Sri Lanka Press Council

Annual Report and Statement of Accounts

January 01st 2012 – December 31st 2012

Sri Lanka Press Council,
No. 155/15, Castle Street,
Colombo 08,
28th February, 2013.

The Hon. Minister of Mass Media and Information,
163, Kirulapone Mawatha,
Polhengoda,
Colombo 05.

Honourable Minister,

Annual Report – 2012

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, 2012 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,
(President's Counsel),
Chairman.

ANNUAL REPORT OF THE SRI LANKA PRESS COUNCIL FOR THE YEAR 2012

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 are 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)	2012.06.14
Member	Mr. Ariyananda Dobagahawatte	2012.06.14
Member	Mr. Prasad Suriyarachchi (Attorney - at- Law)	2012.06.14
Member	Prof.Sunanda Mahendra	2012.06.14
Member	Prof.Ariyarathna Athugala	2010.06.04
Member	Mr.Pradeep Wijesundara	2011.09.05
Member	Mr. Karunadasa Sooriarachchi	2012.06.14

Mrs. M.K.D.N. Madampa appointed on 2012.04.02 as a representative of General Treasure by the Minister of Mass Media and Information.

02. Meeting of the Council

The Council held 22 meetings during the year 2012.

03. Complaints

The number of Complaints received during the period review were 42.

10 Complaints brought forward for the year 2011

Number of Complaints brought forward	-	10
Complaints during the year 2012	-	42
Total Complaints for inquiry for the year 2012	-	52

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

The Council received 52 complaints during the year. The sources of these complaints were :-

On Research	-	21
Mutual Settlement	-	01
Dismissals	-	05
Withdrawals	-	19
Orders (3 complaints from 2011)	-	06
		52

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 which complaint pending in the court.

04. Staff

Recruitment Scheme preparing according to the new format with the discussion of the National Salaries and Cadres Commission.

Mr.L.M.G. Nandasiri served as a K.K.S. (Arachchi) retired on 19.11.2012 and Messenger Mr.R.K. Siripala retired on 20.03.2012 . The Present employees of Sri Lanka Press Council are 10.

1.	Mr. S. A Jagathsiri	-	Accountant
2.	Mrs. H. S. Wijeratne	-	News Investigator
3.	Mrs. Indrani Murugesu	-	Translator
4.	Mrs. T. A. Anoma Priyanthi Tilakaratne	-	Computer Operator
5.	Mrs. T. N. Nilmini Peiris	-	Accounts Asst.
6.	Mrs. K. G. N. H. Pathiratne	-	Management Asst.
7.	Mr. K. Chandrapala	-	Driver
08.	Mr. G. B. Karunatilaka	-	Driver
09.	Mr. K. G.. F. Wijeratne	-	K.K.S
10.	Mr. H. A. T. Wijeratne	-	K.K.S

Mr. J.D.C. Jayasinghe Addl. Secretary of Ministry of Mass Media and Information appointed as a Acting Press Commissioner with effect from 23.12.2011 to 05.09.2012. After that Mr. K.M.G.S. Nalaka Kaluwewa Director (Development) of Ministry of Mass Media and Information appointed as a Acting Press Commissioner with effect from 18.09.2012.

Mr. T. Niroshana served as a Project Implementation Asst. in the Ministry of Mass Media and Information appointed as a Asst. Press Commissioner (Research) on Secondment Basic in the Sri Lanka Press Council for 3 years from 01.09.2009 to 31.08.2012 and extended his service for six months.

05. Directives issued to the Sri Lanka Press Council 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 Journalist

(1) The following Workshop and Seminars organized for the Year 2012 :

Date	Workshop	Number of Participation School Students	Venue
2012.05.18	School Communication Workshop at Kuliyapitiya	200	Ku/Saranath Mahavidyalaya Kuliyapitiya.
2012.06.26	Work Shop For Journalist	126	Dept. of Government Information, Polhengoda, Colombo 05.
2012.06.30	Work Shop for Provincial Journalist at Trincomalee District	65	Trincomalee District Secretariat, Trincomalee
2012.08.25	Work Shop for Provincial Journalist at Kandy	110	"Oak Ray" Hotel Kandy
2012.10.08	Work Shop for school students at Kandy District	200	Walala Madya Maha Vidyalaya, Kandy
2012.10.09	Media Work Shop for School Students at Kandy District	200	Nugawela Madya Maha Vidyalaya, Kandy
2012.11.24	Work Shop for Provincial Journalist At Kalutara District	74	Garden Beach Hotel, Kalutara
2012.12.15	Work Shop for Provincial Journalist at Ampara District	81	Monty Hotel, Ampara

Deyata Kirula Programme

Sri Lanka Press Council exhibit a stall at " Oya Medulla" Anuradapura.

