

Sri Lanka Rupavahini Corporation - 2019

1.1 Qualified Opinion

The audit of the financial statements of the Sri Lanka Rupavahini Corporation (“Corporation”) for the year ended 31 December 2019 comprising the statement of financial position as at 31 December 2019 and the statement of income, statement of changes in equity and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, 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 and Finance Act No. 38 of 1971. My comments and observations which I consider should be furnished to the Parliament appear in this report.

In my opinion, except for the effects of the matters described in the paragraph 1.5 of this report, the financial statements give a true and fair view of the financial position of the Corporation as at 31 December 2019, and of its financial performance and its cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

1.2 Basis for Qualified Opinion

My opinion is qualified based on the matters described in the paragraphs 1.5 and 1.6 of this report. I conducted my audit in accordance with Sri Lanka Auditing Standards (SLAuSs). My responsibilities, under those standards are further described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of my report. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my 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 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 Corporation’s ability to continue as a going concern, disclosing matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Corporation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Corporation’s financial reporting process.

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

1.4 Auditor's Responsibility on 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 scepticism 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 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 Corporation's 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 Corporation'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 the Corporation 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 Corporation and whether such systems, procedures, books, records and other documents are in effective operation;
- Whether the Corporation has complied with applicable written law, or other general or special directions issued by the governing body of the Corporation ;
- Whether the Corporation has performed according to its powers, functions and duties; and
- Whether the resources of the Corporation had been procured and utilized economically, efficiently and effectively within the time frames and in compliance with the applicable laws.

1.5 Financial Statements

1.5.1 Non-Compliance with Sri Lanka Accounting Standard

Non Compliance with the reference to the particular Standard	Management Comment	Recommendation
(a) Contrary to the section 32 of the Sri Lanka Accounting Standards 1, the debit balances arisen due to accounting errors amounting to Rs.5, 955,978 had been set off against the payable agency commission of Rs. 101,782,470 and as a result, the payable balance of agency commission had been shown in the financial statements asRs.95, 826,492.	Both debit and credit entries are included in the agency commission account because this account is a control account. Hence the debit or credit balance appear as the net value	Provisions shown in the Accounting Standard should be followed.
(b) Contrary to the section 9 of the Sri Lanka Accounting Standards 2, stocks amounting to Rs. 204,516,673 had been shown at the cost in the financial statements without estimating the net realizable value. A balances of unusable stock of toner of Rs.346,198 and non-moving stock of CDs and toner	This stock was only for consumption and therefore this stock was not evaluated to the net realizable value. Actions will be taken to remove the values of unusable and non - moving stocks from the stock in	Provisions shown in the Accounting Standard should be followed.

- amounting to Rs. 80,432 had been included in the said stock. disposal activities taken place in future.
- (c) Although 10 cases had been filed in the Courts by different parties requesting compensation of Rs. 844,120,000, it had not been disclosed in the financial statements as per the Sri Lanka Accounting Standards 37. The number of cases and the value were shown under the note 3.11 contingent liabilities in the page 12. Provisions shown in the Accounting Standard should be followed.
- (d) Contrary to the paragraph 118 (C) of the Sri Lanka Accounting Standards 38, net value of the intangible assets had been shown in the financial statement instead of the cost of those assets and cumulative amortization value had not been disclosed as well. These details were shown under the No. xxxviii of the schedules in the pages 157 and 158 of the financial statements and it was done in order to submit the financial statements summarily. Provisions shown in the Accounting Standard should be followed.
- (e) According to the Sri Lanka Accounting Standards 39, investment made in the Lanka Puwath Ltd. amounting to Rs. 1,104,000 had been shown at the cost in the financial statements and actions had not been taken to identify the increase or decrease of the investment and to make relevant adjustments in the financial statements. The value of the investment was shown under the historical cost method because the Lanka Puwath is not in operation at present and the investment could not be calculated to the fair value. Provisions shown in the Accounting Standard should be followed.
- (f) According to the Sri Lanka Financial Reporting Standards 13, actions had not been taken to revalue and show the fair value of the assets which had been purchased at Rs. 3,315,949,586 and fully depreciated but still in use, in the financial statements. Not replied Provisions shown in the Accounting Standard should be followed.

