

## **Sri Lanka Atomic Energy Board – 2018**

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### **Qualified Opinion**

The audit of the financial statements of the Sri Lanka Atomic Energy Board for the year ended 31 December 2018 comprising the statement of financial position as at 31 December 2018 and the statement of financial performance and cash flow statement for the year then ended 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 the Finance Act No. 38 of 1971. My comments and observations which I consider should be presented to the Parliament appear in this report.

In my opinion, except for the effects of the matters described up to paragraph 1.5 of this report, the financial statements give a true and fair view of the financial position of the Sri Lanka Atomic Energy Board as at 31 December 2018, and of its financial performance and its cash flows for the year then ended in accordance with Sri Lanka Public Sector Accounting Standards.

#### **1.2 Basis for Qualified Opinion**

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My opinion is qualified on the basis of the matters described in the paragraph 1.5 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 Chief Accounting Officer and Accounting Officer for the Financial Statements**

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Management is responsible for the preparation of financial statements that give a true and fair view 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.

In preparing the financial statements, management is responsible for assessing the Board's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intend to liquidate the Board or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Board's financial reporting process.

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

#### 1.4 Scope of Audit (Auditor's Responsibilities for the Audit of the Financial Statements )

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My objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, 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 guarantee that an audit conducted in accordance with Sri Lanka Auditing Standards will always detected 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 a 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 Board'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 Board'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 Board 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 was expanded as possible as to examine the following matters in any time as required.

- In the point of presentation of information, whether the organization, systems, procedures, books, records and other documents had been planned properly and adequately as to evaluate the activities of the Board continuously and whether the systems, procedures, books, records and other documents are maintained effectively.

- Complying with any applicable written law or other general or special directions issued by the governing body of the Board.
- Performed according to its powers, functions and duties.
- Procured and utilized the resources 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 Public Sector Accounting Standards

Non – compliance, with reference to the standard	Comments of the Management	Recommendation
a) Contrary to the paragraph 76 and 80 of the Sri Lanka Public Sector Accounting Standard 01, three assets balances amounting to Rs.568,616 and a liability balance of Rs.173,600 which had been brought forward since 2 to 6 years had been shown as current assets and current liabilities in the financial position statement as at 31 December 2018	Not commented	According to the Sri Lanka Public Sector Accounting Standard 01, assets which is expected to be realized within 12 months after the reporting date should be clarified as current assets and liabilities which is expected to be settled within 12 months after the reporting date should be clarified as current liabilities.
b) Contrary to the paragraph 14 (a) of the Sri Lanka Public Sector Accounting Standard 07, assets had been taken in to accounts in 2 instances. Hence non-current assets had been overstated by Rs. 12,421,682, current liabilities had been overstated by Rs. 954,575 and accumulated fund had been overstated by Rs. 11,467,107 in the financial statements as at 31 December 2018.	Not commented	According to the Sri Lanka Public Sector Accounting Standard 07, the cost of the item of asset shall be recognized as an asset if it is probable that future economic benefits or services potential associated with the item will flow to the entity.

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| <p>c) According to the paragraph 65 of the Sri Lanka Public Sector Accounting Standard 07, the useful lifetime of non-current assets should be reviewed annually. However the said instructions had not been followed by the entity and as a result there were 619 items of assets of zero book value at the cost of Rs. 54,717,921 as per the fixed assets register. As per the Sri Lanka Public Sector Accounting Standard 03, actions had not been taken to make corrections in connection with the estimated error accordingly.</p> | <p>Not commented</p> | <p>According to the Sri Lanka Public Sector Accounting Standard 07, the useful lifetime of non-current assets should be reviewed annually and as per the Sri Lanka Public Sector Accounting Standard 03, actions should be taken to make corrections in connection with the estimated error accordingly.</p> |
| <p>d) A sum of Rs. 1,845,320 had been depreciated as at 31 December 2018 in connection with an asset which had not been set up to the condition of acting contrary to the paragraph 69 of the Sri Lanka Public Sector Accounting Standard 07. As a result, the balances of the non-current assets and accumulated fund had been understated by the same amount.</p>   | <p>Not commented</p> | <p>According to the Sri Lanka Public Sector Accounting Standard 07, depreciation of an asset should be begun when it is available for use, i.e, when it is in the location and condition necessary for it to be capable of operating in the manner intended by management.</p>                               |
| <p>e) According to the Sri Lanka Public Sector Accounting Standard 19, a policy should get prepared for making provision of post-employment benefits based on the increment of salaries, discount rate, and employee's turnover and other actuarial assumption. Although a sum of Rs. 6,616,165 had been provided as benefits for 157 employees by the Board during the year under review, a policy for calculating provision for post-employment benefits had not been prepared.</p>   | <p>Not commented</p> | <p>According to the Sri Lanka Public Sector Accounting Standard 19, a policy should get prepared for calculating provision of post-employment benefits.</p>  |