Diploma Course on Journalism and Communication

IIIrd Batch of the Diploma Course on Journalism and Communication conducted on 13. 10. 2012 participation of 25 Journalists.

Discussion on Communication on Friday

Programme conducted in every Friday targeted on a contemporary discussion.

07. Finance

(i) A sum of Rs.19,600,000/- was approved being recurrent expenditure of the Sri Lanka Press Council for the year 2012. This amount of Rs. 16,601,000/- was drawn for expenditure of the Council from the General Treasury in installments. The amount of Rs. 3,000,000/- transferred to the Ministry of Mass Media and Information.

(ii) For the year 2012 Rs.682,000/- obtained from the Treasury.

(iii) Apart from the Government Grant and the Registration Fees of Newspapers, other receipts credited to the Council's fund during the year 2012 as follows :-

Funds Deposits & other Recoveries	Rs.	3,791,024.05
Late Registration Fees	Rs.	102,550.00
	Rs.	3,893,574.05

(iv) **Receipts and payment Accounts:**

With balance brought forward from the previous year, the total receipt during the year amounted Rs.21,227,495.39. The total expenditure Rs.21,052,889.35. The Balance lying to the credit of the Council's Fund at the end of the year 2012 was Rs. 174,606.04.

(v) **Income and Expenditure Account:**

With the Government Grant for the recurrent expenditure, the total income during the year Rs.17,481,423.11 and the total expenditure to Rs.17,561,071.10 expenditure over income of Rs.79,647.99 was credited to the Council fund during the year 2012.

(vi) **Council's (Accumulated) Fund:**

The amount lying to the credit of the Council's Fund at the beginning of the year 2012 was Rs. 1,767,961.23 the beginning of the year the capital fund credited Rs. 4,115,000.00 during the year capital amount Rs.682,000/- the year 2010 fixed Assets (Vehicle) excess revalue Rs. 777,475.00 for sale of vehicle Rs.757,500/- sent to the Treasury. Capital amount Rs.14,566,975.00 credited to the accounts. During the year expenditure over income Rs.79,647.99 being the adjustment in respect of the previous year Rs.8,754.33 had been transferred to the Council's fund. Fund at the end of the year was Rs,12,728,120.11 credited.

The amount and the allocation amounting Rs.3,334.106 current liabilities Rs. 143,703.35 amounting Rs. 10,423,189.19 fixed Assets value Rs.2,381,293.06/- Saving Gratuity, Research fund Rs. 3,401,447.41 and other deposits.

(vii) **Registration of Newspapers:**

During the period of January to December, 2012 a sum of Rs.85,000 was received as registration fees of the Newspapers.

08. 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.
28.02.2013

SRI LANKA PRESS COUNCIL
BALANCE SHEET AS AT 31ST DECEMBER, 2012

2011	Description				Description	Cost	Accumulated Description	Net Value
Rs.		Rs.		Rs.		Rs.	Rs.	Rs.
	Council Fund Contribution							
3,415,000.00	Capital Fund	4,115,000.00			**Fixed Assets**			
700,000.00	Granted By Treasury	682,000.00		10,263,500.00	Vehicles	9,947,680.00	1,044,000.00	8,903,680.00
-	Refund to Treasury	(757,500.00)		484,620.75	Furniture & Fixtures	1,218,807.75	694,388.00	524,419.75
777,475.00	Vehicle Valuation Reserve	777,475.00		788,065.77	Office & Welfare Equipments	1,830,367.58	960,426.00	869,941.58
9,750,000.00	Capitalization of Fixed Assets	9,750,000.00	14,566,975.00	124,177.86	Books for Library	177,244.48	52,096.62	125,147.86
				11,660,364.38		13,174,099.81	2,750,910.62	10,423,189.19
	Council Fund (Accumulated)							
	Balance as at 31.12.2012	(1,759,206.90)						
(1,767,961.23)	Add. Expenditure over Income	(79,647.99)	(1,838,854.89)					
12,874,513.77			12,728,120.11	93,429.08	Research Fund			510,822.19
				385,152.45	Loan Account N.S.B.			697,058.06
				927,991.39	Gratuity Fund			618,412.81
				106,765.68	Outstanding Deposits			555,000.00
	Provisions							
3,601,276.13	Gratuity Fund		3,334,106.00		**Current Assets**			
				408,661.79	Stock of Books		340,658.80	
	Current Liabilities			46,948.74	Stock of Stationery		113,070.58	
500.00	**Sundry Creditors**	500.00		195,390.17	Receivable Income		83,011.17	
150,544.15	Accrued Expenses	143,203.55	143,703.55	14,000.00	Festival Advance Outstanding		13,000.00	
				1,698,177.50	Distress Loans Outstanding		1,511,938.50	
				1,030,831.53	Pre-payments		1,165,162.32	
				50,921.34	Cash at Bank - A/C 078100142268327		174,606.04	
				8,200.00	Cash - In - Hand		-	3,401,447.41
16,626,834.05			16,205,929.66	16,626,834.05				16,205,929.66