1.5.2 Accounting policies

----- Audit Issue -----	----- Management comment -----	----- Recommendation -----
<p>Although a sum of Rs. 100 million had been received to the Corporation as financial grants in November 2018, it had not been amortized in that year and vehicle valued at Rs. 11.5 million which had been received in the year 2016 as grants had been amortized since the date of which it was received. Policies followed by the Corporation for amortization of grants had not been disclosed in the notes to the financial statements and as a result, accuracy of amortization could not be examined.</p>	<p>Vehicles valued at Rs. 11.5 million was received as grants in the year 2016 and it was amortized in that year. However the sum of Rs. 100 million received in the year 2018 was for purchasing assets and such assets should be purchased from foreign institutions. It will take some times to follow the methodology in this regard. Therefore such assets were amortized in the year 2019.</p>	<p>Accounting policy for amortization should be disclosed and amortization should be done accordingly.</p>

1.5.3 Accounting deficiencies

----- Audit Issue -----	----- Management Comment -----	----- Recommendation -----
<p>(a) Transactions of a bank savings account belong to the Corporation had been shown as an investing activity in the cash flow statement. As a result a deference of Rs.1,097,793 had been observed between the bank and cash balance of the financial position statement and the cash and cash equivalent of the cash flow statement as at the end of the year under review.</p>	<p>Being shown the value remained in the bank savings account as a deposit since number of years under the investment of the cash flow statement of the financial statements.</p>	<p>This error should be corrected because bank account balances are considered as cash and cash equivalent when preparing cash flow statement.</p>
<p>(b) Cheques over 6 months valued at Rs. 14,380,324 had not been cancelled. As a result the overdraft balance of the cash book had been overstated by Rs. 14,380,324 and the balance of creditors had been understated by the same amount.</p>	<p>Not replied</p>	<p>Relevant cheques should be cancelled and the balance of the cash book and the creditors should be revised.</p>

- (c) Equipment valued at Rs. 75,167,126 had been purchased by the Corporation during the year 2019 for Rehabilitation Channel using the Government Grant of Rs. 100 million which had been received to the Corporation in the year 2018. However amortization had been made on the total Government Grant of Rs 100 million instead of calculating amortization on the value of equipment purchased. As a result, other income had been overstated by Rs. 13,454,279 and the Government Grant had been understated by the same amount.
- When purchasing assets and equipment, the tax free value of them was capitalized as the value of assets and equipment. However amortization had been done to the relevant value of the total grant received.
- Only the value of equipment should be capitalized and amortization should be calculated on that amount.

1.5.4 Unreconciled Control Accounts or Records

Audit Issue	Management Comment	Recommendation
According to the financial statements the accumulated depreciation was Rs. 3,613,433,155 and according to the subsidiary records it was Rs. 3,600,481,742. Thus a difference of Rs. 12,951,413 was observed.	Not replied	Adjustments should be done after verifying reasons for the difference

1.5.5 Going Concern of the Organization

Audit Issue	Management Comment	Recommendation
The net assets of the Corporation had decreased continuously from the year 2015 to 2017 and increased in the year 2018 and decreased in the year 2019. Therefore it was observed that the going concern of the Corporation without a financial assistance of the Treasury or Government is uncertain.	Not replied	A favorable financial management should be implemented.

1.5.6 Documentary Evidences not made available for Audit

Item	Amount Rs.	Evidence not available	Management comments	Recommendation
a) Agency Commission payable	95,826,492	Age Analysis	It can be submitted in the next year	Confirmation should be supplied as evidence.
b) Unrecoverable balances of debtors	80,062,377	Confirmations to be proved that it could not be recovered.	Not replied	Reasons to identify debtors as non-recoverable should be mentioned clearly.
c) Investments in Lanka (Puwath)	1,104,000	Share Certificates	Not replied	Share certificates should be submitted.

