

Head 210 – Department of Government Information

1. Financial Statements

1.1 Qualified Opinion

Head 210- The audit of the financial statements of the Department of Government Information for the year ended 31 December 2023 comprising the statement of financial position as at 31 December 2023 and the statement of financial performance and cash flow statement for the year then ended, and notes to the financial statements, including material accounting policy information 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 14 May 2024 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 13 May 2024 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 2023 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

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

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

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

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

1.6.1 Accounting deficiencies

- (a) Property plant and equipment

The following observations are made.

	Audit Observations	Comment of the Accounting Officer	Recommendation
(i)	Property should be recognized as property, plant and equipment only if there is confirmation that future economic benefits related to the asset will be obtained and the asset can be measured reliably, and otherwise the revalued amount should be recognized as property, plant and equipment. The Color Laboratory Machine imported from France but without using it had been included in the property plant and equipment. The revalued amount of that asset is Rs.12 million as stated as on 31 December 2023, the value of the assets had been overstated by that amount.	The Debri Color Laboratory Machine, valued at 9,150,000 French Francs and 1,442,601 Euros, received under a loan from the French Government, was worth about 160 million rupees at the exchange rate of that time. The cost of the Department was assessed at a very low value of 7.5 per cent of the basic cost based on various factors by the committee appointed to assess the un identified cost of the Department assets.	The value of property, plant and equipment should be accurately identified and accounted.
(ii)	Although the revaluation of land and buildings should be done every 5 years according to the Asset Management Circular No. 04/2018 dated 31 December 2018, but the building value of Rs. 300,848,000 and the land value of Rs.1, 227,750,000 had included in the Financial Statement and these assets had not been assessed after the year 2017 and taken to the present value.	Although a request was made to the Government Department of Valuation on 19 th June 2023 for the revaluation of the lands and buildings owned by this department, according to the instructions of the Public Accounts Department, it has been informed that the valuation reports for the second round of valuation requests will not be provided until the initial round valuation amount are being accounted.	Should be dealt with the Asset Management Circular.

(b) Comparison Statement of Imprest Account for Government Officers

Audit Observation	Comment of the Accounting Officer	Recommendation
Although the balance of the loan amounting to Rs.179, 740 due from two officers who have left the service has exceeded 20 years, action had not been taken to recover it even by the audit date of 30 th April 2024.	On 12 March 2024, recommendations were made to write off the loan amount of one officer. Accordingly, further work is being done. Horana Divisional Secretary was notified on 05 th April 2024 to inform the officer through the GS to pay the loan amount and arrange to provide a report of his assets regarding the other officer who had not paid the loan amount.	Actions should be taken to recover the loan balance.

2. Financial review

2.1 Expenditure Management

The following observations are made.

Audit Observation	Comment of the Accounting Officer	Recommendation
(a) 100 percent in one expenditure head and 13 expenditure heads had savings ranging from 62 percent to 98 percent.	Fulfillment of needs from the vehicles of the department, cost control circulars, doing only essential maintenance work, officers taking leave without pay and getting transfers have affected for this.	Estimates should be prepared accurately.
(b) After transfer the allocations of 04 expenditure heads to another expenditure head under F.R 66 had savings ranging from 17 percent to 83 percent.	These provisions are saved on the basis of officers taking leave without pay and transfer and following expenditure control circulars.	Estimates should be prepared accurately.

2.2 Non-Compliance with Laws, Rules and Regulations

Cases of non-compliance with the provisions of laws, rules and regulations observed during sample audits are analyzed below.

	Reference to Laws, Rules and Regulations	Amount Rs.	Non-Compliance	Comment of the Accounting Officer	Recommendation
(a)	Public Administration Circular No. 22/99 (XXXIII) dated 07 November 2017 1.3.1	63,402	A fuel expenditure of Rs.63,402 was incurred for 1358 KM for a period of 04 months to provide transportation facilities to an officer in the position of development officer who is not entitled to official reserve transport facilities between office and home.	The relevant approval has been given in writing by the Director General for required to be open the Director General's Office before 8.30 am and kept up to 6.00 pm. the transport facility had provided as per instructions.	Should be act as per Public Administration Circular.
(b)	F.R 371(5) paragraph amended by section I of 9 from Public Finance Circular 01/2020 dated 28 th August 2020.	490,280	Although, the staff officer receiving the Sub-Impress was supposed to be settle the Sub-Impress within 10 days after the completion of those task, an aggregating amount Rs.490, 280 worth 09 advances had been settled with delay ranging from 20 days to 54 days.	Certain advance settlements have been delayed due to certain deficiencies in the settlement vouchers. Efforts are being made to bring this situation under control.	Should be Act as per the Public Finance Circular.
(c)	Public Finance Circular No. 02/2020 dated 28 th August 2020.		Although the annual performance report should be prepared in three languages and submitted to Parliament under the prescribed provisions for tabling before the end of the financial year 150 days, the report for the year 2022 had not been submitted by 31 st May 2024.	The translation of the 2022 performance report is in the final stages and will be submitted immediately after completion.	Should be Act as per the Public Finance Circular.

