

Sri Lanka Press Council

Annual Report and Statement of Accounts

01st January, 2014 – 31st December, 2014

Sri Lanka Press Council,
No. 155/15, Castle Street,
Colombo 08,
10th March, 2014.

The Hon. Minister of Mass Media and Information,
No. 163, Kirulapone Mawatha,
Polhengoda,
Colombo 05.

Honourable Minister,

Annual Report – 2014

In terms of Section 20 of Sri Lanka Press Council Law, No. 5 of 1973 and Section 14 of the Finance Act, No. 38 of 1971,
I have honour to forward herewith under mentioned reports of the Sri Lanka Press Council:

1. The Report of the work done by the Council for the period from 01st January to 31st December, 2014 and the policy and programme of the Council;
2. A copy of the statement of accounts for the period; and
3. The report of the Auditor – General.

Your's faithfully,

W. Dayaratne,
Chairman,
(President's Counsel)



ANNUAL REPORT OF THE SRI LANKA PRESS COUNCIL FOR THE YEAR 2014

SRI LANKA PRESS COUNCIL

Sri Lanka Press Council was established in terms of the Sri Lanka Press Council Act, No. 5 of 1973 under the Ministry of Mass Media and Information and it's a Statutory Board.

The objectives of the Sri Lanka Press Council are—

- (1) to ensure the freedom of the Press in Sri Lanka,
- (2) to prevent misuse of the freedom,
- (3) to ensure the general public to aware correct information.

Sri Lanka Press Council was situated at No. 155/15, Castle Street, Colombo 08 from 01.01.2012.

01. Composition of the Council

The functions of the Sri Lanka Press Council are Seven Board Members out of this 'Six Board members were appointed by the President of the Democratic Socialist Republic of Sri Lanka. Its functions Quasi Juridical and Body of the Council. Director of Information has been appointed *ex-officio*. In that one member nominated by Journalists' Association and other member appoint to represent the employees of Newspaper business. Membership is appointed for a period of 3 years.

The name list of the Chairman and Members of the Council are as follows :-

Position	Name	Date of the appointment
Chairman	Mr. W.Dayaratne (President's Counsel)	14.06.2012
Member	Mr. Ariyananda Dobagahawatte	14.06.2012
Member	Mr. Prasad Suriyarachchi (Attorney - at- Law)	14.06.2012
Member	Prof.Sunanda Mahendra	14.06.2012
Member	Prof. Ariyarathna Athugala	14.06.2012
Member	Mr.Pradeep Wijesundara	05.09.2011
Member	Mr. Karunadasa Sooriyarachchi	14.06.2012

Mrs. M.K.D.N. Madampa appointed on 02.04.2012 as a representative of General Treasury by the Minister of Mass Media and Information.

Mr. S. Thilainathen Member appointed on 21.10.2014 instead of Mr. Pradeep Wijesundara Member due to his membership ended on 05.09.2014.

02. Meeting of the Council

The Council held 25 meeting during the year 2014.

03. Complaints

The number Complaints received during the year 2014 were 61.
03 and 41 complaints brought for the year 2012, 2013 and 2014.

No. of complaints brought forward for the year 2012	-	03
Received complaints during the year 2013	-	41
Complaints for inquiry for the year 2014	-	55
The total complaints for in the inquiry for the year 2014	-	<u>99</u>

The Sources of these complaints were:-

01. Individuals
02. Heads of the Institutions
03. Doctors
04. Medical Specialists, Doctors
05. Clergy
06. School Teachers
07. Trade Union.

During the year 2014 these 55 complaints were made against the following proprietors of Newspapers :-

Name of the Proprietor :

1. Associated Newspapers of Cey. Ltd.
2. Upali Newspapers Ltd.
3. Lanka Mulat Publishers Pvt. Ltd.
4. Vijaya Newspapers Ltd.
5. Sumathi Newspapers Ltd.
6. Randiva Newspapers
7. Rivira Newspapers Ltd.
8. Ravaya Publishers Gurantee Ltd.
9. Ethalaya Newspapers Ltd.
10. Leader Publication Ltd.
11. Ceylon newspaper (Pvt.) Ltd.

The sources of these Complaints were :-

On Research	-	34
Mutual Settlement	-	18
Dismissals	-	23
Withdrawals	-	19
Orders	-	05
		<u>99</u>

Categorization of the complaints not to be proceeded were base on the following criteria:-

01. Complaints do not come under the Press Council Act.
02. Complainant not submitted the necessary documents.
03. Complainant not present for the inquiry.
04. Relevant newspapers not published.
05. Relevant news article not harmful for the complainant.
06. Hold an inquiry, complaint pending in the court.

Registration of Newspapers

Number of Newspapers registered with the Council during the year 2014 were 226.

04. Staff

Recruitment Scheme Preparing accordance to the new format on discussion with the National Salaries and Cadres Commission.

The Present employees of Sri Lanka Press Council are 16.

1. Mr. S. A Jagathsiri	- Accountant
2. Mr. T. Niroshana	- Asst. Press Commissioner (Research)
3. Mr. D. M. Wijesinghe	- Asst. Press Commissioner (Research)
4. Mrs. H. S. Wijeratne	- News Investigator
5. Mrs. Indrani Murugesu	- Translator
6. Mrs. T. A. Anoma Priyanthi Thilakaratne	- Computer Operator
7. Mrs. T. N. Nilmini Peiris	- Accounts Assistant
8. Mrs. K. G. N. H. Pathirathna	- Management Asst. (Clerk)
9. Miss B. M. P. K. Siriwardana	- Management Asst. (Clerk)
10. Miss N. J. A. J. G. Perera	- Management Asst. (Clerk)
11. Mrs. A. S. Naranji	- Management Asst. (Clerk)
12. Mr. K. L. Chandrapala	- Driver
13. Mr. G. B. Karunathilaka	- Driver
14. Mr. K. G. F. Wijeratne	- KKS
15. Mr. H. A. T. Wijeratne	- KKS
16. Mr. H. S. S. Ananda	- Messenger

Mrs. K. W. T. N. Amaratunga Addl. Secretary (Planning) of Ministry of Mass Media and information appointed as a Acting Press Commissioner with effect from 24.01.2014.

Mr. T. Niroshana appointed as a Asst. Press Commissioner (Research) by the interview for the Sri Lanka Press Council with effect from 24.01.2014 on Secondment basic in the Press Council for the period of 3 years from 01.09.2009 to 31.08.2012 and extended his service for six months.