1.6 Receivable and payable Accounts

1.6.1 Receivable Accounts

Audit issue	Management comment	Recommendation
(a) According to the credit policy of the Corporation, even though the period of credit is one month, the balance of debtors exceeding such period of time was Rs. 414,301,517 represented 80 per cent of the total debtors. Out of that, the debtor balance exceeding 5 years was Rs. 83,401,301 represented 16 per cent of the total debtors.	Although the credit recovery period was mentioned as a one month, other competitors in the field are given a period more than two months for recovering debts. Hence the corporation had to follow such a method.	Actions should be taken to make recoveries from debtors without delay, to enact fines on the delayed period and to take legal actions without delay.
(b) Out of the total balance of debtors as at 31 December 2019, a sum of Rs. 260,810,285 representing 50 per cent had consisted with 24 agreements entered into with 14 debtors valued over 5 million. Out of the said balance, even though legal actions had been taken to	The matter in connection with recovering of Rs. 10 million was referred to the instructions of the Department of Attorney General and instructions were received to have a solution through a	Actions should be taken to recover the debt without delay.

recover Rs. 10 million which should be recovered from the National Savings Bank relating to an agreement entered into with in the year 2014, it was observed that the recoverability is uncertain due to unavailability of formal agreement.

discussion because the both institutions are government institutions. Accordingly actions were taken to refer to the Ministry of Mass Media for further actions. In the meeting headed by the Secretary to the Ministry of Mass Media, a higher rank officer of the Savings Bank had told that, payments could not be done because this activity had not beendone with a written approval of the Bank.

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| (c) | Legal actions could not be proceededin connection with 05 debtors valued at Rs. 1,382,015 due to unavailability of formal agreements and customers and their addresses could not be found. Hence 100 per cent impairment had been done during the year under review. | Not replied | Actions should be taken to recover the debt without delay. |
| (d) | Out of the debtor balance of Rs. 518,315,788 recoverable as at 31 December of the year under review, the balance of which five years had exceeded was Rs. 83,401,301 and legal actions had been taken to recover only Rs. 21,590,763 represented 25 per cent. | Special attention will be paid to recover the debts further. | Actions should be taken to recover the debt without delay. |
| (e) | A sum of Rs. 21,461,907 which was approved by the Board of Directors to write off due to the fact that, institution was closed , there was not enough amount to be recovered, it has expired or over scheduling was included in the | Actions will be taken to inquire from the Department of Public Enterprises again. | Necessary actions should be taken to settle the balances. |

debtor balance of Rs. 518,315,788 as at 31 December 2019. The permission of the Department of Public Enterprises had been requested for writing off the said balance on 24 August 2016 and however follow up actions had not been taken in this regard.

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| (f) | According to the Section 11 of the Prescription Act No: 68 of 1969, even though the period of 6 years had expired, actions had not been taken to proceed legal actions to recover a sum of Rs. 72,679,947 from 114 debtors before the debt transactions expires. | Not replied | Actions should be taken to recover the debt without delay. |
| (g) | Balance confirmations had not been called from the debtors to confirm the balance of Rs. 518,315,788 as at 31 December 2019. | Sending confirmation letters was delayed a bit to confirm the balances as at 31 December 2019 and those letters were sent already at the moment. | Balance confirmations should be called for all debtors. |

1.6.2 Payable Accounts

----- Audit Issue -----	----- Management comment -----	----- Recommendation -----
A credit balance of Rs. 3,520,954 relating to contra deal for the years 2014 and 2015 had been included in the credit balance of Rs. 19,598,603 as at 31 December 2019. Agreements had not been signed with the clients relating to the said transactions and those clients could not be able to claim. The ability of taking such amount to the revenue had not been considered.	Actions will be taken to credit such balances to the revenue after expiring 06 years because the legal rights to claim will loss.	Actions should be taken to credit the balances which loss the right to claim to the revenue.