2.3 Deposit Balances

Audit Observation	Comment of the Accounting Officer	Recommendation
Two cheques worth amounting Rs.2, 251,226 have to be paid to the Department of Government Factories for construction works without specific confirmation for payment had deposited in the General Deposit account from the year 2020, and they were removed from the General Deposit account by requisition papers on 31 December 2023 and the cheques were written and kept in hand.	On the basis of the documents sent on the recommendation of the Engineer of the Department of Government Factories, expenditure was certified and cheques were written. But, there were many problems related to this construction and various criticisms were made to the measurement reports submitted were re-examined without issuing cheques and due to discrepancies in the measurement sheets submitted by them, it was decided to withhold the cheques without payment until the approval related to the entire construction is obtained.	Payments should be verified and cheques should be written.

3. Operating Review

3.1 Planning

Audit Observation	Comment of the Accounting Officer	Recommendation
According to the guidelines number 12 of the Public Finance Circular dated 28 August 2020, the implementation time frame and expected output/outcome, internal audit plan, etc., which should be included in the action plan, had not been presented.	The operational timeframe of the year 2023 had been prepared as quarterly. Certain tasks does not produce the desired output/results by an omission . Presented after the establishment of the Internal Audit Unit in mid-2023. In the year 2024, efforts have been taken to correct these facts	According to the circular the action plan should be prepared including all the facts.

3.2 Non-Performance of Functions

Audit Observation	Comment of the Accounting Officer	Recommendation
The department had failed to accomplish 37 activities in the action plan.	It has been temporarily stopped due to the lack of instructions from the relevant officials, lack of sufficient qualified staff to deal with and implement the budget circulars issued for controlling expenses.	Considering the practical conditions, and prepared the action plan, and all the tasks included in it should be carried out.

3.3 Non Achieving the Expected Level of Output

Audit Observation	Comment of the Accounting Officer	Recommendation
A minimum of 50 percent physical progress had been achieved in 23 activities. One activity had 99 percent financial progress but, Any physical progress had not been obtained.	Inadequate human resources and .had to worked according to the budget circulars issued by the Ministry of Monetary, Economic Stabilization and National Policy for expenditure control.	Considering the practical conditions, and prepared the action plan, and all the tasks included in it should be carried out.

3.4 Procurement

The following observations are made.

Audit Observation	Comment of the Accounting Officer	Recommendation
(a) According to the Public Finance Circular No. 02/2020 dated 28 August 2020, all accounting officers shall prepare the annual procurement plan for the implementation of recurring and capital programs in the preceding year according to the subjects and tasks assigned to their institution before 10 December of the current year in the prescribed format with the approval of the Chief Accounting Officer and submitted to the Procurement Commission, Auditor General and Public Finance Department although, the procurement plan for the year 2023 had been submitted for audit on 14 July 2023.	The procurement plan for the year 2023 has been approved by the Secretary Of Ministry on 04 January 2023. But due to a delay, it has been delayed in sending to the Procurement Commission and the Auditor General.	Should be acted as per the circular.
(b) According to paragraph 4.2 of the Government Procurement Guidelines Code, the main procurement plan should be prepared by listing the expected procurement activities for a period of at least 03 years and the procurement plan for the year should be prepared in detail. But the procurement plan prepared by	Agreed. It was advised to take corrective measures in the coming year.	The main procurement plan and the procurement plan for the year should be prepared in detail.

the department for the year 2023 only. As a result, the intended objectives had not been met from the procurement plan.

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| <p>(c) According to paragraph 2.3(a) I of the National Budget Circular No. 01/2021 dated 28 July 2021, a toilet system had been constructed at a cost of Rs.3,799,932 (without VAT) while the construction of new buildings was temporarily suspended. There were not followed the proper procurement processes for the selection of the consulting firm and the contracting firm. Due to the deficiencies in the preparation of construction plans, specifications, quantity sheets and payment reports by the consulting firm, the service of the consulting firm was suspended and for the remaining parts to avail the consultancy service had been decided to obtain from another firm by paying sum of Rs. 2,084,081 (excluding VAT). Also, deficiencies were observed in the contracting company and although, Rs. 1,649,401 had paid, the construction work had not been completed up to 30 April 2024.</p> | <p>Since there is no professional technical officer in this department to prepare the BOQ related to this toilet system, it was informed that the services of the organization that provided consulting services for the renovation of the media development center building at that time were subject to the approval of the procurement committee. Various problems and criticisms were presented regarding these constructions and joint committee meetings were held under the Chairmanship of the Director General to resolve those problems and criticisms.</p> | <p>Should be acted as per Government procurement guidelines.</p> |
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3.5 Asset management

The following observations are made.