05. Directives issued to the Sri Lanka by the Ministry

No directives were issued to the Sri Lanka Press Council by the Ministry of Media and Information during the period under review.

06. Awareness Programme for Journalists

(i) The following workshops and seminars organized for the year 2014.

Date	Workshop	Number of Participation/ School student	Venue
18.01.2014	Workshop for Provincial Journalist at Kuliyaipitiya	77	"Sirimalie Earts Court Hotel, Kuliyaipitiya"

11.02.2014	School Communication Work Shop at Kuliyaipitiya	277	St. Joseph College Kuliyaipitiya
24.05.2014	Work Shop for Journalists at N'Elia	70	"Ceybank Holiday Homes (Pvt) Ltd."
29.05.2014	School Media Work Shop at Ebagamuwa	311	"Embagamuwa Central Vidyalaya"
26.06.2014	Jayawardenapura Zone School workshop	208	Nugegoda Samudradevi Balika College
19.07.2014	Workshop for Provincial Journalist at Jaffna	36	"District Secretariat Auditorium"
27.09.2014	Workshop for Provincial Journalist at Polonnaruwa	49	"Hotel Mahanuge"
14.10.2014	School Media Work Shop at Horana	248	"Horana Thakshila Central College"

"Deyata Kirula" Programme

Sri Lanka Press Council exhibit a stall at Technical College Kuliyaipitiya from 21.02.2014 to 01.03.2014.

Diploma Course on Journalism and Communication 2014

Fourth batch of the Diploma Course on Journalism and communication conducted on 03.04.2014 participation of 33 journalists.

Discussion on Communication on Friday

Programme conducted in every Friday targeted on a contemporary discussion.

07. Finance

- (i) A sum of Rs.20,000,000/- was approved being recurrent expenditure of the Sri Lanka Press Council for the year 2014. This amount of Rs. 18,270,000/= was drawn for expenditure of the Council from the General Treasury in installments.
- (ii) For the year 2014 Rs.1,000,000/- has been allocated as Capital expenditure from treasury and it obtained Rs. 1,000,000/= to the council as a Capital expenditure.
- (iii) Apart from the Government Grant and the Registration Fees of Newspapers, other receipts credited to the Council's fund during the year 2014 as follows :-

	<i>Rc. Cts.</i>
Funds Deposits & other Recoveries	511,797.31
Late Registration Fees	121,300.00
	<u>633,097.31</u>

(iv) Performance Report

With the Government Grant for the recurrent expenditure, the total income during the year Rs. 19,500,487. The total expenditure Rs. 20,991,454.55. Expenditure over income of Rs. 1,490,966.60 credited to the Council Fund during the year 2014.

(v) **Council Accumulated Fund**

The amount lying to the credit of the Councils Fund at the beginning of the year 2014 was Rs. 3,625,336.30. the beginning of the year the capital fund credited Rs. 10,074,500.00. During the year capital amount Rs. 1,000,000/- This year fixed assets Rs. 2,849,514/= The three wheeler excess revalue had been transferred Capital Fund 56,500.00. During the year expenditure over income Rs. 1,490,966.90 being the adjustment in respect of the previous year Rs. (24,973.44) transferred to the Council Fund. Fund at the end of the year was Rs. 10,882,198.36/.

The amount and the allocation amounting Rs. 4,278,570/ current liabilities Rs. 174,908,36/ amounting Rs. 8,99,117.98/ Fixed assets value Rs. 3,139,173.89/ saving, Gratuity, Research Fund Rs. 3,197,384.65 and other deposits.

(vi) **Registration of Newspapers**

During the period of January to December, 2014 a sum of Rs. 597,500/ was received as registration fees of the Newspaper.

09. Acknowledgement

The correct instruction and direction given by the Ministry of Mass Media and Information also appreciated the entire staff of the Council for the devotion and dedication shown in carrying out their duties and responsibilities.

W. Dayaratne,
President's Counsel,
Chairman.

Sri Lanka Press Council,
No. 155/15, Castle Street,
Borella, Colombo 08,
28th February, 2014.

**SRI LANKA PRESS COUNCIL
STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 31ST DECEMBER, 2014**

2014

2013

(All Amounts are in Sri Lanka Rupees)

Note

Revenue		Rs. C.	Rs. C.
Contribution From Government of Sri Lanka	3	18,270,000.00	18,983,750.00
Book Sales commission		-	-
Paper Registration Fees		597,500.00	147,200.00
Copying Fees		6,825.00	4,910.00
Late Fees		121,300.00	89,200.00
Sale of Books	4	(109.66)	(1,363.74)
Diploma Course Income		353,000.00	210,000.00
Interest Income - Loans to Staff		57,359.17	62,765.65
Interest Income - Saving Account		94,613.14	86,055.37
Miscellaneous Income		-	15,472.00
Total Revenue		19,500,487.65	19,597,989.28
Expenses			
Wages, Salaries and Employee benefits	5	9,106,096.84	7,661,575.22
Supplies & Consumables used	6	1,035,844.39	935,562.13
Depreciation of property, plant & equipment		1,427,923.77	1,459,343.00
Utility Expenditure	7	3,160,808.22	2,828,049.37
Other Operating Expenses	8	2,114,834.66	2,026,326.52
Grants & Transfer payments	9	4,145,946.67	6,474,069.45
Total Expenses		20,991,454.55	21,384,925.69
Surplus / (Deficit) Before Taxation		(1,490,966.90)	(1,786,936.41)
Income Tax Expenses		-	-
Surplus/(Deficit) For the year		(1,490,966.90)	(1,786,936.41)

SRI LANKA PRESS COUNCIL
STATEMENT OF FINANCIAL POSITION
AS AT 31ST DECEMBER, 2014
(All Amounts are in Sri Lanka Rupees)