1.7 Non - compliance with Laws, rules, Regulations and Management Decisions etc.

Reference to Laws, Rules, Regulations and Management Decisions etc.	Non - compliance Rs.	Management comment	Recommendation
(a) Financial Regulations of the Democratic Socialist republic of Sri Lanka			
(i) F.R. 155 Replies had not been received for 26 audit quires issued during the period from the year 2016to the year 2019.		Actions will be taken as soon as possible to reply all audit queries which were not replied.	Replies for audit queries should be submitted accordingto the financial Regulations.
(ii) Section (2) (b) of Financial Regulation 371 amended by the Public Finance Circular No.03/2015 dated 14 July 2015			
• Ad hoc imprests had been given in 12 instances exceeding the maximum imprest limit of Rs. 100,000 which can be given in one instance.	6,944,462	Although the maximum amount of advances which can be given in one instance was Rs. 100,000 as per the Public Circular, it has to be issued advances exceeding the said limit due to the nature of the work of the Corporation.	Actions should be taken as per the amended Financial Regulations.
• Advances issued in 12 instances amounting to Rs. 3,075,650 for the programme of Sirilakapiraurudusiri had been settled in a delay of 02 to 192 days.	3,075,650	Although the maximum amount of advances which can be given in one instance was Rs. 100,000 as per the Public Circular, it has to be issued	Actions should be taken as per the Financial Regulations.

advances exceeding the said limit due to the nature of the work of the Corporation. The approval of the Board of Directors was obtained in this regard and it was referred to the General Treasury for approval.

(iii) F.R. 396

When the validity period of a cheque is expired thatcheque should be cancelled and the amount should be taken into accounts as a payable credit. However actions had not been taken accordingly in connection with cheques cancelled relating to the period from the year 2013 to the year 2019.

44,388,037

The value of Actions should be suchcheques was taken as per the mentioned under Financial the current Regulations. liabilities of the financial position statement as a total.

(b) Public Enterprises Circulars

- (i) Circular No. PED/04 dated 01 January 2003
- Circular No. PED/58 dated 29 April 2011 and Circular No. PED 03/2015 dated 17 June 2015

Without considering the provisions of the circular, in addition to the allowance entitled, an additional entertainment allowance of Rs. 30,000

3,223,064

It was observed that Actions should be the monthly taken as per the allowance of the provisions of the Chairman was not Circular. enough andan allowance of Rs.

had been approved by the Board Decision No. 759.07.00 (i) for the Chairmen of the Corporation since 07 September 2010 and it had been paying monthly up to now since then.

30,000 is being paid since 01.10.2010 with the approval of the Board of Directors of the Corporation.

(ii) Circular No. PED 01/2015 dated 25 May 2015

- Paragraph 2.3

Transport and fuel allowances had been paid for 137 officers who were in MM and JM categories and not entitled to the fuel and transport allowances 10,208,104

This privilege had been received since the commencement of the Corporation and it was paid continuously. Actions should be taken as per the provisions of the Circular.

Action will be taken to obtain the proper approval after having a discussion with the General Treasury.

- Paragraph 3.2

Without a proper approval, fuel had been obtained as 3547 liters by the Chairperson and the Director General and 447 liters by Working Director and the Director (Marketing) employed in the Corporation in the year 2019. 645,422

Approval of the Board of Directors was obtained for the over usage of fuel used by the Chairperson and the Director General. The over usage of fuel used by the Director (Marketing) was refer to the approval of the Board of Directors. Actions should be taken as per the provisions of the Circular.

(c) Public Administration Circulars

(i) Circular No. 26/90 dated 18 May 1990

Although liquor should not be served at Government functions, a cocktail reception had been conducted in the programme of NawyakaranayeAbhiman galya held in Colombo Hilton Hotel. Further the Government procurement Procedure had not been followed for selecting the hotel for the programme.

1,700,675

Functions had to be conducted as a media institute when competing with other competitors in the same field. Actions should be taken as per the provisions of the Circular.

(ii) Assets and Liabilities Act of National State Council No. 01 of 1975 amended by the Act No.74 of 1998.

Expresses of assets and liabilities had not been given by 11 executive officers who should submit express of assets and liabilities for the year 2018/2019.

Out of 11 officers, 3 officers had resigned from the service and reminders were sent to other officers. Actions should be taken to obtain Expresses of assets and liabilities as per the Act.