## 1.5.2 Accounting Deficiencies

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**Audit observation**  
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**Management  
Comments**  
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**Recommendation**  
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| a) A sum of Rs. 3,182,045 had been overstated for the first four months with respect of the old main building of the Sri Lanka Atomic Energy Board at the beginning of the year under review. Hence the balance of the capital grant and the value of non-financial assets had been understated by the same amount in the statement of financial position as at 31 December 2018.   | Not commented | The depreciable value of an asset should be circulated throughout the useful lifetime of the asset systematically. |
| b) Assets i.e. 305 chemical equipment remained at laboratories of the Board as at 31 December 2018, 04 chemical items, equipment belongs to the security system which had been received to the Sri Lanka GAMMA Center from the GTRI project in the year 2017, the scientific equipment valued at Rs. 2,830,191 which had been received as a donation from the International Atomic Energy Agency and the new building which had been constructed by the Road Development Authority as removing the old building of the Sri Lanka Atomic Energy Board and using since 24 April 2018 had not been | Not commented | The cost of the relevant assets should be assessed accurately and should be shown in the financial statements.     |

assessed and shown in the financial statements.

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| <p>c) Payable VAT amounting to Rs. 850,679 relating to retention money of Rs. 7,088,994 which should be payable to the Sri Lanka Land Reclamation Development Corporation as at 31 December 2018 in connection with construction of the building of the National Center for Non Destructive Testing of the Sri Lanka Atomic Energy Board had not been taken in to accounts.</p> | <p>Not commented</p> | <p>Payable liabilities should be recognized and should be accounted properly.</p> |
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### 1.5.3 Transactions not an Adequate Authority

<b>Details of inadequately authorized transactions</b>	<b>Comments of the Management</b>	<b>Recommendation</b>
<p>a) Restructure recommendations and recruitment and promotion procedure for the Atomic Energy Authority had been approved by the Department of Management Services on 25 May 2010 and 13 January 2011 respectively. Nevertheless contrary to the said procedure, one or two promotions had been granted for 22 officers based on the previous recruitment procedure in accordance with a decision of the Board of Directors taken on 23 May 2012. Further salaries had been paid based on the said promotions with effect from the year 2005 or a year after that.</p>	<p>It is informed that the matters of the observation should be forwarded to the Board of Directors for further steps.</p>	<p>Promotions should not be given without a proper authority and actions should be taken to rectify this by the Accounting Officer as per the Financial Regulation 128 (1)</p>

b) The suit No. SC/FR/NO.662/2010 had been filed by an employee in the year 2010 against to the then Atomic Energy Authority. Regarding this case at the Court, based on a decision of the Board of Directors, the Board had agreed to pay a salary scale in the salary code MM since the year 2006 to the plaintiff, without obtaining the agreement of all respondent and the Department of Management Services. Decisions had been taken by the Board of Directors in a way of occurring disadvantages to the Government.

It is informed that the matters of the observation should be forwarded to the Board of Directors for further steps.

Decisions should not be taken without a proper authority and acting as per the decisions taken as occurring disadvantages to the Government should be rectified by the Accounting Officer according to the Financial Regulation 128 (1) (o) .