	Note	2014	2013
ASSETS		Rs. C	Rs. C
Current Assets			
Cash & Cash Equivalents	10	651,864.64	548,010.60
Receivable Income	11	23,962.71	81,143.25
Inventories	12	552,229.77	613,630.73
Festival Advance		12,000.00	13,000.00
Advance for Authorized Local Purchases		10,000.00	-
Deposits & Prepayments	13	696,121.73	712,490.07
Distress Loan Receivable	14	1,251,206.00	1,523,029.50
		3,197,384.85	3,491,304.15
Non Current Assets			
Property, Plant & equipment	15	8,999,117.98	9,435,790.44
Investments-Savings Account (Fund Purpose)	16	3,139,173.89	2,261,573.08
		12,138,291.87	11,697,363.52
Total Assets		15,335,676.72	15,188,667.67
LIABILITIES			
Current Liabilities			
Sundry Creditors		2,000.00	2,000.00
Accrued Expenses	17	172,908.36	106,821.97
		174,908.36	108,821.97
Non Current Liabilities			
Employee Benefits	18	4,278,570.00	3,738,207.00
		4,278,570.00	3,738,207.00
Total Liabilities		4,453,478.36	3,847,028.97
Net assets		10,882,198.36	11,341,638.70
NET ASSETS/EQUITY			
Capital Introduced By			
Government Treasury		2,849,514.00	10,074,500.00
Capital Reserve		4,115,000.00	4,115,000.00
Revaluation Reserve		833,975.00	777,475.00
Accumulated Surpluses/(Deficits)		3,083,709.36	(3,625,336.30)
		10,882,198.36	11,341,638.70

Accounting Policies and Notes on pages 06 to 15 form an integral part of these Financial Statements.

These financial statements have been prepared in accordance with the Sri Lanka Public Sector Accounting Standards.

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Accountant,
Sri Lanka Press Council.

The Board of Directors is Governors of the council is responsible for the preparation and presentation of these Financial Statements.

Signed for and on behalf of the Board of Governors.

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Acting Press Commissioner,
Sri Lanka Press Council.

25th February, 2015.

SRI LANKA PRESS COUNCIL
STATEMENT OF CHANGES IN NET ASSETS/EQUITY
FOR THE YEAR ENDED 31st December, 2014
(All Amounts are in Sri Lanka Rupees)

	Contributed Capital		Capital Reserve		Revaluation Reserve		Accumulated Surpluses/(Deficits)		Total	
	Rs.	Cts.	Rs.	Cts.	Rs.	Cts.	Rs.	Cts.	Rs.	Cts.
Balance As At 31st December 2011	10,450,000.00		3,415,000.00		777,475.00		(1,759,206.90)		12,883,268.10	
Changes In Assets/Equity for 2012										
Funds received From Government Treasury	682,000.00		-		-		-		682,000.00	
Refunded To Government Treasury	(757,500.00)		-		-		-		(757,500.00)	
Transferred to Capital Reserve	(700,000.00)		700,000.00		-		-		-	
Surplus/(Deficit) for the Year	-		-		-		(79,647.99)		(79,647.99)	
Balance As At 31st December 2012	9,674,500.00		4,115,000.00		777,475.00		(1,838,854.89)		12,728,120.11	
Changes In Assets / Equity for 2013										
Changes In Accounting Policy/Correction of Errors (Note A)	-		-		-		455.00		455.00	
Funds Received From Government Treasury	400,000.00		-		-		-		400,000.00	
Refunded to Government Treasury	-		-		-		-		-	
Transferred to Capital Reserve	-		-		-		-		-	
Surplus/(Deficit) For the Year	-		-		-		(1,786,936.41)		(1,786,936.41)	
Balance As At 31st December 2013	10,074,500.00		4,115,000.00		777,475.00		(3,625,336.30)		11,341,638.70	
Changes In Accounting Policy/Correction of Errors (Note B)	-		-		-		(24,973.44)		(24,973.44)	
Funds Received From Government Treasury	1000,000.00		-		-		-		1,000,000.00	
Refunded to Government Treasury	-		-		-		-		-	
Transferred to Capital Reserve	-		-		56,500.00		-		56,500.00	
Debited to capital Grant (for Amonitization)	(8,224,986.00)		-		-		8,224,986.00		-	
Surplus/(Deficit) For the Year	-		-		-		(1,490,966.90)		(1,490,966.90)	
Balance As At 31st December 2014	2,849,514.00		4,115,000.00		833,975.00		(3,083,709.36)		10,882,198.36	

Contd....

SRI LANKA PRESS COUNCIL
STATEMENT OF CHANGES IN NET ASSETS/EQUITY
FOR THE YEAR ENDED 31st December, 2014
 (All Amounts are in Sri Lanka Rupees)

Note A-Changes In Accounting Policy/Correction of Errors

Following adjustments are made council fund during the year

Diploma Registration Relevant to 2011	15,000.00
Cancelled Cheques	6,300.00
Paper registration Relevant to 2011	7,400.00
	28,700.00
Audit Fee Under Provision 2011	(17,153.00)
Rent Deposit Written off	(7,500.00)
Paper Purchase	(1,590.00)
English Course Fees Refunded	(2,000.00)
Bank Deposit Error	(2.00)
	<u>455.00</u>

Note B-Changes In Accounting Policy/Corrections of Errors

Following adjustments are made council fund during the year

Diploma Course Fees Relevant to 2013	12,000.00
Correction Errors-Depreciation	48,433.33
Paper Sales	4,816.50
Paper registration Relevant to 2013	40,250.00
	<u>105,499.83</u>
Correction Errors - Fixed Assets	(44,180.00)
Toner Purchases - 2012	(34,800.00)
Correction Errors - Book Stock	(15,250.00)
Correction Errors - Depreciation of Library Book	(25,043.27)
Correction Errors - Depreciation	(1,200.00)
Diploma Course Fees Adjusment 2012, 2013	(10,000.00)
	<u>(24,973.44)</u>

SRI LANKA PRESS COUNCIL
CASH FLOW STATEMENT
FOR THE YEAR ENDED 31ST DECEMBER
(All Amounts are in Sri Lanka Rupees)

