

Sri Lanka Atomic Energy Board – 2024

1. Financial Statements

1.1 Qualified Opinion

The audit of the financial statements of the Sri Lanka Atomic Energy Board for the year ended 31 December 2024 comprising the statement of financial position as at 31 December 2024 and the statement of financial performance, statement of changes in net assets and budget versus actuals report and cash flow statement for the year then ended and notes to the financial statements including material accounting policy information was carried out under my direction in pursuance of provisions in Article 154(1) of the Constitution of the Democratic Socialist Republic of Sri Lanka read in conjunction with 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 in paragraph 1.5 of this report, the accompanying financial statements give a true and fair view of the financial position of the Board as at 31 December 2024, and of its financial performance and their cash flows for the year then ended in accordance with Sri Lanka Public Sector Accounting Standards.

1.2 Basis for Qualified Opinion

My opinion is qualified on the matters described in 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 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 Public Sector 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 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 Audit Scope (Auditor's Responsibilities for the Audit of 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 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 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 Board, and whether such systems, procedures, books, records and other documents are in effective operation;
- Whether the Board has complied with applicable written law, or other general or special directions issued by the governing body of the Board;
- Whether the Board has performed according to its powers, functions and duties; and
- Whether the resources of the Board had been procured and utilized economically, efficiently and effectively within the time frames and in compliance with the applicable laws.

1.5 Audit observations regarding the preparation of financial statements

1.5.1 Internal Control over the preparation of financial statements.

Entities are required to “devise and maintain” a system of internal accounting controls sufficient to provide reasonable assurance that, transactions are executed in accordance with management’s general or specific authorization, transactions are recorded as necessary to permit preparation of financial statements in conformity with the applicable reporting standards, and to maintain accountability for assets, access to assets is permitted only in accordance with management’s general or specific authorization, and the recorded accountability for assets is compared with the existing assets at reasonable intervals and appropriate action is taken with respect to any differences.

1.5.2 Non-compliance with Sri Lanka Public Sector Accounting Standards

Non Compliance	Comment of the Management	Recommendation
(a) Although the Board is required to disclose a description of the nature of the operations of the Board and its principal activities unless otherwise disclosed in the information published with the financial statements in terms of paragraph 150(b) of Sri Lanka Public Sector Accounting Standards (SLPSAS) 01 related to the presentation of Financial Statements, the Board had not disclosed information on its principal activities and nature in its financial statements.	A report on the activities and progress in the performance of the institution was submitted every year up to the financial statements of the year 2023 and the report was eliminated as per the instructions received by the Government Audit Division during the audit of the financial statements for the year 2023. Action will be taken to correct it from the year 2025.	Action should be taken in compliance with the Sri Lanka Public Sector Accounting Standards.
(b) Financing activities are activities that result in	Action will be taken to correct	Action should be

changes in the amount and composition of equity capital and borrowings in terms of paragraph 08 of S.L.P.S.A.S. 02 related to cash flow statements, and since employee loan recoveries amounting to Rs. 4,135,210, which was non-financing activities, had been indicated under financing activities, the cash flow generated from financing activities had been overstated by that amount and the cash flow generated from operating activities had been understated by that amount.	this from the year 2025.	taken in compliance with the Sri Lanka Public Sector Accounting Standards.
(c) The date, on which the financial statements were authorized for publishing in terms of paragraph 24 of Sri Lanka Public Sector Accounting Standards 06 related to events after the reporting date, had not been disclosed in the financial statements.	Significant events that should be disclosed in the financial statements had not been reported after the reporting date.	Action should be taken in compliance with the Sri Lanka Public Sector Accounting Standards.
(d) The TLD Cards & Headers worth Rs. 24.1 million with a useful life of approximately 50 months, which are used for rental purposes in the provision of Personal Monetary Service (TLD Service) and the land where the Gamma Centre is located had not been identified and accounted in accordance with paragraph 14 of the Sri Lanka Public Sector Accounting Standards (SLAPS) 07 related to property, plant and equipment. Although residual value and useful life of an asset must be reviewed at least on the date of ending each annual reporting period in terms of paragraph 65, assets such as scientific instruments, office equipment, other equipment, office fixtures, household appliances, electrical equipment and computers of the Board costed at Rs. 60,296,240, which had been fully depreciated as at 31st December 2023 and still in use had not been revised in accordance with the provisions of the SLPSAS 3-Accounting Policies, Changes in Accounting Estimates and Errors.	The estimation of TLD Cards and Holders will be carried out during the accounting year of 2025. The Institutional Audit Committee is paying attention to the ownership of lands and buildings and will consider the future steps to be taken in that regard. The report on the revaluation of fully depreciated computers and accessories is currently being reviewed by the Audit Committee of the institution and internal committees have been appointed on 28/04/2025 on the instructions of the Audit Committee for the revaluation of all remaining assets and they have been informed to complete the work before 31/08/2025. (See Annexure No. 04)	Action should be taken in compliance with the Sri Lanka Public Sector Accounting Standards.
(e) No provision for impairment losses had been made for 18 items of inactive equipment worth Rs. 19,355,515 in accordance with paragraph	Provision for impairment losses had not been made for inactive equipment. However, action will	Action should be taken in compliance with the Sri Lanka

