Sri Lanka Press Council - 2024

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1. Financial Statements

1.1 Qualified Opinion

The audit of the financial statements of the Sri Lanka Press Council for the year ended 31 December 2024 comprising the statement of financial position as at 31 December 2024 and the statement of financial performance, statement of changes in equity 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. My comments and observations which I consider should be report to Parliament appear in this report.

In my opinion, except for the effects of the matters described in Paragraph 1.5 of this report, the accompanying financial statements give a true and fair view of the financial position of the Council as at 31 December 2024, and of its financial performance and its cash flows for the year then ended in accordance with Sri Lanka Public Sector Accounting Standards.

1.2 Basis for Qualified Opinion

My opinion is qualified on the matters described in Paragraph 1.5 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 qualified opinion.

1.3 Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with Sri Lanka Public Sector Accounting Standards 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.

In preparing the financial statements, management is responsible for assessing the Council's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Council or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Council's financial reporting process.

As per Section 16(1) of the National Audit Act No. 19 of 2018, the Council 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 of the Council.

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 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, they could reasonably be expected to 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 skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my 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 Council's internal control.

- Obtain an understanding of internal control relevant to the audit 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.

- Conclude on the appropriateness of the management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Council's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause to cease to continue as a going concern.

- 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.

The scope of the audit also extended to examine as far as possible and as far as necessary the following;

- Whether the organization, systems, procedures, books, records and other documents have been properly and adequately designed from the point of view of the presentation of information to enable a continuous evaluation of the activities of the Council and whether such systems, procedures, books, records and other documents are in effective operation;

- Whether the Council has complied with applicable written law, or other general or special directions issued by the governing body of the Council,

- Whether it has performed according to its powers, functions and duties; and

- Whether the resources had been procured and utilized economically, efficiently and effectively within the time frames and in compliance with the applicable laws.

1.5 Audit Observations On the Preparation of Financial Statements

1.5.1 Accounting deficiencies

Audit Observation	Management comments	Recommendation
The Board had not recovered the money sold or the unsold books worth Rs. 117,866 from the books provided on sale and return basis during the period from 2014 to 2022, which were included in the Board's closing stock value, and the necessary provisions had not been made in the accounts for the risk of loss of these stocks. Furthermore, information on the value of the books sold or the number of books remaining was not submitted to the audit.	Instructions have been given to return unsold books to the council and to receive money for books sold.	Steps should be taken to recover money for books that have already been sold and to taken back unsold books.

1.6 Non-compliance with Laws, Rules, Regulations and Management Decisions, etc.

Reference to Laws, Rules, Regulations, etc.		Non-compliance	Management comments	Recommendation
a) Sri Lanka Press Council Act No. 05 of 1973				
i)	Section 25	With technological advancements, e-newspaper publishing has gradually grown and the Council had not taken steps to amend the provisions of the Act regarding the registration of such newspapers.	The regulations have been revised and submitted to the line ministry.	Steps should be taken to amend the provisions of the Act.
ii)	Section 26	Although the printer and publisher of every newspaper is required to deliver a copy of every serial and other print or printing number printed or published to the Commissioner's office, due to this failure to do so, an expenditure of Rs. 704,020 was incurred to obtain newspapers and magazines from the year 2019 to the year 2024.	It is stated that steps will be taken to minimize purchases in the future and that if newspapers are no longer provided in this manner, the board will consider granting newspaper registration.	Action should be taken in accordance with the provisions of the Act.
iii)	Section 30	No action had been taken to formulate the necessary rules and regulations to deal with newspapers issued to unregistered markets.	It was stated that new regulations will be formulated accordingly, considering the measures taken regarding the restructuring of press councils.	Action should be taken to formulate rules and regulations.

b) Section 16(1) of the Employers' Trust Fund Act, No. 46 of 1980	Although the Employees' Trust Fund contribution should be paid to the fund on or before the last day of the following month, a surcharge of Rs. 9,705 was paid for the months of January and March 2023 due to non-payment on the due date.	Measures have been taken to prevent such delays from occurring in the future	Contributions should be paid on the due date as per the Act.