Note

2014

2013

	Rs. C.	Rs. C.
Cash Flow From Operating Activities		
Surplus/(Deficit) For The Year	(1,490,967)	(1,786,936)
Adjustment For Non Cash Movements		
Depreciation	1,427,924	1,459,343
Written Off	35,490	2,691
Prior Year Adjustment	(24,973)	455
Transfer to Capital Reserve	56,500	-
Gratuity Provision	540,363	404,101
(Increase)/Decrease In Inventories	61,401	(159,901)
(Increase)/Decrease In Festival Advance	1,000	0
(Increase)/Decrease In Other Current Assets	57,180	(5,632)
(Increase)/Decrease In Deposits And Prepayments	16,368	1,015,172
(Increase)/Decrease In Advance for Local Purchase	(10,000)	-
(Increase)/Decrease In Distress Loan Receivable	271,824	(11,091)
Increase/(Decrease) In Sundry Creditors	-	1,500
Increase/(Decrease) In Accrued Expenses	66,086	-36,382
Cash Generated From Operating Activities	1,008,196	883,320
Gratuity Paid	-	
Net Cash Flows From Operating Activities	1,008,196	883,320
Cash Flows From Investing Activities		
Fixed Assets Purchased	(1,026,741)	(474,635)
Investment In Funds	(877,601)	(435,280)
Net Cash Inflows From Investing Activities	(1,904,342)	(909,915)
Cash Flows From Financing Activities		
Cash Granted/(Refunded) From / (To) Government Treasury	1,000,000	400,000
Net Cash Inflows/(Outflows) From Financing Activities	1,000,000	400,000
Net Increase/(Decrease) In Cash & Cash Equivalents	103,854	373,405
Cash & Cash Equivalents At the Begining of The Year	548,011	174,606
Cash & Cash Equivalents At the End of the Year	651,865	548,011

Accounting Policies and Notes on pages 06 to 13 form an integral part of these Financial Statements.

**SRI LANKA PRESS COUNCIL
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER, 2014**

1. Domicile and Legal Form

Sri Lanka Press Council was established by the Parliament Act. No. 73 of 1973. Sri Lanka Press Council registered office and principle place of service is located at No. 155/15, Castle Street, Borella, Colombo 08.

1.1 Principal Activities and The Nature of Operations

The principal activity of Sri Lanka Press Council is popularising press freedom as a cultural element for national development.

1.2 Basis of Preparation

The principal accounting policies adopted in the preparation of the financial statements are set out below. The Policies have been consistently applied to all the years presented, unless otherwise stated.

These financial statements have been prepared in accordance with Sri Lanka Public Sector Accounting Standards (SLPSAS) for public sector entities published jointly by Institute of Chartered Accountants of Sri Lanka (ICASL) and Ministry of Finance and Planning.

1.3 Statements of Compliance

The Financial Statements of Sri Lanka Press Council has been prepared in accordance with Sri Lanka Public Sector Accounting Standards (SLPSAS).

1.4 Going Concern

The Board of Governors is satisfied that the council has adequate resources to continue its operations in the foreseeable future. Accordingly the financial statements are prepared based on going concern basic.

1.1.2 Comparative Information

The accounting policies have been consistently applied by the Company and are consistent with those used in the previous years.

1.1.3 Materiality and Aggregation

Each material class of similar items is presented separately in the financial statements. Items of a dissimilar nature or function are presented separately unless they are immaterial.

1.1.4 Changes in Accounting Policies

The accounting policies adopted are consistent with those of the previous financial years.

2. Summary of Significant Accounting Policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

2.1 Property, Plant & Equipment

2.1.1. Recognition and Measurement

All property plant and Equipment other than motor vehicle are stated at cost less accumulated depreciation and accumulated impairment losses. Motor vehicles are stated at revalued amounts, being its fair value at the date of the revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. The carrying values of property plant and equipment are reviewed for impairment when events or changes in circumstances indicate

that the carrying value may not be recoverable. All items of property, plant and equipment are initially recorded at cost. Where items of property, plant and equipment are subsequently revalued, the entire class of such assets is revalued at fair value. Revaluations are done with sufficient regularity. When an asset is revalued, any increase in the carrying amount is credited directly to a revaluation reserve, except to the extent that it reverses a revaluation decrease of the same asset previously recognized in the income statement, in which case the increase is recognized in the income statement. Any revaluation deficit that offsets a previous surplus in the same asset is directly offset against the surplus in the revaluation reserve and any excess recognized as an expense. Upon disposal, any revaluation reserve relating to the asset sold is transferred to retained earnings. Items of property, plant and equipment are derecognized upon replacement, disposal or when no future economic benefits are expected from its use. Any gain or loss arising on derecognizing of the asset is included in the income statement in the year the asset is derecognized.

2.1.2 Depreciation

Provision for depreciation is calculated by using a straight-line method on the cost or valuation of all property, plant and equipment, other than freehold land, in order to write off such amounts over the estimated useful economic lives of such assets. The estimated useful lives of assets are as follows:-

Type of Asset	Years
Motor Vehicle - (10%)	10
Furniture & Fixtures - (20%)	05
Office & Welfare Equipment - (20%)	05
Books of Library - (20%)	05

The useful life and residual value of assets are reviewed, and adjusted if required, at the end of each financial year. Depreciation is provided in the year of purchase in full and no depreciation is charged in the year of disposal.

2.2 Cash and Cash Equivalents

Cash and cash equivalents are defined as cash in hand demand deposits and short term highly liquid investments, readily convertible to known amounts of cash and subject to insignificant risks of changes in value.

2.3 Investments

Investments comprise of savings accounts and these investments are accounted at cost.

2.4 Inventory

Inventories consist of publications and Stationery. Publications are accounted at cost or net realisable value whichever is lower.

2.5 Other Receivables

Other Receivables are stated at the amounts estimated to be realized. All receivables are accounted on accrued basis other than receivable from Diploma course.

2.6 Liabilities and Provisions

Liabilities are recognized in the balance sheet when there is a present obligation arising from a past event, the settlement of which is expected to result in an outflow of resources embodying economic benefits. Obligations payable at the demand of the creditor or within one year of the balance sheet date are treated as current liabilities in the balance sheet. Liabilities payable after one year from the balance sheet date are treated as non-current liabilities in the balance sheet.

A provision is recognized in the balance sheet when the company has a legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits for which a reliable estimate could be made is required to settle the obligation.

2.7 Employee Benefits

2.7.1 Defined Contribution Plans

All employees of the council are members of the employees provident fund and employees trust fund to which the council contributes 12% and 3% respectively of such employees basic salary or wage.

2.7.2 Defined Benefit Plans

The council measures the present value of the retirement benefits of gratuity, which is a defined benefit plan calculated using projected unit credit method. Actuarial gains or losses are recognized as income or expenses over the expected average remaining working life of the participants of the plan.

