

Report of the Auditor General on Head 133 - Ministry of Technology and Research Year 2014

Paragraphs 1 and 2 of this Report contained the general information on the accounts of the Ministry and the Audit Observations of the Head appear in paragraph 3.

1.1 Scope of Audit

The audit of the Appropriation Account including the financial records, reconciliation statements, books, registers and other records of the Ministry of Technology and Research for the year ended 31 December 2014 was carried out in pursuance of provisions in Article 154 (1) of the Constitution of the Democratic Socialist Republic of Sri Lanka. The Management Audit Report for the year under review was issued to the Secretary to the Ministry on 23 June 2015. The audit observations, comments and findings on the accounts and the reconciliation statements were based on a review of the accounts and the reconciliation statements presented to audit and tests of samples of transactions. The scope and extent of such review and tests were such as to enable as wide an audit coverage as possible within the limitations of staff, other resources and time available to me.

1.2 Responsibility of the Chief Accounting Officer for the Accounts and Reconciliation Statements

The Chief Accounting Officer is responsible for the maintenance, preparation and fair presentation of the Appropriation Account and the Reconciliation Statements in accordance with the provisions in Articles 148, 149, 150 and 152 of the Constitution of the Democratic Socialist Republic of Sri Lanka, other Statutory Provisions and Public Finance and Administrative Regulations. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of Accounts and Reconciliation Statements that are free from material misstatements whether due to fraud or error.

2. Accounts

2.1 Appropriation Account

Total Provision and Expenditure

The total net provision made for the Ministry amounted to Rs. 3,917.10 million and out of that a sum of Rs. 3,655.82 million had been utilized by the end of the year under review. Accordingly, the savings out of the total net provision amounted to Rs.261.28 million or 7 per cent of the total net provision. Details appear below.

Expenditure	As at 31 December 2014			Savings as a Percentage of Net Provision
	Net Provision	Utilization	Savings	
	Rs. millions	Rs. millions	Rs. millions	
Recurrent	1,396.13	1,285.91	110.22	7.89
Capital	2,520.97	2,369.91	151.06	5.99
Total	3,917.10	3,655.82	261.28	6.67

2.2 Advances to Public Officers Account

Limits Authorized by Parliament

The limits authorized by the Parliament for the Item No. 13301 Advances to Public Officers Account of the Ministry and the actual amounts are given below.

Expenditure		Receipts		Debit Balance	
Maximum Limit	Actual	Minimum Limit	Actual	Maximum Limit	Actual
Rs. millions	Rs. millions	Rs. millions	Rs. millions	Rs. millions	Rs. millions
24.00	24.22	10.00	13.55	75.00	59.09

2.3 General Deposit Account

The balance of the General Deposit Account of the Ministry as at 31 December 2014 totalled to Rs. 12.83 million.

2.4 Audit Observation

According to the Financial Records and Books for the year ended 31 December 2014, it was observed that subject to the audit observations appearing in the Management Audit Report referred to in paragraph 1.1, the Appropriation Account and the Reconciliation Statements of the Ministry of Technology and Research had been prepared satisfactorily. The material and important observations out of the observations included in that Management Audit Report appear in paragraph 3 below.

3. Head 133 – Ministry of Technology and Research

3.1 Non-maintenance of Registers and Books

A Register on Fixed Assets had not been maintained in terms of the Treasury Circular No. 842 dated 19 December 1978.

3.2 Appropriation Account

Budgetary Variance

The following observations are made.

- (a) The entire net provision amounting to Rs. 9,623,000 made for 06 Objects had been saved.
- (b) Excess provisions had been made for 40 Objects and as such the savings, after utilization of provisions, ranged between 10 per cent to 98 per cent of the net provisions relating to the respective Objects.

3.3 Assets Management

The following deficiencies were observed during the course of audit test checks of the assets of the Ministry.