1.8 Cash Management

Audit Issue	Management Comment	Recommendation
The approved overdraft limit had been exceeded relating to two bank accounts conducted by the Corporation and a sum of Rs. 36,540,437 had been paid as interests for overdrafts during the year under review.	It is mentioned that the interest for overdraft had to be paid for the overdraft balance remained in the bank and not for the balance shown in the cash book.	Bank overdraft should be maintained as not to be exceeded the limit.

2. Financial Review

2.1 Financial Results

The operating result of the year under review was a loss of Rs. 501,164,672 and the corresponding profit in the preceding year was Rs. 188,800,669. Therefore a deterioration amounting to Rs. 689,965,341 of the financial result was observed. The Grant amounting to Rs. 479,000,000 received from the Government for the previous year had mainly effected to this deterioration.

2.2 Trend Analysis of major Income and Expenditure items

When analysing the financial results of the year under review and 4 preceding years, even though the loss for the year 2015 had decreased gradually and had become to a profit of Rs. 188,800,669 in the year 2018, it had become to a loss of Rs. 501,164,672 in the year 2019. However after adjusting the personal emoluments, Government taxes and depreciation for non-current assets to the financial result, the contribution of the Corporation for the year 2018 was Rs. 1,325,002,743 and it had decreased down to Rs. 870, 837,284 that is by 34 per cent as at the end of the year under review.

2.3 Ratio Analysis

Ratio	2019	2018	2017	2016
Gross profit ratio (percentage)	1	13	17	17
Net profit ratio (percentage)	(27)	11	(10.9)	(13.6)
Current ratio (turns)	1	2	1.67	1.98
Quick ratio (turns)	1	1	1.40	1.62

It was observed that the gross profit ratio and the net profit ratio of the Corporation had decreased in the year under review and the current ratio was decreasing gradually.

3. Operational Review

3.1 Management Inefficiencies

Audit Issue	Management comment	Recommendation
(a) The legal right of the high valued building and land 8 acres in extent located in Bouddhaloka Mawatha Colombo 7 of which the head	Although it was informed to the Ministry to take actions according to the Cabinet Decision in this	Legal right should be obtained and that value should be taken into accounts.

office of the Sri Lanka Rupavahini Corporation is conducted in about 38 years since its establishment of the year 1982 had not been transferred to the Corporation and actions had not been taken to disclose the value of the said property in financial statements.

regard by letters dated 24.02.2016, 09.05. 2018 and 16. 07. 2020 , the said discussion was not conducted up to now. Hence further actions could not be taken.

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| <p>(b) Seventeen cases had been filed by external parties against to the Corporation due to the reasons such as violation of human rights as a live programme being stopped in halfway , tax payable to the Ministry for telecasting tele dramas not being paid, a drama being stopped after a few episodes were telecasted etc. The compensation requested by the plaintiff relating to 10 cases out of that was Rs. 844,120,000. A sum of Rs. 6,465,670 had been paid as at 31 December 2019 as lawyers charges regarding these cases.</p> | <p>Not replied</p> | <p>Actions should be taken as losses are not to be occurred to the Corporation.</p> |
| <p>(c) The Corporation had filed suits against 12 debtors as at 31 December 2019 and expected to be recovered a sum of Rs. 25,093,207 and a sum of Rs. 1,521,750 had been paid as lawyer's fees as at 31 December 2019.</p> | <p>The Corporation had filed cases in several courts for recovering a sum of Rs. 25,093,207 from client debtors as at 31 December</p> | <p>Actions should be taken as losses are not to be occurred to the Corporation.</p> |
| <p>(d) Two individuals had filed a case against to the Corporation requesting a sum of Rs. 1,000,000 as compensation mentioning that human rights had been violated because telecasting of live programme namely "Ira andurupata" had been stopped</p> | <p>It is informed that lawyers charges mentioned in the observation arefor all trials since the year 2009.</p> | <p>Actions should be taken as losses are not to be occurred to the Corporation.</p> |

halfway on 04 November 2008. A sum of Rs. 1,608,150 had been spent as legal charges as at 31 December 2019 exceeding the amount of compensation which had been requested.