Acting Press Commissioner
Sri Lanka Press Council
28th, February 2013

Accountant
Sri Lanka Press Council
28th, February 2013

Chairman
Sri Lanka Press Council
28th, February 2013

SRI LANKA PRESS COUNCIL
INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED ON 31.12.2012

2011 (Rs.)		Description	(Rs.)	Total 2012 (Rs.)
		Expenditure		
	1	**Personnel Emoluments**		7,627,987.20
5,258,458.30		Salaries and Wages	5,176,969.43	
350,305.14		Overtime and Holiday Pay	366,897.00	
621,774.35		E.P.F. Contribution by S.L.P.C.	601,790.17	
124,354.79		E.T.F. Contribution by S.L.P.C.	120,357.98	
281,000.00		Members Fees	480,000.00	
426,247.01		Gratuities to Retired Employees	520,967.62	
12,000.00		Audit committee Meeting Fees	64,000.00	
-		Other Allowance	297,005.00	
	2	**Travelling Expenses**		104,071.00
15,086.00		Staff - Local,office,Staff	18,710.00	
30,012.50		Members	85,361.00	
	3	**Supplies & Requisites**		983,395.30
87,360.56		Stationery	226,547.40	
612,822.00		Fuel and Lubricants	427,639.00	
-		Fuel Allowance	232,000.00	
13,564.00		Office Requisites	48,381.00	
-		Medical Supplies	900.00	
22,870.00		Uniforms (including tailoring charges)	28,152.90	
59,935.00		Newspapers and Periodicals	19,775.00	
	4	**Repairs, Maintenance and Depreciation**		2,147,320.85
	(a)	*Repairs and Maintenance*		
322,932.54		Vehicles	57,307.66	
200,958.10		Office and Welfare Equipment	53,566.08	
7,015.00		Office Building	29,741.00	
		Office furniture and Fixtures	3,500.00	
169,075.20		Cleanning Service	165,734.40	
	(b)	*Depreciation*		
150,000.00		Vehicles	904,000.00	
231,685.33		Office and Welfare Equipment	300,664.50	
158,726.00		Office furniture and Fixtures	205,026.00	
350.00		Liabrary Books	630.00	
	(c)	*Write Off*		
-		Vehicle	-	
-		Office and Welfare Equipment	-	
200.00		Office Furniture and Fixtures	-	
384,720.00	(d)	*Security Service*	427,151.21	
	5	**Transportation, Communication, Utility and Other Services**		3,348,089.49
480,000.00		Transportation	55,720.00	
-		Transport Allowance	348,000.00	
198,794.01		Communication - Telephone Services	236,550.85	
17,730.00		Communication - Postage	26,209.00	
128,377.46		Utility - Lighting	157,790.84	
1,410,000.00		Rent of Office Building	1,920,000.00	
36,017.47		Water Tax	25,051.30	
58,234.32		Rate & Taxes	-	
225,081.28		Publication, Advertisements	37,665.60	
51,362.21		Printing & Binding	164,423.00	
131,463.60		Entertainment Expenses	139,013.94	
-		Office & Religence Occation	20,305.00	
22,495.00		Audit Fees	26,880.00	