**1.5.4. Lack of written evidence for audit**

Subject -----	Evidence not presented -----	Comments of the Management -----	Recommendation -----
Non-availability of information to audit	<p>a) Information had been requested in respect of payment of salaries to officers by the letters No. POE/B/AEB/2018/18 and POE/B/AEB/2018/18 (01) dated 03 October 2018. Further 03 reminders had been made time to time. However necessary information had not been made available to audit even up to the issuing date of this report.</p> <p>b) Information requested by the letter POE/B/AEB/2018/18 dated 08 October 2018 relating to 4 officers of the Atomic Energy Board who had obtained motor vehicle licenses on concessionary basis had not been made available to audit because the said files were misplaced.</p>	<p>Not commented</p> <p>An investigation is being carried out in connection with those files nowadays .It is expected to be replied again.</p>	<p>According to the section 42 of the National Audit Act No. 19 of 2018, in the performance and discharge of duties and functions under this Act, any requirement requested by the Auditor General or any other person who authorized by him should be fulfilled by the auditee entity.</p> <p>-do-</p>

**1.6 Non- compliance with Laws Rules, Regulations and Management Decisions**

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<b>Reference to Laws Rules and Regulations</b>	<b>Non- compliance</b>	<b>Comments of the Management</b>	<b>Recommendations</b>
Public Finance Circulars			
(i) Paragraph (a) of the Public Finance Circulars No. 438 dated 13 November 2009.	Disposable 110 items of goods recognized in the Board of Survey in the year 2017 had not been disposed.	Not commented	Actions should be taken in accordance with Public Finance Circular.
(ii) Public Finance Circulars No. 3/2015 dated 14 July 2017	Actions had not been taken to settle 3 local purchasing advances amounting to Rs. 1,343,882 issued during the year under review even up to 31 December 2018.	Not commented	Actions should be taken in accordance with Public Finance Circular.
(iii) Public Finance Circulars No. 05/2016 dated 31 March 2016	Although board of survey reports for the year under review should be submitted to the Auditor General before 17 March 2019, it had not been submitted accordingly.	Not commented	Actions should be taken in accordance with Public Finance Circular.
a) Public Accounts Circulars			
Public Accounts Circulars No. 30/94 dated 20 April 1994	Receiving of 11 foreign grants amounting to Rs.105, 083,932 had been obtained directly to the Board during the year under review without obtaining through the General Treasury.	Not commented	Actions should be taken in accordance with Public Accounts Circular



## 2. Financial Review

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### 2.1 Financial Results

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The operation had resulted a deficit of Rs.413,699 against to the surplus of Rs. 1,456,454 for the previous year. Accordingly a deterioration of Rs. 1,870,153 was observed in the financial result. Although the income had been increased as income of GAMMA Center by Rs. 11,613,806, recurrent grant received from General Treasury by Rs.8,150,000 and income received from food sample testing by Rs. 3,234,899 decrease of revenue of National Center for Non- Destructive Testing by Rs. 8,012,554 whilst the expenditure of the Center not being decreased sufficiently had mainly affected to this deterioration.

In the analysis of the financial results of the Sri Lanka Atomic Energy Board for year under review and 03 preceding years, the financial deficiency of Rs. 20,985,774 for the year 2015 had increased up to a surplus of Rs.3, 864,974 in the year 2016. Nevertheless the surplus had decreased up to Rs.1, 456,454 in the year 2017. Further it had deteriorated to a deficit of Rs. 413,699 during the year under review. However, considering the adjustments of employee's remuneration made to the financial results, the contribution of the Board of Rs. 69,922,744 for the year 2015 had increased regularly up to Rs. 120,459,832 at the end of the year 2018.

