were received from ten institutions and no balances were reported from eight institutions. And Rs. 16,585,005, the department has failed to submit documents to confirm the balance.	No comments have been made. Only letters sent for payment of arrears have been submitted as attachments.	For the change in these balances should be investigated and the balances corrected immediately.

2.2 Expenditure Management

Audit Observation	Comment of the Accounting Officer	Recommendation
Although it is mentioned that such additional expenses should not be incurred until the relevant authority gives authority for the transfers in accordance with F.R. 66, in the reviewed year respectively Rs. 11,500,000 and Rs. 20,000,000 due authority (of Ministry Secretary) was not obtained	By omission the Chief Accounting Officer has made this According to F.R.66, Although it has not been possible to obtain proper authority for transfers of provisions. By now action have been made to obtain approval for that	Action should be taken to avoid this problem in the future.

2.3 Incurring of Liabilities and Commitments

Audit Observation	Comment of the Accounting Officer	Recommendation
According to the other expenditure head 211-1-2-0-1205 of the expenditure statement for the year ending December 31, 2022, allocation of Rs.141, 742,549 to was remaining a 10 percent. The reason for that was mentioned as a saving due to controlling the expenses of the year. Nevertheless, at the end of the year, The expenditure head of 211.1.2.0.1205 As obligation in respect of the year , department was entitle to the obligation of Rs.586,014,129 in the statement of obligation and liabilities as of 31 December 2023.	<p>The reason for the remaining provision in the other expenditure subject of 211-1-2- 0- 1205 was that did not receive sufficient funds to make the payments from the treasury.</p> <p>Due to having to purchase essential raw materials to keep the department printing process continuously, obligations had to be made from other expenditure head of 211-1-2-1205.</p>	Action should be taken to manage to own expenses by acumen promptly.

2.4 Non-compliance with Laws, Rules and Regulations

	Reference to laws, rules and regulations	Observation value Rs.	Non-compliance	Comment of the Accounting Officer	Recommendation
(i)	Paragraph 06 of Public Administration Circular No. 19/89 dated March 23 , 1989	159,753,434	Although vouchers must be prepared and certified for receiving overtime allowances, each member of the staff does not prepare an overtime voucher and overtime is paid according to the number of hours provided by the time counter department.	The staff of the department is 1264. They perform the duties of various departments and prepare separate expenditure details for each department. If such expenditure details are prepared for the 1264 staff of the department, a lot of time and additional staff will be required. Therefore , I would like to inform you that the computer system will be prepared so that information about the number of overtime hours worked by each officer can be obtained accurately and automatically through the	An internal control system necessary to act according to the relevant circular should be established and urgent action should be taken to according to the circular.

department's computer system and the overtime calculation for the staff of the department will be done according to that information.

2.5 Deposit Balances

Audit Observation	Comment of the Accounting Officer	Recommendation
<p>The balance as on 31 December of the year under review in the Commercial Printing Deposit Ledger in the Deposit Account of the Department was Rs.96,271,633 out of which Rs.53,362,373 were seen as advances for commercial printing in the year 2021. But by April 28, 2023, only orders which value Rs.15,011,695 had been completed and this figure is 28 percent of the total order value received in 2021.</p>	<p>The amount related to the year 2021, the remaining amount is Rs.38,350,678 and Kindly inform that related commercial printing orders amounting to Rs.15,011,695 have been completed.</p>	<p>Internal control systems should be designed and implemented promptly in such a way that orders received by the department can be completed without delay</p>

3. Operational review

3.1 Procurement

Audit Observation	Comment of the Accounting Officer	Recommendation
<p>(a) Due to the delay in making the decision due to not conducting the tender procedures on</p>	<p>These discarded Ascon papers, which have been accumulated in the department for a period of</p>	<p>Internal control systems should be formalized to that the tender activities can be well</p>

time, 50,920 kilograms of disposal paper will be discarded from the production process of the department in the year 2021 and although new buyer agreed to buy for Rs.65 for One kilogram, but department sale a kilogram to the previous buyer of Rs.26.50, therefore department had occurred a loss of Rs.1,960,420.

time, are papers that are subject to various hazards. Also this includes stocks damaged by fire in the stores. These stocks were given to the previous contractor to clean the stores.

planned and carried out on time.

Furthermore, arrangements should be made to provide formal security for these scrap goods until they are removed from the departmental premises.