2.8 Statement of Financial Performance

2.8.1 Revenue Recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the company and the revenue and the associated costs incurred or to be incurred can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable, net of trade discounts and sales taxes.

2.8.2 Contribution From The Government of Sri Lanka

The Contribution from government of Sri Lanka is recognized on an accrual basis.

2.8.3 Interest Income

Interest income is recognized as it accrues in profit or loss, using the effective Interest Method.

2.8.4 Other Income

Other income is recognized on an accrual basis.

2.8.5.1 Expenditure Recognition

All expenses incurred in day to day operations of the council and in maintaining the property, plant and equipment in a state of efficiency has been charged to the statement of financial performance.

2.8.5.2 Classification of Expenditure

For the purpose of presentation of statement financial performance the governors are of the opinion that the nature of expense method present fairly, the elements of the council's performance hence such method adopted.

2.9 Cash Flow Statement

Cash Flow Statement has been prepared using the "Indirect Method".

2.10 Events Occurring After the Reporting Period

Events after the reporting period are those events favorable and unfavorable that occurs between the end of the reporting period and the date when the financial statements are authorized for issue. The materiality of the events occurring after the reporting period is considered and appropriate adjustments to or disclosures are made in the Financial Statements, where necessary.

SRI LANKA PRESS COUNCIL
NOTES TO THE FINANCIAL STATEMENTS (Contd...)
FOR THE YEAR ENDED 31ST DECEMBER

2014

2013

(All amounts are in Sri Lanka Rupees)

Rs. C.

Rs. C.

Note 3 - Contribution From Government of Sri Lanka

Represents the allocation received from Government of Sri Lanka for utilities and maintenance of the Council.

Note 4 - Sale of Books

Book Sale	30,305.00	34,925.00
Less - Receivable income Adjustment	7,505.00	-
Less - Cost of Book Sales	22,909.66	36,288.74
	<u>(109.66)</u>	<u>(1,363.74)</u>

Note 5 - Wages, Salaries & Employee Benefits

Salaries and Wages	6,053,177.46	5,076,831.55
EPF Contribution	728,608.82	578,066.00
ETF Contribution	145,721.75	115,613.16
Overtime & Holiday Payment	495,614.31	479,658.51
Members Fees	552,000.00	504,000.00
Gratuity Provision	540,363.00	404,101.00
Audit Committee Meeting Fees	60,000.00	28,000.00
Other Allowances	530,611.50	475,305.00
	<u>9,106,096.84</u>	<u>7,661,575.22</u>

Note 6 - Supplies & Requisites

Stationery	150,338.19	96,502.63
Fuel & Lubricants	604,491.10	551,325.00
Fuel Allowance	240,000.00	240,000.00
Office Requisites	11,715.10	18,987.50
Medical Supplies	-	255.00
Uniforms	16,000.00	19,312.00
Newspapers & Periodicals	13,300.00	9,180.00
	<u>1,035,844.39</u>	<u>935,562.13</u>

Note 7 - Utility Expenditure

Telephone Charges	267,800.31	219,028.80
Postage	45,310.00	25,185.00
Lighting	248,912.75	232,695.26
Rent-Office	2,160,000.00	1,920,000.00
Water Charges	58,289.27	49,599.10
Security Charges	380,495.89	381,541.21
	<u>3,160,808.22</u>	<u>2,828,049.37</u>

SRI LANKA PRESS COUNCIL
NOTES TO THE FINANCIAL STATEMENTS (Contd...)
FOR THE YEAR ENDED 31ST DECEMBER

2014

2013

(All amounts are in Sri Lanka Rupees)

	Rs. C.	Rs. C.
Note 8 - Other Operating Expenses		
Transportation	-	-
Transport Allowance	360,000.00	360,000.00
Travelling-Staff	44,042.00	44,217.00
Travelling-Members	92,950.00	85,397.00
Travelling-Overseas	141,807.25	-
Advertisement & publication	133,775.60	186,588.80
Printing & Binding	132,537.00	152,926.00
Repair & Maintenance	711,185.96	721,422.32
Entertainment Expenses	178,161.00	153,510.00
Office & Religion Occasion Expenses	56,316.00	1,629.00
Office Furniture & Fixtures Written Off	-	2,690.75
Audit Fee	39,648.00	39,648.00
Incidental Expenses	12,086.00	22,839.50
Bank Charges	7,039.30	12,856.50
Car Insurance & License	183,686.55	150,301.65
Legal Fees	21,600.00	-
Website Expenses	-	90,800.00
Donation	-	1,500.00
	2,114,834.66	2,026,326.52
Note 9 - Grants & Transfer Payments		
Provincial Communication-Work Shop	1,607,661.33	1,439,567.00
Diploma Course	457,192.53	466,554.24
Dayata Kirula Programme	1,734,092.81	1,828,138.40
Publication	347,000.00	553,200.00
Training Course - Staff	-	17,500.00
Media Forum-4th Anniversary	-	2,169,109.81
	4,145,946.67	6,474,069.45

SRILANKA PRESS COUNCIL
NOTES TO THE FINANCIAL STATEMENTS (Contd...)
FOR THE YEAR ENDED 31ST DECEMBER

2014

2013

(All amounts are in Sri Lanka Rupees)

	Rs. C.	Rs. C.
Note 10 - Cash and Cash Equivalents		
Cash At Bank	651,864.64	548,010.60
	651,864.64	548,010.60
Note 11 - Other Current Assets		
Salary Recoverable - No Pay	13,497.25	8,268.25
Salary Recoverable - Telephone Bill	2,095.46	-
Registration & Late Fees	2,000.00	59,000.00
Book Sales	6,370.00	13,875.00
	23,962.71	81,143.25
Note 12 - Inventory		
Stock of Books	381,880.01	530,667.65
Stock of Stationery	105,863.36	82,963.08
Goods on Sales or Return Basis	64,486.40	-
	552,229.77	613,630.73
Note 13 - Deposits & Prepayments		
Security Deposit-Castle Street Building	540,000.00	480,000.00
Security Deposit-Water Bottle	4,000.00	4,000.00
Fuel Deposit	75,000.00	75,000.00
Insurance & Revenue License Fees	77,121.73	153,490.07
Total	696,121.73	712,490.07
Note 14 - Distress Loan Receivable		
Balance as at the Beginning of the Year	1,523,029.50	1,511,938.50
Loans Given during the Year	99,920.00	546,705.75
	1,622,949.50	2,058,644.25
Loans Recovered during the Year	(371,743.50)	(535,614.75)
Balance as at the End of the Year	1,251,206.00	1,523,029.50