## 3. Operating Review

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### 3.1 Management Inefficiencies

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<b>Audit observation</b> -----	<b>Comments of the Management</b> -----	<b>Recommendation</b> -----
a) Although the most suitable place for reinstallation of Atomic Energy Board was the land 3 acers in extent located in Mahenawatta, Pitipana, Homagama of which an area of non-populous and non-urban and appropriate for the ironizing radiation activities , it had been rejected considering only the convenience of officers. Consequently a land located in Malabe which is a populous area had been selected in this regard and constructions in the said land had been abandoned due to protection of the residents of the area. The cost estimate of constructions of buildings had	Not commented	According to the financial Regulation 780, in the execution of public works and services, due attention should be paid for economy and efficiency. Further according to the Financial Regulation 128 (1) (i), accounting officers should ensure that the activities of his department are undertaken with due regard economy, efficiency, propriety and integrity expected in the transactions of public businesses.

increased from Rs.419,069,769 to Rs.925,724,951 by Rs.506,655,182 due to the actions mentioned above. The land of which the new building was located and the Malabe land had been assessed for the above purpose and a sum of Rs. 1,420,846 had been paid by the Board as full amount of estimate charges.

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| <p>b) A professional allowance of Rs. 675,000 had been overpaid for 3 male officers and 5 female officers for the period from 01 October 2017 to 31 March 2019 considering the service period of posts which were not belong to the senior level. Actions had not been taken by the Accounting officer to rectify this action as per the Financial Regulation 128 (1) (o).</p>  | <p>It is informed that the matters of the observation should be forwarded to the Board of Directors for further steps</p> | <p>When paying professional allowances, actions should be taken as per the Circular and actions should be taken to rectify the over payment as per the Financial Regulation 128 (1) (o).</p>   |
| <p>c) Three officers of the Board had taken the first motor vehicle license on the concessionary basis in 05 to 08 years before the due period and the second license had been taken before 02 to 04 years. In addition to this another 5 officers had taken their first license before 1 to 6 years. Actions had not been taken to rectify this by the Accounting officer as per the Financial Regulation 128 (1) (o).</p> | <p>It is informed that the matters of the observation should be forwarded to the Board of Directors for further steps</p> | <p>When granting motor vehicle licenses on concessionary basis , actions should be taken as per the relevant Circulars and rectification should be done as per the Financial Regulation 128 (1) (o) in connection with erroneously granted licenses.</p> |

### 3.2 Operational Inefficiencies

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<b>Audit Observation</b>	<b>Comments of the Management</b>	<b>Recommendation</b>
a) One of the objectives of the Sri Lanka Atomic Energy Board which had been established under the Atomic Energy Act No. 40 of 2014 was supplying of radiation protection services for monitoring activities of nuclear using. Nevertheless this had not been adequately fulfilled during the year under review.	The factors such as delays of sending thermo luminescence dosimeter cards by the institutions of which using the TLD cards, TLD cards not being sent within the month coming after the period they used, Quality control tests and calibration activities of TLD reading machines and taking a sometime to install and calibrate TLD reading machines of the new laboratory due to shifting the institute to the new building had affected to the considerable delay of reading the said cards and issuing records of results. However the radiation protection and technology section is a section which is supplying all of the radiation protection services of the country having limited human resources and actions had been taken to send the radiation dose within 2 months to the institutions which had get the TLD service facing the challenges of technical and delays of the said institutions.	Actions should be taken efficiently in fulfilling relevant activities for achieving objectives of the Act.
b) Contributions to the Employees Provident Fund for the period from the year 1981 to the year 2014 had not been credited properly by the then Sri Lanka Atomic Energy Board (then the Atomic Energy Authority). As a result, a sum of Rs. 4,790,466 had to be paid as fines to the Employees Provident Fund as per the Section 16 of the Employees Provident Fund Act	Contribution had been remitted as 15 per cent from the institute and 10 per cent from the employee before the commencement of the Employees Trust Fund in the year 1981 on behalf of the staff of the Atomic Energy Authority. However based on the Circular No.312 dated 26 June 1981 issued by the Ministry of Industries and Science, the employer's percentage had been reduced from 15 per cent to 12 per cent.	When paying contributions to the Employees Provident Fund provisions of the Employees Provident Fund Act should be followed and Financial Regulation 128 (1) (o) should be followed in paying fines.

No.15 of 1958.

Accordingly the Auditor General had informed in the Committee on Public Enterprises held on 26 May 2011 that calculation of contribution had not been done in the rate of 3;2 in accordance with the terms of the Employees Provident Fund Act. The said Committee had informed to rectify this and when paying arrears relating to the previous period, the Department of Labor had informed to pay relevant surcharges. Nevertheless the correct contribution is being paid at present and it is mentioned that actions to be taken as avoiding such errors in future.

