

Measurement Units, Standards and Services Fund - 2012

1. Financial Statements

1:1 Qualified Opinion

In my opinion, except for the effects of the matters described in paragraph 1.2 of this report, the financial statements give a true and fair view of the financial position of the Measurement Units, Standards and Services Fund as at 31 December 2012 and its financial performance and cash flows for the year then ended in accordance with Generally Accepted Accounting Principles.

1.2 Presentation of Financial Statements

The financial statements presented to audit had not been prepared in accordance with the procedure of the accepted accounting format.

1.2.1 Accounting Deficiencies

The value of a motor vehicle obtained by the Fund from the Ministry had not been computed and brought to account.

1.2.2 Accounts Receivable

Action had not been taken up to 31 August 2013 to settle the advances amounting to Rs.127,343 remaining since the year 2008.

1.2.3 Lack of Evidence for Audit

Property, plant, equipment and vehicles amounting to Rs.139,270,616 could not be satisfactorily vouched / verified in audit due to non submission of register of fixed assets, detailed schedules, verification report on assets etc. relating to those assets.

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

The following non-compliances with laws, rules and regulations were observed.

Reference to Laws, Rules, Regulations, etc.	Non-compliances
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(a) Public Administration Circulars	

(i) Circular No.41/90 dated 10 October 1990	
(I) Sub section 2:11	Although consumption of fuel of the vehicles belonging to the Fund should have been tested once in every 06 months, it had not been done so and brought to the ledger.
(ii) Circular No.06/97 dated 03 February 1997	Even though the acting period should have been subjected to the maximum of 3 months in terms of the circular instructions, the post of Director had remained vacant up to 31 August 2013 after the retirement of the former Director on 05 May 2009.
(b) Public Finance Circular No.P/F/437 dated 18 September 2009	Although the specific insurance coverage relevant to the Fund should be obtained, action had not been taken to do so.
(c) Treasury Circular No.842 dated 19 December 1978	A Register of Fixed Assets had not been maintained.

2. Financial Review

2.1 Financial Results

According to the financial statements presented, operations of the Fund for the year under review had resulted in a surplus of Rs.82,999,417 as compared with the corresponding surplus of Rs.74,972,312 for the preceding year. Accordingly, the financial results had increased by Rs.8,027,105 as compared with the preceding year. Increase of receipts of interest on investment by Rs.8,613,328 or by 667 per cent as compared with the preceding year had attributed for this improvement.

3. Operating Review

3.1 Performance

The following observations are made.

- (a) Although all the measurement equipment utilized for business should be verified annually in terms of Sections 20 (i) (a) and 37 of the Measurement Unit, Standards and Service Act No.35 of 1995, the Fund had not possessed a proper procedure to ensure that such verification for all the equipment had been carried out.
- (b) Even though details of units verified by the District Officers and charges recovered thereon should have been reported to the Fund by those officers, the Fund had not possessed proper procedure to ensure correctness of them. As such, it was unable to satisfy in audit relating to the correctness of the income received by putting seal on those measurement units.

3.2 Operating Inefficiencies

The following observations are made.

- (a) Even though the approval of the Cabinet of Ministers had been obtained for the Cabinet Paper No.09/2671/342/019 presented on 09 December 2009 for the construction of a new laboratory and head office in a separate place, the activities of selection of a contractor had not been completed even up to 31 December 2012. The Director had informed the audit that these activities were being carried out by August 2012.
- (b) Although it was planned to establish a computer network between the Head Office and the District Offices in the year 2011 at an estimate of Rs.5 million, computers had been distributed only for 13 district offices up to 31 December 2012. Therefore, expected purposes had not been achieved from the networking of computers.

4. Accountability and Good Governance

4.1 Corporate Plan

The Fund had not prepared a Corporate Plan.

4.2 Action Plan

Even though a Corporate Plan was not made available, an Action Plan had been prepared for the year under review. But, it had not been prepared parallel with the annual budget.

5.3 Internal Audit

Even though the internal audit of the Fund had been carried out by the Internal Audit Unit of the Ministry of Cooperative and Internal Trade, adequate audit had not been carried out and the report had not been submitted.

4.4 Budgetary Control

The following matters were observed in this connection.

- (a) It was observed that the budget had not been prepared in accordance with the Corporate Plan and Action Plan in the realistic manner.

- (b) Even though the revised estimates of the following items of expenditure for the year under review had been increased at the time of final revision, when analyzing the expenditure it was observed that those expenditure had been increased without proper planning.

Item of Expenditure	Revised Estimates	The Final Revised Estimates	Actual Expenditure	Percentage of Savings
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	Rs.	Rs.	Rs.	%
1303 - Lands and Building Repairs	500,000	650,000	196,324	70
1401 - Transport	20,000	1,500,000	3,593	99
2001 - Repairs of Building	6,000,000	6,950,000	3,220,607	54
2104 - Construction of Buildings	341,000,000	335,000,000	17,303,553	95

5. Systems and Controls

Deficiencies in systems and controls observed during the course of audit were brought to the notice of the Director of the Department from time to time. Special attention is needed in respect of the following areas of control.

- (a) Assets Management
- (b) Travelling Expenditure and Overtime Expenditure
- (c) Internal Audit
- (d) Utilisation of Vehicles and Fuel