SRI LANKA PRESS COUNCIL
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER, 2014
(All amounts are in Sri Lanka Rupees)

Note 15 - Property, Plant & Equipment

Cost / Valuation	Motor Vehicles	Furniture & Fittings	Office & Welfare Equipments	Books of Library	Total
Balance as at 01st January, 2014	10,102,680.00	1,235,862.75	2,002,656.83	178,344.48	13,519,544.06
Additions	96,000.00	25,656.25	903,385.00	1,500.00	1,026,741.25
Disposals / Written Off	(197,680.00)	-	-	-	(197,680.00)
Balance as at 31st December, 2014	10,001,000.00	1,261,519.00	2,906,241.83	179,844.48	14,348,605.31
Depreciation					
Balance as at 01st January, 2014	1,958,000.00	1,150,552.00	922,285.00	52,916.62	4,083,753.62
Additions	-	-	267,238.00	25,043.27	292,281.27
For the Year	920,000.00	140,226.00	341,594.50	26,103.27	1,427,923.77
On Disposals	(140,000.00)	(269,638.00)	(44,833.33)	-	(454,471.33)
Balance as at 31st December, 2014	2,738,000.00	1,021,140.00	1,486,284.17	104,063.16	5,349,487.33
Carrying value					
as at 01st January, 2014	8,144,680.00	85,310.75	1,080,371.83	125,427.86	9,435,790.44
as at 31st December, 2014	7,263,000.00	240,379.00	1,419,957.66	75,781.32	8,999,117.98

SRILANKA PRESS COUNCIL
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER

2014

2013

(All amounts are in Sri Lanka Rupees)

	<i>Rs. c.</i>	<i>Rs. c.</i>
Note 16 - Investments-Savings Account (Fund Purpose)		
People's Bank-Loan Fund	1,250,203.76	824,704.55
People's Bank-Research Fund	1,212,556.69	786,934.31
People's Bank-Gratuity Fund	676,413.44	649,934.22
	<u>3,139,173.89</u>	<u>2,261,573.08</u>
Note 17 - Accrued Expenses		
Overtime	46,219.06	30,427.13
Travelling Allowance	400.00	1,600.00
Telephone	18,973.30	4,206.84
Audit Fee	106,176.00	65,528.00
Office Equipment Maintenance	-	4,060.00
NewsPaper & Periodicals	1,140.00	-
	<u>172,908.36</u>	<u>106,821.97</u>
Note 18 - Employee Benefits		
Balance As At The Beginning Of the Year	3,738,207.00	3,334,106.00
Gratuity Paid During The Year	-	-
	<u>3,738,207.00</u>	<u>3,334,106.00</u>
Provision/(Reversal) During The Year	540,363.00	404,101.00
Balance As At The End of The Year	<u>4,278,570.00</u>	<u>3,738,207.00</u>



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கணக்காய்வாளர் தலைமை அபிப்பித்திரணக்களம்
AUDITOR GENERAL'S DEPARTMENT



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 எனது இல } TM-1/F/SLPC/1/14/27
 My No }

ඔබේ අංකය }
 உமது இல }
 Your No }

දිනය }
 திகதி } 14 July, 2015
 Date }

The Chairman,
 Sri Lanka Press Council.

Report of the Auditor General on the Financial Statements of the Sri Lanka Press Council for the Year ended 31 December, 2014 in terms of Section 14(2) (c) of the Finance Act, No.38 of 1971

THE Audit of Financial Statements of the Sri Lanka Press Council for the Year ended 31 December, 2014 comprising the statement of financial position as at 31 December, 2014 and the statement of financial performance, statement of changes in equity and cash flow statement for the year then ended and a summary of significant accounting policies and other explanatory 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 Section 13(1) of the Finance Act, No. 38 of 1971 and Section 20 of the Sri Lanka Press Council Act, No. 05 of 1973. My comments and observations which I consider should be published with the Annual Report of the Council in terms of Section 14(2)(c) of the Finance Act appear in this report. A detailed Report in terms of Section 13(7)(a) of the Finance Act was issued to the Chairman of the Council on 05 June, 2015.

1.2 Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these Financial Statements in accordance with Sri Lanka Public Sector Accounting standards and for such internal control as the management determines is necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

1.3 Auditor's Responsibility

My responsibility is to express an opinion on these Financial Statements based on my Audit. I conducted my audit in accordance with Sri Lanka Auditing Standards consistent with international Standards of Supreme Audit Institutions (ISSAI 1000-1810). Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of

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the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Council's preparation and fair presentation of the financial statements 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 Council's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by managements, as well as evaluating the overall presentation of the financial statements. Sub-sections (3) and (4) of Section 13 of the Finance Act, No. 38 of 1971 give discretionary powers to the Auditor General to determine the scope and extent of the audit.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified audit opinion.

1.4 Basis for Qualified Opinion

My opinion is qualified based on the matters described in Paragraph 2.2 of this report.

2. Financial Statements

2.1 Qualified Opinion

In my opinion, except for the effects of the matters described in paragraph 2.2 of this report, the financial statements give a true and fair view of the financial position of the Sri Lanka Press Council as at 31st December, 2014 and its financial performance and cash flows for the year then ended in accordance with Sri Lanka Public Sector Accounting Standards.

2.2 Comments on Financial Statements

2.2.1 Sri Lanka Public Sector Accounting Standards

The following observations are made :-

(a) Sri Lanka Public Sector Accounting Standard- No.09

Even though The value of stocks should be stated at cost or net realizable value whichever is lower, the obsolete books and the books of which the cost is not fully recoverable had been shown as their cost of Rs. 381,880 in the financial statements.

(b) Sri Lanka Public Sector Accounting Standard- No.07

Residual value and the useful life of fixed assets should be determined on market information. Nevertheless, in case of acquisition of assets, their residual value and useful life had been assessed on the estimate of the Accountant, while the assets had not been assessed annually.

(c) Sri Lanka Public Sector Accounting Standard- No.02

Even though the cash flow statement should be prepared by showing the cash inflows and cash outflows, the cash flow statement had been prepared contravening the above in the following instances.