- c) Contributions to the Employees Trust Fund for the period from the year 2006 to the month of May of the year 2014 had not been credited properly as per the Section 16 of the Employees Trust Fund No.46 of 1980. As a result, a sum of Rs. 600,383 had been paid as fines.
- As per the instructions of the Commissioner of Labor, a decisions had been taken to calculate the contribution based on all allowances according to the instructions made by the Employees Union of the Authority of which contributions to the Provident Fund should be calculated for all allowances in addition to the salary as per the Employees Provident Fund Act ( Amended) No. 01 of 1985.Accordingly when paying contributions with effect from the year 2007, fines relevant for the said period had to be paid and it is informed that actions to be taken as avoiding such errors in future.
- When paying contributions to the Employees Trust Fund, provisions of the Employees Trust Fund Act should be followed and Financial Regulation 128 (1) (o) should be followed in paying fines.

### 3.3 Idle or Underutilized Property, Plant and Equipment

Audit Observation -----	Management Comments -----	Recommendation -----
a) Although the maximum capacity of the short run Irradiation Sources of the National GAMMA Center was 3000 kci , only a capacity of 250 kci had been used up to now. It was only a 8 per cent of the short run production capacity. Hence it was observed that the production capacity had been underutilized.	It was sufficient conducting the capacity of irradiation sources in 250 kci to fulfil the prevailing demand. Hence actions had been taken accordingly and it is expected to utilize the maximum capacity after improving the demand of the market.	According to the financial Regulation 780, in the execution of public works and services, due attention should be paid for economy and efficiency. Further according to the Financial Regulation 128 (1) (i), accounting officers of his department are undertaken with due regard economy, efficiency, propriety and integrity expected in the transactions of public businesses.
b) The equipment named Isotope Ratio Mass Spectro Meter at a cost of Rs. 9,184,390 had been purchased on 02 December 2015 and it had been received to the Board on 09 August 2018. However this equipment was not in the operating condition even up to 30 April 2019.	Not commented	In the execution of public works and services, it should be ensure that proper attention is being paid for expected economy, efficiency, formality and integrity

### 3.4 Procurement Management

Audit observation -----	Comments of the Management -----	Recommendation -----
a) According to the Section 4 (2) of the Procurement Guideline 2006 without preparing procurement plan and detailed procurement plan , a procurement plan had been prepared only for the year 2018 for 39 items valued at Rs. 100 Million.	Not commented	The procurement plan and the detailed procurement plan should be prepared as per the Government Procurement Guideline.

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| b) Although capital goods valued at Rs. 6,175,788 had been procured, the procurement plan had not been updated as per the Section 4 (2) (3) of the Procurement Guideline.   | Not commented | According to the provisions of the Procurement Guideline, the procurement plan should be updated. |
| c) There were twenty-five items valued at Rs. 50.964 Million remained uncompleted up to now even though the said procurement activities done in the year 2018 had included in the procurement plan for the year 2018. | Not commented | Procurement activities should be completed within due period of time as per the procurement plan. |

### 3.5 Deficiencies in Contract Administration

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<b>Audit observations</b> -----	<b>Comments of the Management</b> -----	<b>Recommendations</b> -----
The amended total cost of Rs. 428,981,984 of the National Center for Non-Destructive Testing of which the construction had been completed in the year 2014 whilst the estimated total cost of the said construction was Rs. 308,653,543. Accordingly the cost variation was 39 per cent. However the construction estimate had not been submitted to the relevant committee as per the Public Finance Circular No.02/2012 dated 08 August 2012 and the approval for the expenditure of Rs. 42,533,542 represent 35 per cent of the total variation.	Not commented	According to the relevant Public Finance Circular, in the instances of variations can be occurred over than 10 per cent of the total cost estimate, Technical Evaluation Reports in connection with proposals for revision on estimates should be submitted to the Director of Public Finance to present to the Estimate examination Committee.