Audit Observation	Comment of the Accounting Officer	Recommendation
<p>(a) According to the agreement signed with the Debra Institute and the Department of News on 10th December 1999, with the aim of producing quality films, under the loan support French Franc 9,150,000 (Euro 1,442,601) equivalent to the Rs. 102.2 million received from the French government, and the set of laboratory machinery installed in the year 2003 remained in ideal till 30 April 2024</p>	<p>The technology of this machine is outdated and is not expected to be used in the future. Informing this, it was referred to the Ministry of Finance for advice and the Comptroller General's Office has informed that a committee of not less than three including people with expertise will be appointed to carry out a full investigation and inform what alternative measures can be</p>	<p>The responsible officials should work to utilize the assets without leaving them idle.</p>

due to a lack of proper feasibility study. The use of a large scale building area in the department to establish this set of machinery this building has also turned out to be an underutilized asset. Further, 85 items of assets that are not being used for a long time remained idle in this laboratory building.

taken regarding the Debri laboratory machinery set.

- (b) Although, the goods survey report conducted on 31 December 2021 indicated that an investigation should be carried out as the proposed action for 12 types of deficiencies, the department had failed to take proper action regarding these deficiencies from the year 2021 until now.

All the deficiencies and excesses identified in relation to the 2021 goods survey are being settled in parallel with the 2023 goods survey.

Deficiencies should be dealt with as per the Financial regulations.

3.6 Losses and damages

The following observations are made.

Audit Observation	Comment of the Accounting Officer	Recommendation
(a) In the year 2023, a loss of Rs. 223,300 was assessed in 04 vehicle accidents, and Rs. 93,500 of that amount could not be recovered.	Due to the pending legal proceedings on the vehicle No,19-7483 , the settlement of the related loss has also been delayed.	Actions should be taken to recover the loss from the responsible parties.
(b) As of 31 December 2023, No of 73,167 unsold Desatiya magazines were stored in the department store and its sales value was Rs.4,099,620.	The remaining annual magazines are usually sold at government events and other government functions and are also given free to the public. Magazines listed as unsold are magazines that have been collected for about 12 years.	The remaining stocks should be removed considering the timeliness.

4. Achieving the Sustainable Development Goals

Audit Observation	Comment of the Accounting Officer	Recommendation
Although 3 sustainable development objectives have been identified, an attention had not been referred to appoint a committee to identify the risk of not being able to continuously obtain the resources and capacities needed to achieve them, to prepare	A committee has been appointed to deal with the Sustainable Development Goals.	Actions needed to achieve the identified sustainable development goals should be

a proper planning plan as the steps to be taken to reduce those risks, to inform the officials and to implement the necessary solutions and decisions ect..

implemented promptly.

5. Good Governance

5.1 Internal Audit

The following observations are made.

Audit Observation	Comment of the Accounting Officer	Recommendation
(a) According to Management Audit Circular No. DMA/01- 2019(1) dated 24 December 2021, before 15 th December of each year, the internal audit plan for the coming year shall be prepared as a risk-based internal audit plan and its copies shall be submitted to the Management Audit Department and the Auditor General, However, the internal audit plan for the year 2023 was submitted for audit on 27 November 2023.	No Internal Audit Unit was established in the Government Information Department and after appointing an Internal Auditor from 03 April 2023, appropriate support officers were appointed and the Internal Audit Unit was established on 14 June 2023. Therefore, the audit plan for the last quarter was prepared and presented.	Management Audit Circular should be followed.
(b) Although an internal auditor was appointed for the department on 03 April 2023, the progress of internal audit activities in the year 2023 remained at a minimum level of 14 percent.	Although the internal auditor was appointed from 03 April 2023, and supporting officers were appointed on 14 June 2023, it was not possible to issue internal audit reports during that period due to having to devote a lot of time to analyzing and investigating the department's organizational structure, organizational methods, internal control systems and processes.	Efforts should be made to increase the progress of internal audit activities.

6. Human Resource Management

Audit Observation	Comment of the Accounting Officer	Recommendation
At the end of the year under review, there were 121 vacancies at senior level, tertiary level, secondary level and primary level and due to that situation it had affected to maintain an effective service level.	As National Budget Circular No. 03/2022 has instructed to temporarily postpone recruitment under Public Expenditure Control, the recruitment of officers to the posts has been postponed until further notice.	Efforts should be made to maintain an effective service.