- (i) Even though a value of Rs. 35,490 had been shown as write offs under non financial adjustments in the cash flow statement, such a write off had not been included in the Financial Performance Report.
- (ii) The increase of value of the three wheller by Rs. 26,000 due to the revaluation of motor vehicles and the interest of Rs. 94,613 received during the year under review for the fund accounts maintained by the Council had been identified as a cash outflow due to investment activities in the cash flow statement.

2.2.2 Accounting Policies

The following observations are made :-

- (a) According to Sri Lanka Public Sector Accounting Standard- No. 07, the depreciation policy of the Council had been changed in the year 2013 on the basis of computation of depreciation from the date of use of

assets. Nevertheless, depreciation policy under accounting policies included in the final accounts had not been disclosed accordingly.

- (b) An Accounting policy in respect of the accounting of Government contribution for capital expenditure had not been adopted by the Council.

2.2.3 Accounting Deficiencies

The following observations are made :-

- (a) Comparative information pertaining to 3 items shown in the financial statements of the preceding year had been altered by a sum of Rs. 8,268 and shown in the financial statements of the year under review.
- (b) Provision for Gratuity had been understated by a sum of Rs. 136,152 due to computation errors.

2.3 Non-compliance with Laws, Rules, Regulations and Management Decisions

Instances of non-compliance with laws, rules, regulations and management decisions are given below.

Reference to Laws, Rules, Regulations	Non-compliance
(a) Letter No. CA/1/17/1 of 14 May 2010 of the Presidential Secretariat Paragraph I	Action had not been taken in accordance with the notice informing that all the office premises of the Ministry and all institutions thereunder should be maintained as much as possible in Government or government owned buildings and in accordance with the directive given to move the office of the council to a government building in terms of the Directive No. 07 of the Committee on Public Enterprises held on 10 July 2012. Further, the office had been maintained in various places on rental basis despite the elapse of 40 years since the inception of the council. A sum of Rs. 11,570,500 had been spent as rent only from the year 2006 up to 2014. Further, according to the Rent Agreement revised in the year 2014, monthly rental had been increased by a sum of Rs. 20,000.
(b) Public Enterprises Circular No. PED/12 of 02 June 2003 Paragraph 4.2.6	Quarterly performance reports should be submitted to the relevant line Ministries before the elapse of 30 days from the end of the relevant quarter. Nevertheless, all quarterly reports of the year 2014 had not been submitted to relevant line Ministries within the specified periods.
(c) Financial Regulations of the Democratic Socialist Republic of Sri Lanka (i) Financial Regulation 880	Officers who are entrusted the receipt and custody of public money and who certify vouchers or sign cheques on Government Account will be required to give security in accordance with the Public Officers (Security) Ordinance. Nevertheless no security had been obtained as yet from any officer engaged in such duties in the Council.
(ii) Financial Regulations 102 and 108	Even though four items misplaced or unusable had been identified according to the Annual Board of Survey Report, necessary action had not been taken in this connections as required.
(iii) Financial Regulation 245	In the certification of vouchers of the Council, all payment vouchers should be certified by the certifying

officer, Nevertheless, payment vouchers had been certified by the Assistant Commissioner without delegation of authority for certifying vouchers in September of the current year.

- (d) Public Finance Circular No. PF/423 of 22 December 2006
Paragraph 3.3(a) and (b)

All statutory Funds under the Ministries should be annulled as the operation of non-statutory Funds weakens the responsibility of financial control and the balances therein should be credited to the Consolidated Fund. Nevertheless, three Fund Accounts valued at Rs. 3,139,174 had remained with the Council even by 31 December 2014. Further, approval of the Ministry had also not been obtained therefor.

3. Financial Review

3.1 Financial Results

According to the financial statements presented, the operation of the Council for the year ended 31 December, 2014 had resulted in a deficit of Rs. 1,490,967 as compared with the corresponding deficit of Rs. 1,795,205 for the preceding year, thus an increase of Rs. 304,238 in the financial results of the year under review was observed as compared with the preceding year. Even though the government grants for the year under review had decreased by Rs. 713,750 as compared with the preceding year, increase of Rs. 616,248 in other income of the Council and decrease of Rs. 401,740 in the recurrent expenditure had mainly attributed to the improvement of the financial results.

4. Operating Review

4.1 Performance

The following observations are made:-

- (a) Fifty five complaints against newspapers had been received during the year under review while the number of complaints to be resolved including the 44 complaints not resolved during the year 2013 stood at 99. Out of that, 34 complaints had not been resolved even by the end of the year under review. Even though the progress of resolving complaints had been only 55 per cent according to the targets of the Action Plan, the entire provision of Rs. 2 million made in this connection had been spent.
- (b) A programme for the registration of 60 web sites had been planned but that programme had not been implemented even by March 2015.
- (c) Provisions amounting to Rs. 1,500,000 had been made with a view to conducting 13 workshops on District Regional Journalism and School Mass Media in accordance with the Annual Action Plan. Nevertheless, only 8 programmes were conducted and a sum of Rs. 1, 607,661 had been spent therefor.
- (d) Even though printing five varieties of books on Communication and a subject oriented discussion had been planned with a view to ensuring an advanced professional journalism, it had not been so done.

4.2 Management Inefficiencies

The following observations are made:-

- (a) The Press Council had conducted four Diploma Courses on Mass Media from the year 2010 up to the year under review and the following management weaknesses were observed in this connection.

- (i) The total expenditure incurred on the four courses as at 31 March 2015 amounted to Rs.2,827,501 and the total fees recovered for the courses amounted to Rs. 1,130,000 thus an additional cost of Rs. 1,697,501 had to be borne by the funds of the council. Even though the course fees had been revised so as to meet the expenses of the course in accordance with the instructions given by the Audit and management committee at the meeting held on 05 November 2012, the expenditure on course had not been covered therefrom.
 - (ii) The percentage of dropouts from the students registered for this course during the four preceding years had been about 50 per cent. The course organizers had not taken follow up action to find out the reason for the increase of percentage of dropouts and necessary action had not been taken in this connection.
 - (iii) Out of the eight workshops on journalism and School Mass Media conducted during the year under review, three workshops had been held covering the Kurunegala District and an imbalance in the selection of districts for conducting workshops was observed in previous years as well. As such, it was observed in audit that in conducting workshops, the management had not paid due attention to other schools which had registered Mass Media Association.
- (b) Books on Journalism are being printed and sold by the Council and a stock of books costing Rs. 381,880 remained at the Council even by the end of the year under review. Out of that, 1318 books costing Rs. 84,216 had been printed more than 14 years ago. While 480 books costing Rs. 64,486 had been issued to book shops under higher discounts from 30 to 45 per cent on sale or return basis. Printing of books without identifying the actual necessity or possibility of sale and lack of proper procedure for sale and distribution of the printed books had been the reason for the above situation.