#### 4. Accountability and Good Governess

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##### 4.1 Presentation of Financial statements

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Audit Observation -----	Comments of the Management -----	Recommendation -----
According to the paragraph 6.5.1 of the Public Enterprises Circular No.PED/12 dated 02 June 2003; financial statements should be submitted to the Auditor General within 60 days after the close of the financial year. However the financial statements had been presented by the Board in a delay of 48 days.	Not commented	Financial statements of the Board should be presented to the Auditor General as per the relevant Public Enterprises Circular.

##### 4.2 Annual Action Plan

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Audit observation -----	Comments of the Management -----	Recommendation -----
a) Realistic plans not being made in connection with achievement of performance indicators of the action plan -----		
(i) Material differences were observed when comparing the physical performance and financial performance of the National Center for Non-Destructive Testing and the Board.	The action plan presented in connection with the National Center for Non-Destructive Testing at the commencement had been presented in overestimate and it was corrected.	Achievement of targets of the performance indicators of the action plan should be planned realistically.
(ii) Expected targets had not been maintained by the GAMMA Center thus the actual operations were in a higher level than the expected level.	When showing the operated programmes and the progress thereon in the action plan of the life science section, an incorrect value had been mentioned under the financial performance	

b) Non achieving of targets of the action plan adequately  
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(i) It was observed that the actual financial progress of the performance of the National Center for Non-Destructive Testing during the year under review in connection with conduction of certificate courses, workshops and destructive testing examinations was less than 50 per cent of the planned level.

According to the amended action plan, it shows an improvement of the financial progress when compared the actual amount with the planned amount.

Actions should be taken to achieve targets of the action plan adequately.

(ii) The progress of achieving targets relating to the activities of analytical section which had been given by the GAMMA Spectrometry of the life science section was less than 36 per cent.

According to the actual amount of the correct financial performance, achieving targets of the activities of analytical service section shows a more progress than the expected.

c) Non- fulfilling of certain activities of the action plan.  
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(i) Following activities of analytical section which had been given by the GAMMA Spectrometry of the life science section had not been fulfilled during the year 2018.

- Installation of new analytical methods and extension of scope.
- Sample analyzing of data obtained.
- Analyzing and translation of information

Actions should be taken within the time range of Q3 and Q4 for installation of new analytical methods and engaged in such works future. As the requirement had not occurred, the scope was not extended.

Actions should be taken to fulfil the activities included in the Action Plan.

(ii) The following activities of the Nuclear Agriculture Unit had not been fulfilled during the year 2018.

- Sample analyzing of trace elements.
- Collecting samples from the market.

Not commented



- Preparing those samples and analyzing for stable isotope
- Tastings for searching whether unnecessary things were included in milk powder. ( Urea, Formalin, preservatives)

- d) Although it had expected to provide services such as irradiation of agricultural seeds and hydrogel production under the irradiation services installing the Gamma Irradiation plant, such services had not been planned in the action plan for the year 2018.
- Although activities of the laboratory of which the hydrogel production was made, had been commenced in the old building, those activities of the laboratory was slowdown. Therefore the said activity was not included to the action plan for the year 2018 and new laboratories should be installed in this regard.
- Services expected to be delivered in future should be included in the action plan.
- e) As well as previous years 98 per cent of the income of irradiation services of the GAMMA Center for the year under review is depend on one supplier. Nevertheless a proper programme had not been planned in the corporate plan for the year 2018 – 2020 and action plan for the year 2018 to improve the market share of the customers obtaining the irradiation service of the GAMMA Center.
- The main institute currently obtaining services of GAMMA Center had obtained our service to provide surgical gloves to Government Hospitals and in addition to that various efforts had been made to seek new suppliers. Necessary steps are being taken in this regard.
- A proper programme should be planned for improving the number of customers and it should be included in the corporate/ action plan.

### 4.3 Annual Report

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<b>Audit observation</b>	<b>Management comments</b>	<b>Recommendation</b>
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According to the Section 14 (3) of the Finance Act No. 38 of 1971, the final annual report of the Board should be presented to the Parliament before closing 10 months coming after each financial year. However the annual report of the Atomic Energy Board for the year 2017 had not been presented to the parliament even up to 30 April 2019.	Not commented	The annual report should be submitted within due period of time as per the Finance Act.