3.2 Operating Inefficiencies

Audit Issue	Management Comment	Recommendation
<p>(a) Although the monopoly power for telecasting the lottery draw conducted by the National Lotteries Board and the Development Lotteries Board was owned by the Sri Lanka Rupavahini Corporation, the air time for telecasting the lottery draw had been reserved by the said 2 Institutes through private agencies. Hence a commission of 15 per cent of the revenue received to the Corporation from the Lotteries Board had to be paid to an intermediate party and in addition to that commissions had to be paid to the Marketing Executives of the Corporation. The revenue earned by the Corporation during the year under review from National Lotteries Board and Development Lotteries Board was Rs. 687,561,590 and based on that revenue, a sum of Rs.103,134,239 and Rs. 11,278,668 had been paid as agency commission and the marketing executive's commission respectively.</p>	<p>The lottery draw is given to the Sri Lanka Rupavahini Corporation by the National Lotteries Board and the Development Lotteries Board through agencies. Therefore the Sri Lanka Rupavahini Corporation could not intervene in this regard directly. Further actions were taken to send letters to both lotteries board on 07.07.2020 in order to have full amount directly to the Corporation without agencies.</p>	<p>Actions should be taken to obtain the telecasting of lottery draw directly to the Corporation without intervention of agencies.</p>

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| (b) | According to the powers vested the Minister as per the section 31 of the Sri Lanka Rupavahini Corporation Act No .06 of 1982, directives should be prepared for monitoring television channels. However such requirements had not been fulfilled even up to June 2020. | Not replied | Required directives should be prepared for monitoring television channels. |
| (c) | Any income had not been received to the Corporation for 100 hours and 45 minutes of air time for programmes which should be charged but telecasted free of charge during the year 2019. The value of such programmes was Rs. 27,889,000. | Not replied | Immediate actions should be taken to recover the charges relating to programmes. |
| (d) | Air time revenue of Rs. 103,550,000 which should be recovered for the advertisement programme of Gam Udawa Model villages to be vested in people organized by the Ministry of Housing, Construction and Cultural Affairs had not been recovered even up to June 2020. It had not been entered into a proper agreement with the Ministry of Housing, Construction and Cultural Affairs in connection with telecasting advertisements and even though several parties had made requests for telecasting those advertisements from time to time, formality of such requests was problematic. | Not replied | Immediate actions should be taken to recover the charges relating to advertising programmes. |
| (e) | According to an agreement entered into with a private institution, the project of “Earth | Not replied | Feasibility study should be done before commencing |

Watchman” had been commenced without the approval of the Board of Directors. However only the opening ceremony had been held and the project had been given up after incurring a sum of Rs. 1,720,035 by the Corporation. The sponsorship received to the project was only Rs. 1,250,000. The project had been commenced without carrying out a proper study and as a result a loss of Rs. 470,035 had occurred to the Corporation.

projects and the loss should be surcharged from responsible parties.

3.3 Human Resources Management

Audit issue	Management Comment	Recommendation
(a) The total number of approved cadre for the Corporation was 1,049 including 1,041 permanent and 8 contracts. However the actual permanent cadre employed in the service as at that date was only 898 and the officers who had been recruited as at that date on casual and contract basis were 32. Accordingly there were 159 vacancies in various permanent posts. Further 05 posts had been filled on acting basis.	The approved cadre for the Corporation was 1041 permanent and 08 contract. The cadre then was 898 permanents, 19 contracts and 13 assignments. Five acting posts were given on the requirement of the service. One acting post was terminated.	Recruitments should be done for the approved cadre.
(b) Twenty nine permanent employees, thirteen employees under contract basis and three officers under assignment basis had been recruited for 15 posts which had not been included in the approved cadre approved for the Corporation by the letter of the Director General of the Management Services No. DMS/E4/37/4/231/1-1 dated 30 June 2011.	Not replied	Recruitments should be done for the approved cadre.

4. Accountability and Good Governess

4.1 Internal Audit

Audit Issue	Management comment	Recommendation
The post of Chief Internal Auditor had been vacant since 01 October 2018 and actions had not been taken to fill the said post even up to September 2020.	Although applications were called in June 2019, recruitment was delayed due to the announcement of presidential election and the general election after that.	Actions should be taken to fill vacancies.