2011 (Rs.)		Description	(Rs.)	Total 2012 (Rs.)
11,032.50		Incidental Expenses	22,625.00	
22,904.07		Bank Charges	12,708.00	
70,593.46		Car Insurance and Licence	155,146.96	
100,000.00		Legal Fees	-	
		Cost of Inquiry	7,000.00	7,000.00
	6	**Grants Contribution & subsidis**		3,343,207.26
1,132,726.00		Provincial communication - Work shop	1,686,068.48	
1,047,186.36		Diploma Course	521,719.00	
853,887.66		Dayata Kirula Program	1,117,919.78	
-		Publication	3,000.00	
-		Training Course - Staff	14,500.00	
15,539,337.22				17,561,070.50
61,350.00		Registration Fees		86,000.00
6,650.00		Book Sales commission		-
395.00		Copying fees		275.00
80,507.26		Interest on loans to staff		68,317.90
109,200.00		Late Fees		102,550.00
1,210.77		Books Sales Account		4,082.29
42,911.55		Interest - Savings Account		57,797.92
39,250.00		Vehicle Insurance Claim		-
320,500.00		Diploma Course Revenue		265,500.00
		Profit of Vehicle sales		257,500.00
		Un Cash Cheque		38,400.00
14,877,362.64		Total Expenditure over income		16,680,647.99
14,000,000.00		Government Contribution		16,601,000.00
(877,362.64)		**Income Over Expenditure after Government Contribution**		(79,647.99)

Acting Press Commissioner
Sri Lanka Press Council
28th, February 2013

Accountant
Sri Lanka Press Council
28th, February 2013

Chairman
Sri Lanka Press Council
28th, February 2013

SRI LANKA PRESS COUNCIL
Receipts and Payments Account from 01.01.2012 to 31.12.2012