### 4.4 Replying of Management Report

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<b>Audit observation</b>	<b>Management comments</b>	<b>Recommendation</b>
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According to the Section 13 (8) of the Finance Act No.38 of 1971, the report submitted as per the paragraph (a) and (b) of the sub section 7 should be considered by the Board of Governors. After such consideration, proposed steps to be taken regarding the observations pointed out by the audit report should be informed to the Auditor General within 3 months from the date of which the audit report was submitted to the Board.	Not Commented	Replies should be submitted to the Management Report within due period of time as per the Finance Act.
However replies had not been submitted by the Board to the Management Audit Report for the year 2017 issued to the Board on 09 October 2018 even up to the date of this report.		

**4.5 Non- replying for Audit Queries**  
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**Audit observation**  
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Actions had not been taken according to the Section 38 (1) (e) of the National Audit Act No. 19 of 2018 and Financial Regulation 155.Replies had not been submitted to 10 queries out of 23 audit queries issued to the Board for the year 2018 even up to 30 April 2019 and replies had been submitted for 7 audit queries in a delay of 10 to 64 days exceeding the specific period of time.

**Comment of the Management**  
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Not commented

**Recommendation**  
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The Chief Accounting Officer should ensure that replies should be submitted to audit queries as per the Section 38 (1) (e) of the National Audit Act No. 19 of 2018 and Financial Regulation 155.

**4.6 Internal audit**  
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**Audit Observation**  
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According to the Section 09 of the Management Audit Circular No. DMA/2009 (01) dated 09 June 2009, all internal audit units should prepare an internal audit report per each quarter for their institutions and it should be presented to the discussion of Audit and Management Committee. However internal audit unit of the Board had not prepared such quarterly reports for the year under review.

**Management Comment**  
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Not commented

**Recommendation**  
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Quarterly reports should be submitted as per the relevant Management Audit Circular

**4.7 Audit Committees**  
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**Audit observation**  
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According to the paragraph 7.4.1 of the Public Enterprises Circular No.PED/12 dated 02 June 2003; Audit and Management Committee meetings should be conducted per every 3 months. However only 02 Audit and Management Committees had been held by the Board during the year under review. Although it had lapsed a period over than 10 months from 19 June 2018 to the issuing date of the report, Audit and Management Committee Meetings had not been held within the said period.

**Management Comment**  
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Audit and Management Committee Meetings could not be held because of few unavoidable reasons and a new Chairman and a Director Board had been appointed up to now hence the said meeting can be conducted recently.

**Recommendation**  
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According to the relevant Public Enterprises Circular, Audit and management Committees should be conducted as scheduled.

#### 4.8 Sustainable Development Goals

----- Audit Observation -----	----- Comments of the Management -----	----- Recommendation -----
a) Public Institutions, Private Institutions and Civil Organizations had been identified as the parties who concern about the implementation of sustainable development goals. Nevertheless awareness programmes had not been conducted.	Steps will be taken recently.	Plans should be prepared for achieving sustainable development goals and actions should be taken to create a database and to aware the officers of the Board / parties who concerned about.
b) Plans had not been prepared for monitoring activities in connection with achieving targets of sustainable development and a methodology in this regard had not been identified up to now.	A methodology should be commenced in this regard	
c) Although an accurate data base should be maintained for measuring the accurate performance of any activity, actions had not been taken to create a data base for measuring the achievement of sustainable development targets identified by the Board.	I would like to inform that actions to be taken to commence a programme in this regard.	
d) The risk of inability of continuous obtaining of resources and capacity for achieving sustainable development goals had been identified. Although attention had been paid to prepare a proper implementing plan, awareness of officers and to appoint a Committee for implementing necessary rectifications and decisions in order to minimize that risk, actions had not been taken in this regard.	It is informed that it seems the intervention of the Management of the Institute was not sufficient and actions will be taken to avoid such situation informing the Ministry.	