(a) Conduct of Board of Survey

In terms of the Public Finance Circular No.2/2014 dated 17 October 2014, the Board of Survey for the year 2014 should be conducted and submitted the report thereon to the Auditor General before 17 March 2015, Nevertheless, the Ministry had not furnished that report to the audit even by 31 May 2015. The last Board of Survey had been done for the year 2013.

(b) Irregular Use of the Assets not Vested

A sum of Rs. 304.07 million had been paid to the Urban Development Authority for purchase a land of 50 acres to establish the Nano Technological Garden. Only 48 acres had been obtained and a sum of Rs. 823.6 million had been spent and for the establishment the Nano Technological Garden in that land which had not been vested properly.

3.4 Implementation of Projects under Domestic Financing

Instances of Projects abandonment without being commenced, delays in implementing projects, projects not commenced on due date and project works commenced after delay revealed during the course of audit test checks are given below

(a) Abandonment of Projects Without Commencing

The proposed construction of a building had not been commenced during the year under review due to unavailability of a Vidatha officer for the Rideemaliyadda Vidatha Resource Center.

(b) Delays in the Execution of Projects

Delays in the execution of the following Projects by the Ministry were observed.

Project	Estimated Cost	Date of Commencement	Due date to be completed	Date of Completion	Expenditure as at 31 December 2014	Reasons for Delay
	Rs.				Rs.	
Construction of Vidatha Resource Center at Musali	8,163,058	January 2012	14 September 2012	Not Completed	2,869,816	Even though the work had continued for 2014 it had not been completed due to slow work of the contractor
Bilateral and Multilateral Science and Technology Programme	64,132,600	22 September 2011	22 September 2014	Not Completed	31,588,178	Shortage of specialists and heavy work

(c) Projects not Commenced on Due Date

Even though following buildings for Vidatha Resource Centers had been proposed to be built in the year 2014, constructions had not been commenced even up to 23 June 2015.

- Kotavehera
- Mannar Town
- Malimbada

(d) Project Work Commenced after Delay

Even though following buildings for Vidatha Resource Centers had been proposed to build in the year 2014, constructions had been postponed to the year 2015.

Project	Estimated Amount	Expenditure as at 31 December 2014
	Rs.	Rs.
Padukka	8,242,646	3,000,000
Sandilipai	9,446,694	2,000,000
Sayidamuarudu	9,855,124	2,000,000
Nallur	9,195,599	2,000,000
Kahawatta	6,565,376	2,000,000

3.5 Performance

The observations on the progress of the Ministry according to the Annual Budget Estimates and Action Plan for the year 2014 are given below.

(a) Key Functions not Executed Adequately

The following activities of the Ministry had not been executed adequately in accordance with the Action Plan.

Vidatha Programme	Target	Progress
(i) Establishment of Vidhata Entrepreneur Societies		
• National Level	01	Nil
• District Level	22	16
• Vidatha Level	260	200
(ii) Implementation of National Technology Transfer Initiative (NTTI)	520	302
(iii) Advance TT Programmes	50	Nil
(iv) Management Training Programmes	520	336

(v) Issuing Vidatha Technology Transfer Certificate and Product Sticker - No. of beneficiaries	500	Nil
(vi) Providing Portable Stall for 50 beneficiaries	50	Nil
(vii) Educational Blog Prabashwara (Internet) blog posts	2600	408
(viii) School Awareness Programmes	1300	1042
(ix) Exploration & Mapping Local Resources (Resources Profiles)	261	111
(x) Implementation of Technology Related Projects	120	Nil
(xi) Implementation of Project to Provide “clean portable water” for community	150	Nil

(b) Planning

Action not taken in accordance with the Annual Action Plan

Following deficiencies are observed at the sample audit check carried out relating to the activities of the Annual Action Plan.

- (i) Even though an exhibition had been proposed to conduct for the activity of Technology Market Place under the Scientific Development Programmes of the Ministry, instead of that a science week had been conducted on a decision taken at the Ministry level.
- (ii) Even though a provision of Rs. 5 million had been provided for various projects and for the Vidatha Resource Center under Nagenahira Navodaya programme any activities had not been carried out during the year under review.