- (b) In the last three months of the year 2021 Due to non-procurement of procurement activities on time, although new buyer agreed to buy for Rs.65 for One kilogram, but department sale a kilogram to the previous buyer of Rs.26.50,.Therefore the department had incurred a loss of Rs.10,234,455. Due to the Covid 19 epidemic in the year 2021, procurement activities could not be carried out properly. It was difficult to manage the space in the departmental premises due to the daily accumulation of these disposal paper. Therefore, on the recommendations of this bulk by technical evaluation committee, the procurement committee gave the previous buyer the opportunity to withdraw the disposal paper in the last 03 months of 2021. Internal control systems should be formalized promptly to that the tender activities can be well planned and carried out on time.
- (c) Due to the inability to provide formal security for disposal paper discarded from the production process of the department until they sale, and due to the In 90 cases, between 30 percent and 50 percent weight During the relevant period, the disposal paper stores was not prepared to a proper standard and its roof and drainage system were informally prepared. This situation has arisen due to these reasons. Therefore, these stocks were not of the Action should be taken to provide proper security for the relevant items until they are removed from the department promptly.

loss , the department had lost an amount of Rs.4,917,817. required standard and were sold at a discount of 30%, 50% of the required weight on occasion.

- (d) In the year under review Rs. 133,900 in the process of procurement on scale purchase, Another scale worth Rs. 280,000 had been purchased due to non-performance of the required specifications and technical assessments. While sending to the Unit of Measurement Standards and Services Department for checking its accuracy of scale purchased 133,900.00 and in there we were informed that establishments selling scales used for such sales install must be registered under that department. We informed that the company from which we bought the scale is not a licensed company . Therefore arrangements were made to purchase another scale at a cost of Rs. 280,000.00. And the pre-purchased scales have been used in the production sections of the department. Follow procurement guidelines in a planned manner.
- (e) The Secretary of the Ministry had ordered to stop the sale of used printing plates, but it was ignored and the chief accountant of the Ministry had certified that the procurement was correct. Accordingly, regardless of the orders of the chief accounting officer, the printing plates removed from use in the reviewed year While it is possible to sell at the market price of Rs.761, but Rs.286.88 on sold. As per instructions in the letter dated 13October 2022 signed by Chief Accountant instead of Secretary, Ministry of Mass Media , The discarded printing plates were sold as per the tender conditions to the contractor who had been selected for the sale of the printing plates at that time. While executing this procurement, considering the current market price fluctuations, we inquired about the organizations that buy their scrap printing Due to non-implementation of the first orders of the Chief Enumeration Officer, it should be checked whether the government has lost an economic advantage and appropriate measures should be taken.

Therefore the department earned Rs.1,051,361 had been lost.

plates from Lake House Accordingly, it is informed that they will be sold for the company's each 1kg stock of plates an amount of Rs.761.00.further we also inquired from the same company in this regard, but they refused to buy plates from this department at that price. Also, since no other company came forward to buy the scrap plates of this department at that price ,according to the price committee report of Industrial Development Board for an amount of Rs. 286.88 was arranged to sell the plates to the institution awarded the procurement.

- (e) In relation to the sale of decommissioned plates newspaper notice, the recommendations of the Technical Evaluation Committee for the bid conditions, publishing tender notices, inviting bids, opening the bids and receiving the recommendations of the Technical Evaluation Committee were done at the discretion of the Head of the Department and then the approval of the Procurement Committee was obtained.

In 2021, due to the spread of the Covid-19 epidemic in the country, this delay occurred due to conditions such as the restriction of office activities, the imposition of quarantine curfew, and the imposition of movement restrictions.

Public Enterprise Circular No. 02/2021(1) dated April 27, 2021 has instructed the Head of the Department to maintain uninterrupted public service during the period of spread of the Covid-19 virus. Therefore, procurement should be planned in such a way that such delays are minimized in the future.

That is, the procurement committee has only approved the decision of the head of the department. Also, the Additional Secretary (Control) of the Ministry of Mass Media, the Head of the Printing Department and the Chief Accountant of the Printing Department were members of this procurement committee and had also received allowances for participating in the committee.

3. 2 Asset Management

Audit Observation	Comment of the Accounting Officer	Recommendation
<p>Under Section 44 of Chapter 460 of the Land Acquisition Act No. 28 of 1964, on January 31, 2003, the Kataragama Regional Secretary transferred the land measuring 0.105 hectares to the Printing Department on January 31, 2003 in the non - government institution of the Government Printing Cooperative Thrift and Loan Society. had been given to use.</p>	<p>The Government Press Co-operative Savings and Loan Society is not an external body but a co-operative welfare society run by the members of the Department. By that society The relevant activities are carried out under the full supervision of the Government Press Officer , and I mention that the relevant land has not been given an opportunity to be used for the private activities of the society or to get other benefits.</p> <p>Moreover, I kindly mention that also these lands will be assessed and documented as an asset of the Government Printing Department in the future.</p>	<p>This land is government owned land. The Government Printing Co-operative Savings and Loans Society, staffed by departmental employees, is not a public body. Therefore, the society is a private institution. Therefore, government-owned assets cannot be transferred to private parties.</p>