Object Code	Receipts	Amount Rs.	Object Code	Payments	Amount Rs.
01.01.2012	Balance B/F	50,921.34	1-1-01-1	Salaries & Wages	5,205,531.28
1-1-01-1	Salaries & Wages	47,690.85	1-1-01-2	Overtime and Holiday Pay	326,279.00
1-1-01-4	E.P.F. Contribution By S.L.P.C.	0.00	1-1-01-4	E.P.F. Contribution By S.L.P.C.	601,790.17
1-1-01-6	Members Fee	0.00	1-1-01-5	E.T.F. Contribution By S.L.P.C.	120,357.98
1-1-01-8	Audit Committee Meeting Fees	0.00	1-1-01-6	Members Fee	480,000.00
1-1-03-01	Stationery	0.00	1-1-01-7	Gratuity	788,137.75
1-1-04-01(1)	Vehicles - Repair	0.00	1-1-01-8	Audit Committee Meeting Fees	64,000.00
1-1-05-3	Utility - Lighting	10,841.60	1-1-01-9	Other Allowance (Casual,Train...etc)	268,505.00
1-1-05-4	Rent of Office Building	0.00	1-1-02-01	Travalling expenses - Local , Office Staff	16,270.00
1-1-05-9(2)	Other Services - Entertaintment Expenses	140.00	1-1-02-03	Travalling expenses - Members	84,061.00
1-1-05-9(7)	Other Services - Incidental Expenses	0.00	1-1-03-01	Stationery	291,216.24
1-1-07-1	Provincial Communication - Work shop	0.00	1-1-03-02	Fuel and Lubricants	427,639.00
1-1-07-2	Language Course	0.00	1-1-03-02(1)	Fuel Allowances	232,000.00
1-1-09-1(1)	Furnitures & Fixtures	68,677.50	1-1-03-03	Electrical goods	0.00
14	Advance for Authorised Local Purchases	556,830.80	1-1-03-04	Office Requisities	48,381.00
14.1	P.A.Y.E. Tax	61,357.67	1-1-03-05	Medical Supplies	900.00
15.1	Festival Advance	2,000.00	1-1-03-07	Uniforms	28,152.90
15.2	Distress Loans to Staff	21,190.00	1-1-03-08	Newspapers and Periodicals	19,775.00
17	Petty Cash	2,787.00	1-1-04-01(1)	Vehicles - Repair	46,502.66
18	E.P.F. Contribution - Employee 10%	401,193.29	1-1-04-01(2)	Office and Welfare Equipment - Repair	53,566.08
20	UnCash Cheque Account	40,400.00	1-1-04-02(1)	Office Building - Repair	28,881.00
21.01	Receivable Income	500.00	1-1-04-2(1)-1	Clearing Service	165,534.40
22	Suspense A/C	945,889.98	1-1-04-2(2)	Office Furniture and Fixtures	3,500.00
30	Government Grant - Recurrent	16,601,000.00	1-1-04-5(1)	Security Service	427,151.21
30.01	Government Grant - Capital	682,000.00	1-1-05-1	Transportation	55,720.00
31	Registration Fees	85,000.00	1-1-05-1(1)	Transport Allowances	348,000.00
31.01	Late Fees	102,550.00	1-1-05-2(1)	Communication - Telephone Services	216,765.70
33	Copying fees	275.00	1-1-05-2(2)	Communication - Postage	26,029.00
35	Sundry Creditors	0.00	1-1-05-3	Utility - Lighting	168,632.44
37	Interest on Salary Loan	54.68	1-1-05-4	Rent of Office Building	960,000.00
38	Council Fund	82,190.00	1-1-05-5	Water Bill	25,051.30
41	Book Sales Account	1,050.00	1-1-05-8(1)	Printing Services - Publication, Advertisements	37,665.60
43	Gratuity Fund	636,690.00	1-1-05-8(2)	Printing Services - Printing & Binding	162,423.00
44	Miscellaneous Deposites	66,765.68	1-1-05-9(2)	Other Services - Entertaintment Expenses	139,153.94
47	Student Registration Fees	2,000.00	1-1-05-9(5)	Other Services - Office & Religions Occasion	20,305.00
49	Vehicle Comensation	0.00	1-1-05-9(6)	Other Services - Audit Fees	26,880.00
52	Fixed Deposites 078-60-01-00004780-1	0.00	1-1-05-9(7)	Other Services - Incidental Expenses	21,925.00
53	Fixed Deposites 2-006-07-79823	0.00	1-1-05-9(8)	Other Services - Bank Charges	10,182.60
55	Vehicle Sales Account	757,500.00	1-1-05-9(9)	Other Services - Car Insurance & Licence	90,693.43
			1-1-05-9(10)	Other Services - Legal Fees	0.00
			1-1-07-1	Provincial Communication - Work shop	350,993.00
			1-1-07-2	Language Course	282,615.00
			1-1-07-3	Publications	3,000.00
			1-1-07-5	Training Course Fees to staff	14,500.00
			1-1-07-7	Dayata Kirula Program	1,111,541.78
			1-1-09-1(1)	Furnitures & Fixtures	313,502.50
			1-1-09-1(2)	Office and Welfare Equipment	382,540.31
			1-1-09-1(3)	Books for Library	1,200.00
			1-1-09-2	Vehicles	44,180.00
			14	Advance to Authorised Local Purchases	2,093,000.00
			14.1	P.A.Y.E. Tax	61,357.67
			15.1	Festival Advance	55,000.00
			16.01	Cost of Inquiry	7,000.00
			17	Petty Cash	10,000.00
			18.00	E.P.F. Contribution - Employee 10%	401,193.29
			20.00	UnCash Cheque Account	2,000.00
			22.00	Suspense A/C	945,889.98
			24.00	Prepayments	1,165,162.32
			30.00	Government Grant - Recurrent	757,500.00
			35.01	Accrued Expenses	116,692.82
			38.00	Council Fund	49,462.00
			43.00	Gratuity Fund	300,000.00
			44.00	Miscellaneous Deposites	515,000.00
			47.00	Student Registration Fees	32,000.00
			31.12.2012	Balance C/F	174,606.04
		21,227,495.39			21,227,495.39
01.01.2013	Balance B/F	174,606.04			

Press Commissioner	**Accountant**	**Chairman**
Sri Lanka Press Council	Sri Lanka Press Council	Sri Lanka Press Council
28th, February 2013	28th, February 2013	28th, February 2013