3.6 Transactions of Contentious Nature

Certain transactions entered into by the Ministry had been of contentious nature. Particulars of several such instances observed during the course of test checks appear below.

- (a) A sum of Rs. 12 million had been estimated for the Pilot Project of Waste Plastic in to Fuel, but a sum of Rs. 26 million had been spent during the year under review. Following observations are made at the sample audit check carried out in this regard.

- (i) Even though a sum of Rs. 12 million had been estimated for the Project a sum of Rs. 26 million had been spent over the estimated amount during the year under review.
 - (ii) A sum of Rs. 900,000 paid during the year under review and Rs. 1,800,000 in the previous year comprising Rs. 2,700,000 had been paid to a businessman under imagination that he had invented the technology of Waste Plastic in to Fuel, but who had not any knowledge about the Complex Chemical Processes.
 - (iii) Even though funds totalled Rs. 155.57 million had been released from the Treasury to the Polipto Lanka (Private) Ltd from 2009 to 23 June 2015 which is currently belonging to the Ministry, it was failed to commence the activities of the Project of Waste Plastic in to Fuel even up to 23 June 2015. Accordingly related benefits had not been received to the public.
- (b) A sum of Rs. 348.4 million had been paid by the Ministry to Slintec Company for supply of equipment. The maintenance charges of those equipment totalled Rs. 7.5 million which should be paid later, had been paid at the time of purchasing.
- (c) Used VGA Cards had been installed to the computer system and accordingly the operation of the computer system is in problem.

3.7 Irregular Transactions

Certain transactions entered into by the Ministry had been devoid of regularity. Several such instances observed are given below.

(a) Deviation from Government Procurement Procedure

Government Procurement Procedure had not been followed for the expenditure of Rs. 556,174 done simultaneously to the installation of the Projector of the Planetarium which is under the Ministry.

(b) Transactions Without Authority

Following Observations are made

- (i) Approval had not been obtained from the Department of Management Services relating to the decision taken of the salary scale for the Project staff of Polipto Lanka Private Limited coming under the Ministry.

- (ii) A vehicle had been obtained on rental basis from May 2014 on a monthly rental of Rs. 105,000 for the use of Polipto Lanka private limited, coming under the Ministry contrary to the Paragraph 2 of Public Financial Circular No. 353 (5) dated 31 August 2004.

3.8 Losses and damages

An exchange loss of Rs. 116,255 had been occurred due to non-completion of the relevant activities on due time at the purchasing of a projector for the Planetarium by the Ministry.

3.9 Human Resources Management

(a) Approved Cadre and Actual Cadre

The position of cadre as at 31 December 2014 had been as follows.

Category of Employees	Approved Cadre	Actual Cadre	Number of Vacancies
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(i) Senior Level	23	18	05
(ii) Tertiary Level	04	03	01
(iii) Secondary Level	768	657	111
(iv) Primary Level	234	234	-
(v) Other (Casual, Temporary, Contract Basis)	02	02	-
Total	1,031	914	117
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(b) Irregular release of Human Resources to other Parties

The particulars of irregular release of human resources to other parties during the year under review by the Ministry are given below.

	Category of Employees -----	Number -----	Other Party -----	Period of Release -----
(i)	Science and Technical Officer	01	Institute of Primary Education	From 24.12.2013
(ii)	-Do-	01	Sri Lanka National Engineering Institute	From 01.11.2012
(iii)	-Do-	01	Industrial Technical Institute	From 02.07.2011
(iv)	-Do-	01	Sri Lanka Voluntarily Navy Head Quarters	From 11.07.2012
(v)	Development Officer	01	Ministry of Parliamentary Affairs	From 01.12.2014

(c) Field Officers Retained in the Ministry

Even though vacancies for field officers are exist in the Vidatha Resource Centers, three Vidatha Field Officers who were recruited for field works had been retained in the Vidatha Section of the Ministry.