4.3 Transactions of Contentious Nature

The following observations are made:-

- (a) According to the objectives of the Research Fund Account opened in the year 1993, the entire expenditure on subscriber surveys should be incurred by the Fund. Nevertheless, the recurrent grants had been utilized to incur the expenditure on surveys. A sum of Rs. 375,000 had been spent in this connection during the year under review despite the availability of adequate funds in the above Account to meet those expenses.
- (b) A sum of Rs. 403,392 had been spent on entertainment purpose in respect of 1000 officers who participated in all workshops conducted in the year 2014. Nevertheless, it was revealed that only 679 persons had participated in these workshops according to the reports. Thus, spending a sum of Rs. 129,489 was questionable in audit.

4.4 Uneconomic Transactions

An expenditure of Rs. 13,475 had been incurred during the year under review by the Council in respect of pre-organizing activities with a view to conducting a Journalism Workshop in Matale District. Nevertheless, such a workshop had been conducted as yet.

4.5 Staff Administration

The following observations are made:-

- (a) The functions of the Press Commissioner who is the Chief Executive Officer of the Press Council in terms of Sections 22 of the Press Council Act had been performed on acting basis since 31 March 2010, by the officers appointed from time to time on the recommendations of the Ministry in accordance with the instructions of the Cabinet of Ministers. Even though the Committee on Public Enterprises had, at the meetings held in the years 2012 and 2014, directed that a permanent appointment should be made to this post for which a full - time officer should be appointed, a permanent officer had not been appointed for this post even up to the date of this report.

- (b) A newspaper advertisement for the recruitment of officers to nine posts existing in the Council had been published on 05 October 2013 at a cost of Rs. 102,144. Even though applications for those vacancies had been received, steps had not been taken up to date to recruit officers for the above posts.
- (c) Two officers had been recruited on daily paid basis due to the non - recruitment to the approved cadre and a sum of Rs. 187,000 had been paid as salaries during the year under review.

5. Accountability and Good Governance

5.1 Presentation of Financial Statements

In terms of Section 6.5.1 of the Public Enterprises Circular No.PED/12 of 02 June 2003, the financial statements of the Press Council should be presented to audit within 60 days after the close of the financial year. Nevertheless, the financial statements for the year under review had been presented to audit only on 18 May 2015.

5.2 Corporate Plan

Even though a Corporate Plan for the period 2010-2014 had been prepared by the Council in terms of Section 5 of the Public Enterprises Circular No.PED/12 of 02 June 2003, it had not been periodically reviewed and updated as yet. Further, the Council had failed to achieve certain targets in the Corporate Plan even by the end of five year period.

5.3 Action Plan

Even though an Action Plan for the year 2014 had been prepared by the Council, it had not been periodically reviewed and updated. As per the Performance Report prepared as at 31 December 2014, the physical progress of achieving the targets included therein had been at a low level.

5.4 Internal Audit

An Internal Audit Unit was not functioning in the Council, and the internal audit functions of the Council had been assigned to the internal Audit Unit of the Ministry. Nevertheless, an internal audit had not been carried out during the year under review.

5.5 Audit Committees

Even though four Audit Committee meetings should be held at least once in each quarter in terms of Section 6.5.1 of the Public Enterprises Circular No.PED/12 of 02 June 2003, only two meetings had been held during the year under review.

5.6 Procurement Plan

Even though a Procurement Plan for the year under review in terms of Section 4.2.1 of the Government Procurement Guidelines had been prepared on 20 February 2014 and obtained the approval of the Commissioner, that had been submitted for the approval of the Ministry only on 01 August 2014. The following deficiencies were observed in the Procurement Plan.

- (i) The quantity of items expected to be purchased during each period and the cost thereof had not been identified separately.
- (ii) The expected dates of commencement and completion of the purchase of each item according to the requirement had not been included.

5.7 Budgetary Controls

Significant variances between the budgeted expenditure and actual expenditure were observed thus it was observed that the budget had not been made use of as an effective instrument of financial management control.

5.8 Unresolved Audit Paragraphs

Action had not been taken to implement the directives made relating to the Press Council at the meeting of the Committee on Public Enterprises held on 24 July 2014, i.e. update the Corporate Plan for the years 2010-2014 in

a timely manner, carrying out the internal audit and presentation of reports thereon to audit, proper conduct of Audit and Management Committee of the Council, formulation of a proper mechanism for the registration of newspapers and magazines not registered.

5.9 Environmental and Social Responsibility

The following observations are made:-

- (a) A proper mechanism to produce the offenders in Courts after investigating any indecent or obscene statement or matter published in newspapers in terms of Sections 15 and 30(1) of the Act was not in existence in the Council. Even though instances where such magazines had been sold as registered magazines had been reported to the Council, necessary action had not been taken by the Council.
- (b) In terms of Section 25 of the Press Council Act, every newspaper should be registered in the Press Council. Eventhough powers had been vested in terms of Section 30 of the Act to the Board of Directors to formulate required rules and regulations in connection with the release of unregistered newspapers to the market considering it as matters having an impact on the functions of the Council, a proper mechanism in this connection had not been formulated as yet.
- (c) A methodology to investigate newspapers published daily had not been formalated. Although the number of investigation reports presented by the Investigation Officer of the Council stood at 8 in the year 2013, it had decreased up to 3 in the year 2014. As such, it was observed that the Council had not paid due attention to evaluate the adherence to ethics.
- (d) The Council had given the permission without any basis to register the newspapers reporting only the crimes, violating Section 6 of the Code of Etaics and Section 15 of the Council Act.

6. Systems and Control

Weaknesss in systems and controls observed during the course of audit were brought to the notice of the Chairman of the Council from time to time. Special attention is needed in respect of the following areas of control:-

- (a) Procurements;
- (b) Maintenance of registers;
- (c) Conduct of Courses.

W. P. C. Wickramarathne,
Acting Auditor General.