SRI LANKA PRESS COUNCIL
CASH FLOW STATEMENT FOR THE YEAR ENDED 31 ST DECEMBER, 2012

		2012	2011
Cash Flows From / (Used in) Operating Activities		Rs.	Rs.
Surplus / Deficit Before Tax Expense		(79,647.99)	(877,362.64)
Adjustments For			
Depreciation		1,410,320.50	541,361.33
Provisions for Gratuity		(267,170.13)	(135,851.37)
Sales of Fixed Assets		(257,500.00)	-
Write - Offs		-	200.00
		806,002.38	(471,652.68)
Previous Year Adjustment		8,754.33	12,104.27
Operating Surplus/ Deficit Before Working Capital Changes		814,756.71	(459,548.41)
Stock (Books)	(Increase/(Decrease))	68,002.99	(74,614.41)
Stock (Stationery)	(Increase/(Decrease))	(66,121.84)	(11,116.74)
Advance - local	(Increase/(Decrease))	-	57,000.00
Recivable Income	(Increase/(Decrease))	112,379.00	209,409.83
Festival Advance	(Increase/(Decrease))	1,000.00	3,000.00
Distress Loans	(Increase/(Decrease))	186,239.00	193,527.75
Pre Payments	(Increase/(Decrease))	(134,330.79)	(910,899.76)
Sundry Creditors	(Increase/(Decrease))	-	250.00
Accrued Expenses	(Increase/(Decrease))	(7,340.60)	(257,162.66)
Net Cash Flows From/ (used in) Operating Activities		159,827.76	(790,605.99)
Cash Flows From/ (Used in) Investing Activities			
Capital Fund Contribution		682,000.00	700,000.00
Vehicle Valuation Reserve		-	9,750,000.00
Purchase of Fixed Assets		(673,145.31)	(10,453,156.50)
Sales of Fixed Assets		757,500.00	-
Refunded to Treasury		(757,500.00)	-
Investment of Fixed Deposits		-	2,094,650.20
Investment of Research Funds		(417,393.11)	(61,516.94)
Investment of Loan Account		(311,905.61)	(133,316.42)
Investment of Gratuity Funds		309,578.58	(905,025.37)
Misellenous Deposits		(448,234.32)	278,234.32
Net Cash Flows From/ (Used in) Investing Activities		(859,099.77)	1,269,869.29
Net Increase/(Decrease) in Cash and Cash Equivalents		115,484.70	19,714.89
Cash And Cash Equivalents At The Beginning Of The Year		59,121.34	39,406.45
Cash And Cash Equivalents At The End Of The Year		**174,606.04**	**59,121.34**

Press Commissioner	Accountant	Chairman
Sri Lanka Press Council	Sri Lanka Press Council	Sri Lanka Press Council
22nd April, 2013	22nd April, 2013	22nd April, 2013

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கணக்காய்வாளர் தலைமை அதிபதித்திணைக்களம்
AUDITOR GENERAL'S DEPARTMENT

මගේ අංකය / எனது இல / My No: TM/F/SLPC/2012	මබේ අංකය / உமது இல / Your No.	දිනය / திகதி / Date: 19 June 2013

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, 2012 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, 2012 comprising the balance sheet as at 31 December, 2012 and the income statement, 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 04th April, 2013.

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 Generally Accepted Accounting Principles 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. 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 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

අංක 306/72 පොල්දූව පාර, බත්තරමුල්ල , ශ්‍රී ලංකාව
இல. 306/72, பொல்துவ வீதி, பத்தரமுல்லை இலங்கை
No.306/72, Polduwa Road, Battaramulla , Sri Lanka

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ඉලෙක්ට්‍රොනික් තැපැල් / ஈ- மெயில் / E-mail. oaggov@sltnet.lk

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 management, 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, 2012 and its financial performance and cash flows for the year then ended in accordance with Generally Accepted Accounting Principles.

2.2 Comments of Financial Statements

2.2.1 Accounting Policies

Motor vehicles depreciation rate of the Council had been 20 percent from the inception but it had been reduced to 10 percent in the year under review. The reason for such change and the effect on the financial position and the financial results had not been disclosed with the financial statements.

2.2.2 Accounting Deficiencies

The following observations are made.

(*a*) Instead of adjusting the provision for gratuity amounting to Rs. 267,170 to the loss for the year in the cash flow statement, it had been shown as a cash outflow from investing activities.

(*b*) Instead of showing the selling price of Rs. 757,500 relating to the vehicle disposed during the year under review as cash inflow from investing activities and adjusted the profit from scale of this vehicle amounting to Rs. 257,500 against the loss for the year, the total cost of the vehicle amounting to Rs. 800,000 had been show as an cash inflow in the cash flow statement. Similarly, the accumulated depreciation of the disposed vehicle amounting to Rs. 300,000 had been set off against the provision for depreciation of fixed assets of the year amounting to Rs. 1,410,321 and the balance of Rs. 1,110,321 had been erroneously adjusted to the year's loss in the cash flow statement.