2. Financial review

2.1 Financial results

The operating result for the year under review was a deficit of Rs. 371,045, while the surplus for the previous year was Rs. 363,321. Accordingly, a decline of Rs. 734,366 was observed in the financial result. This decline was mainly due to a decrease in government grants by 7 percent, a decrease in other income by 25 percent and an increase in utility expenses by 34 percent compared to the previous year.

3. Operational review

3.1 Identified losses

Audit Observation	Management comments	Recommendation
a) The tablet computer worth Rs. 34,990 given to a former Board member on 04 January, 2022 had not been returned to the Board as 27 of May 2025.	This has been communicated in writing and verbally on several occasions, and a new reminder has been issued in this regard.	Arrangements should be made to obtain the tablet computer as soon as possible.
b) Although the board of survey conducted for the years 2023 and 2024 indicated that a color printer worth Rs. 52,250 had been missing, as 27 of May 2025, no necessary action had been taken to identify the	Officers were instructed to investigate and report any missing items.	Responsible parties should be identified and steps should be taken to compensate for the loss.

parties responsible for the matter.		

3.2 Management Inefficiencies

Audit Observation	Management comments	Recommendation
a) Of the school equipment sets purchased by the Council in 2023 to distribute for the children of journalists at a cost of Rs. 316,837, 07 sets of equipment worth Rs. 33,754 remained at the end of the year under review.	It was reported that on several occasions, due to the absence of journalists, this was kept in stock in stores and was later distributed to the school-going children of the council's officials.	Needs should be properly identified and purchasing activities should be carried out effectively.
b) The Board had failed to recover the balance of the distress loan of Rs. 105,277 due from an employee who left the service on 01 May 2023, as 27 of May 2025.	The Line Ministry has made a request to the Attorney General regarding the legal action to be taken in this regard.	Appropriate action should be taken as necessary to recover the debt.

3.3 Operational inefficiencies

Audit Observation	Management comments	Recommendation
Although it is the objective of the Council to improve education and training programs, although provisions of Rs. 2,670,000 were allocated for 46 diploma courses, training programs, workshops and other programs, only 29 programs were conducted at a cost of Rs. 735,832.	. It was stated that the workshops could not be held due to the inability to reach specific decisions.	Should work according to budget and action plan

3.4 Human Resource Management

Audit Observation	Management comments	Recommendation
Although the approved staff of the Sri Lanka Press Council was 21, the actual staff by the end of the year under review was 10 and the number of vacancies was 11. This situation had adversely affected the operational activities of the Council.	The Line Ministry has made a request to the Department of Management Services and a committee appointed under the supervision of the Prime Minister on several occasions in this regard.	Recruitment should be expedited based on employee needs.

4. Accounting and good governance

4.1 Presentation of financial statements

Audit Observation	Management comments	Recommendation
Although the financial statements were to be submitted to the Auditor General within 02 months of the end of the financial year or by 28 February 2025, in accordance with Section 16(2) of the National Audit Act No. 19 of 2018 and Section 6.6 of the Operations Manual for State Owned Enterprises issued with the Public Enterprises Circular No. 01/2021 dated 16 November 2021, the Council submitted the financial statements for the year under review on 17 March 2025.	A few additional days were requested for the submission of final accounts.	Accounts should be submitted on time.

4.2 Annual reports

Audit Observation	Management comments	Recommendation
The annual report for the year 2023 had not been tabled in Parliament.	The Annual Report for the year 2023 has been submitted to the Government Printing for final printing.	The annual report must be tabled in Parliament within the prescribed period.

4.3 Annual Action Plan

Audit Observation	Management comments	Recommendation
a) Although Section 8(6) of the Sri Lanka Press Council Act No. 05 of 1973 states that it is the objective of the Board to conduct research on the use of newspapers and the needs of newspapers, attention had not been paid to this in the preparation of the action plan for the year 2024 and the Council had not carried out any work in this regard in the year under review.	There were uncertainties regarding the appointment of the Board of Directors for the relevant year.	Should act in accordance with the objectives of the council.
b) Although the Council had expected to register 200 newspapers and receive a newspaper fee of Rs. 500,000 as per the operational plan for the year under review, 149 newspapers were registered during the year under review and the Council had received Rs. 399,000 as newspaper fees.	Newspapers and magazines that are only published a few times a year due to economic difficulties are also not being published at present.	Realistic plans must be made and goals must be achieved in accordance with the plan.