3.3 Management inefficiencies

Audit Observation	Comment of the Accounting Officer	Recommendation
(a) In the year under review, although 1,028,000 copies of 06 types of textbooks were provided for printing by the Education Publications Department, these orders were printed late from 27 days to 156 days, due to which late fees were charged in addition to the returned late fees of Rs.4,832,545 and also here had been a loss.	The relevant delays have occurred due to reasons unavoidable for our department, I inform that the late fees so charged will be refunded by the Education Publications Department.	Quickly identify sections where delays occur and Necessary steps should be taken to avoid further delays.
(b) As per Cabinet Paper No. 97/5232/17/035 dated December 16, 1997, the Commercial Printing Allowance will be paid to the executive staff officers of the Department from January 1998 and in the one month Commercial Printing Order (Invoice Value) The base amount whose value remains constant Rs.40 million Proportioned and 65 percent of that value multiplied by the officer's basic salary and then Commercial printing allowance payment was made. The commercial printing allowance is being paid on the basis of the base value which is more than 23 years old and the value has not been increased and calculate	In order to prepare and present the incentives paid in the government printing department in a simpler way, a report was prepared and presented by a committee under the chairmanship and membership of the officers of the line ministry, the Ministry of Mass Media, and Also from the committee members representing the Director General of the Institute and It was further reviewed and given recommendations by a committee appointed mostly by the Ministry Secretary. An incentive scheme for executive staff officers has also been proposed and included to that.	This 22-year-old base figure (40 million) used in paying commercial printing allowances needs to be revised promptly.

Accordingly, the line ministry is in the process of finalizing the related activities to refer to the relevant institutions and obtain approval and to prepare a cabinet memorandum and obtain approval.

- (c) The three conditions mentioned in the Cabinet decision that the commercial printing allowance should be paid are to introduce a cost accounting system, to improve the production efficiency of the printing works and to create a project with identified provisions or as an alternative to it, to create an advance account since 1998 which was not fulfilled until the year 2022
- This delay has happened due to the complicated situation here, which is a manufacturing company. I kindly inform you that the necessary preliminary work for the preparation of production accounts has been started and the necessary work for the preparation of commercial advance accounts is being carried out from 01 of January 2024.
- Action should be taken to fulfill the conditions mentioned in the decision of the Cabinet.
- (d) According to the Director General's letter No. B/8/3/706/969/21 and dated December 02, 2008, the allowances paid for raising the production level were approved to be 65 percent of the salary received by an employee until the year 2018. However, an investigation conducted in a section of the department revealed that 07 different types of allowances ranging from 85 percent to 366 percent were paid monthly for the employees of the printing department, exceeding 65 percent of their monthly salary . A total of Rs.12,437,912 was paid to the officers of that department
- The approval of the Director General of Institutions has been obtained from time to time for the payment of allowances in this department , and accordingly approval has been given till the year 2018. Reference has been made for obtaining approval for the payment of stipends in respect of the year 2019 as well .
- Since the year 2019, the institutes have received allowances without the approval of the Director General. The approval of the director general of the institution should be obtained for the relevant allowances.

in 8 months of the year under review.

- (e) Dated 16th December 1981 Minister boards According to a decision , approval was received for a system of payment according to work parts instead of overtime allowances for certain work parts to speed up the emergency printing works of the department. Although 40 years had passed since the decision of the Cabinet, both types of overtime and allowances had been paid for the same work without properly identifying which parts of the work were to be paid on a Piece basis and the rates to be paid for those allowances. In an audit conducted in one section of the department in the reviewed year, in the first 08 months, 21 members of the staff were paid Rs. 1,301,008 as overtime allowances, and Rs. Piece basis, and for members of junior staff Rs.266,457 as per piece allowance and Rs. 813,707 had been paid for Piece basis.
- Currently, the Government Printing Department is in the final stages of reviewing the incentives and approving the proposed incentives. There, a system has been prepared so that only one allowance can be obtained for the same duty at the same time. The activities related to getting approval for that are being carried out by the line ministry.
- As per the decision of the cabinet Ministers or on an up-to-date fair basis, the establishment of a payment system should be done promptly.
- (f) As of December 31 of the reviewed year, the loan balance of Rs.3,072,375 due to 24 officers who are not working in the department has failed to be recovered for a period of 5 to 25 years.
- Necessary steps are being taken to settle the loan balance
- As per the provisions of the Establishment Code, arrangements should be made for immediate settlement.

4. Human resource management

Audit Observation	Comment of the Accounting Officer	Recommendation
<p>It was observed that as on December 31 of the year under review, 08 executive grade officers of the department were working for a long time in other positions in addition to the duties of their regular position and the working period was from 06 to 29 months and for this they had paid Rs. 2,309,329 as working allowance.</p>	<p>As soon as the public service recruitment committee approves, I would like to inform you that the examination notice will be published in the gazette notice and the recruitment related activities will be carried out.</p>	<p>As per the provisions of the Establishment Code, the necessary activities should be done promptly.</p>