2.2.3 Accounts Receivable

A sum of Rs. 77,900 receivable form 02 institutions since 2009 had not been recovered up to the end of the year under review.

2.2.4 Non-compliance with laws, Rules, Regulations and Management Decisions

According to the paragraph 1 of the President Secretariat's letter No. 1/17/1 dated 14th May 2010, approval as per the government valuer's valuation should be taken for the rented out building in which the office of the Councils is operated belonging to the private sector at an annual rental of Rs. 1,920,000 since 29th December 2011. Nevertheless action had not been taken accordingly.

Even though this matter had been discussed at the meeting of the Committee on Public Enterprises held on 10 July 2012 and directed to shift the office to a government building as early as possible, if had not been implemented up to the end of the year under review.

3. Financial Review

3.1 Financial Results

According to the financial statements presented, the operation of the Council for the year ended 31 December 2012 had resulted in a defect of Rs. 16,680,648 before taking into account the government grants received for recurrent expenditure. Even after the receipt of government grants for recurrent expenditure amounting Rs. 16,601,000, there was a deficit of Rs. 79,648. As compared with the financial results for the preceding year before taking into account the government grants received for recurrent expenditure had been a deficit of Rs. 14,877,363 and after the receipt of government grants for recurrent expenditure amounting to Rs. 14,000,000, it was a deficit of Rs. 877,363. Even though the expenditure of the year had increased by Rs. 2,021,734, the increase in government grants by Rs. 2,601,000 had been the reason for the improvement of financial results by Rs. 797,715.

3.2 Analytical Financial Review

This Council established under the Sri Lanka Press Council Act. No. 5 of 1973 carries out only the registration of newspapers and holdings inquiries on complaints during the past several years, out of its expected objectives. However, a sum of Rs. 9,933.084 had been spent, except for personal emolument during the year under review to operate this Council. The income received from registration of newspapers and late fees had been limited only to Rs. 188,550 and the overall recurrent expenditure of the year under review had increased by 13 percent.

4. Operating Review

4.1 Performances

The following observations are made-

(*a*) Two activities such as conducting English Certificate Courses and printing magazines included in the action plan for the year 2012 had not been achieved and only two associations under the registration of journalists associating activity had been registered;

(*b*) Forty two complaints had been received against newspapers during the year under review and unresolved complaints relating to the year 2011 had been 10. Out of all complaints of 52, 21 complaints had not been resolved even by the end of the year under review.

4.2 Objectives not Adequately Fulfilled

In terms of Section 8(3) of the Act of Incorporation of the Council, a main objective of the Council is to ensure whether the newspapers and journalists maintain the high standards of journalistic ethics. However, the set of journalistic ethics prepared to be observed by journalists in order to achieve the above objective had not been revised for the last 32 years since 1981 along with the recent rapid development in the field of printed media. Likewise except holding inquires on complaints made by public and the registration of newspappers, there was no methodology to investigate newspapers published daily in respect of supervision of these ethics.

4.3 Management Inefficiencies

The following observations are made:–

(*a*) The mechanism exists in the Council to investigate into profane, defamatory and unethical news published in the news papers and refer the culprits to courts in terms of Section 15 of the Act, of Incorporation of the Council had not been sufficient;

(*b*) According to the rules adapted in terms of Section 25 of the Act by the Council, provisions had been made for the registration of newspapers only on the application for registration made voluntarily by the owners of newspapers and charge fees tereon. Accordingly, the number of newspaper registered during the year under review had been limited to only 196;

(*c*) The council had conducted three Mass Media Diploma courses and one English certificate course since the year 2010 and the following management inefficiencies were observed in that connection:–

(i) Out of the total course fee of Rs. 525,000 to be charged from participants of the English certificate course conducted in the year 2011, only a sum of Rs. 82,500 had been recovered. The expenditure incurred thereon was Rs. 222,188. 95 per cent of the participants had been professional journalist. A system to collect money at the beginning of the course had not been introduced;

(ii) Even thought a sum of Rs. 600,000 as the course fees for the Diploma in Mass Media course commenced in July, 2011 in the academic year 2011/2012 to be charged, only a sum of Rs. 268,000 had been recovered;

(iii) According to the analysis of registration of students for each course. number of participants and the number of students sat for the final test, it was observed that nearly 75 per cent of the registered students only had been participated, out of which 60 per cent of them had sat for the final test. 40 per cent had left the course.

(*d*) Follow up action on the return of proposal made in the survey carried out in respect of readership variation of newspapers expected to be performed by the Council after being evaluated had not been taken;

Similarly, the Council had failed to take action on directives given by the Committee on Public Enterprises met on 10 July, 2012 in this regard;

(*e*) The Council had conducted 08 workshops, consisting of 04 district divisional journalist seminars, 03 semeinars for school media workshop and 01 Professional Journalists Workshop during the year under review and a sum of Rs. 1,686,068 had been spent thereon. The following observations are made in conducting those workshops (Seminars):–

(i) Most of those media workshops had been conducted in private places and 64 per cent or Rs. 971,964 of the total expenditure incurred on these workshops had been spent for the supply of accommodation and meals to participated journalists, staff members and resource persons;

(ii) Further, the method of selecting districts for holding district journalistic workshops had not been explained and two workshops had been conducted in Badulla District in the years 2010 and 2011. During the period of 03 years from 2010 to 2012, workshops had been conducted to cover only 11 districts.

4.4 Transactions of Contentious Nature

The following observations are made:–

(*a*) In the process of sale of a motor vehicle belonging to the Council disposed during the year under review at a value of Rs. 757,500, contentions such as the appointment of a Valuation Board before the approval was granted, sealing only the bid submitted by the selected successive bidder, non-signing all the members of the Procurement Committee at the bid opening, the selected bidder had examined the vehicle on the same day of bid opening and submitted the bid and the ownership of the vehicle had been transferred on the same date were observed;

(b) When the quotations for making the exhibition stall were called for the Deyata Kirula exhibition, no public quotations were called. As 03 institutions out of 04 selected for calling quotations had been engaged in getting other purposes of the Council done from time to time and there was a remarkable delay between the dates of submitting quotations by the selected suplier and the dates of all other institutions who had sent quotations, this quotation process had not been done transparently.

4.5. Personal Administrations

The following observations are made:-

(a) In terms of Section 22 of the relevant Act, the Chief Executive Officer of the Council is the Press Commissioner. Functions of this post had been covered by officers appointed on the recommendations of the Ministry on acting basis from time to time since 31 March, 2010. Similarly, the scheme of recruitment and promotion of the Council had not been prepared and appproved in terms of Management Services Circular No. 30 of 02 September, 2006. As such, the 06 key positions of the approved cadre of the Council had been in vacant since inception;

(b) Although an officer had been recruited for the post of Assistant Commissioner (investigation) for a period of 03 years from 01 September, 2009 to 31 August, 2012 on a secondment basis, approval of the Department of Management Services had not been obtained for it.

5. Accountability and Good Governance

5.1 Presentation of Financial Statements

Notes submitted along with the financial statements did not include the information regarding Acts of Incorporation of the Council and (key) functions.

5.2 Action Plan

Even though an action pan had been prepared for the year 2012 by the council, it had not been prepared in accordance with requirements stated in Chapter 5 of the Public Enterprise Circular No. PED/12 dated 02 June, 2003. As a result, the action plan could not be used as an effective mechanism to plan the performance of the Council. Further, the corporate plan, budget and performance had not been reviewed periodically to ensure whether the actual performance had been achieved as planned and to take remedial action, in terms of Paragraph 4.2.2 of that circular.

5.3 Internal Audit

Attention had not been paid in respect of the need of carrying out internal audit of activities and transactions of the Council even during the year under review.

5.4 Procurement Plan

In terms of Paragraph 4.2.1 of the National Procurement Agency Circular No. 08 of 25 January, 2006, a master procurement plan had not been prepared as a pre-procurement plan to ensure the economy, efficiency and effectiveness in procuring in the Council. As such it was observed that supplies and services required for day to day activities had been done without any pre-planning.

5.5 Budgetary Control

Variances ranging from 11 to 100 per cent between the budgeted and actual income and expenditure were observed and as such the budget had not been made use of as an effective instrument of a management control.

6. Systems and Control

Weaknesses in systems and control 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*) Stationery stock control;

(*b*) Conducting course workshops;

(*c*) Accounting;

(*d*) Personel activities.

H. A. S. Samaraweera,
Auditor General.