79 of Sri Lanka Public Sector Accounting Standards 07 and the depreciation value of cobalt 60 costed at Rs. 448,920,949 used for the gamma centre established to provide services to exporters by sterilizing food items and gloves exported from Sri Lanka is recognized and accounted monthly according to its use. However, the method of depreciating that asset had not been disclosed in the financial statements in terms of paragraph 86(b) of the Standard. The amount of depreciation recognized in relation to the current year was Rs. 10,875,018. It was 2.42 percent as a percentage of the cost.	be taken in full compliance to this from the year 2025. The useful life of the asset called Cobalt 60 had not been disclosed in the financial statements and action will be taken in full compliance to this from the year 2025.	Public Sector Accounting Standards.
(f) Cost of post-defined benefit plan and provision had not been calculated using the assumptions such as actuarial method i.e. the current service cost of the entity, employee turnover, disability and early retirement rates, claim rates under medical plans, mortality, life expectancy of employees, retirement age, discount rate, etc., while calculating the service benefit obligation of the entity in terms of paragraph 61 of Sri Lanka Public Sector Accounting Standard No. 19 - Employee Benefits.	Actuarial method was not used for the calculations in accordance with the Accounting Standard No. 19. The model used to calculate the Actuarial method provided by you in April 2025 will be followed from the year 2025.	Action should be taken in compliance with the Sri Lanka Public Sector Accounting Standards.

1.5.3 Accounting Policies

Audit Issue	Comment of the Management	Recommendation
It had been disclosed that the cost model is used for accounting property, plant and equipment other than motor vehicles in terms of Accounting Policy 1.3. Moreover, it was stated that infrastructure facilities, property, plant and equipment are reported at cost or revalued amount according to Policy 1.3.1. Accordingly, the model, in which those assets are reported by the Authority, was problematic in the audit.	The accounting policy of the institution is to account property, plant and equipment other than motor vehicles using the cost model and to report motor vehicles at revalued amounts. Accordingly, steps will be taken to correct Accounting Policy No. 1.3.1 in the financial statements.	The model used for accounting property, plant and equipment should be clearly disclosed.

1.5.4 Accounting deficiencies

Audit Issue	Comment of the Management	Recommendation
(a) The Urban Development Authority had provided a land in extent of 3 acres and 36.5 perches in the Malabe area to construct a building for the Atomic Energy Board. A sum of Rs. 181 million received from the General Treasury for that purpose had been paid to the Urban Development Authority. However, the construction work was stopped midway due to public protests, and the said land was given to the National Apprenticeship and Industrial Training Authority, and the land in extent of 243 perches in Orugodawatta belonging to that institution had been given to the Board through a Memorandum of Understanding. Action had not been taken to use the amount of Rs. 181 million paid by the Board to the Urban Development Authority to settle the assessed value of the land given to the National Apprenticeship and Industrial Training Authority. As a result, the above-mentioned amount of Rs. 181 million had been further indicated in the financial statements as an amount receivable from the Urban Development Authority and the legal ownership of the land had not been transferred to the Board and accounted.	Although it has been stated that adequate measures have not been taken to recover the amount receivable to the Board from the Urban Development Authority due to the termination of the lease agreement relating to the land in the Orugodawatta area acquired from the Urban Development Authority in the year 1996, written notices have been sent to the relevant institutions to recover that amounts, as well as discussions have been held on several occasions by attending meetings with the relevant institutions. However, a clear solution to the problem has not been found. Moreover, the Road Development Authority has referred the matter to the Attorney General's Department for legal advice regarding the ownership of the land, on which the new building has been constructed and the recovery of Rs. 181 million paid to the Urban Development Authority for acquiring the Malabe land. The Attorney General's Department has given its opinion stating that it is appropriate to take further steps in accordance with the Cabinet decision dated 2018.05.11 when the rights existing between state institutions have been presented. It has been informed that steps should be taken to discuss and resolve the matter with the Secretaries of the Ministries in accordance with the said decision of the Cabinet of Ministers. Action is being taken accordingly.	Action should be taken to transfer the ownership of the land.

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| (b) An amount of Rs. 182,468 had been paid to a private company for services and maintenance in the year 2024 through voucher 151 in the year 2025 and that amount had not been recognized as an expense payable in the year under review. | Action will be taken to correct this in the year 2025. | All the expenses payable should be accounted. |
| (c) An under-provision of Rs. 2,069,972 had been made in the accounts of the current year for 5 categories of expenditure relating to the year 2024. | Action will be taken to correct this in the year 2025. | Transactions must be accounted correctly. |

1.5.5 Unreconciled Control Accounts

Audit Issue	Comment of the Management	Recommendation
Even though fixed assets worth Rs. 344,470,250 were transferred according to the fixed asset registers when the Atomic Energy Authority was abolished and the Board was established, the amount of fixed assets transferred was only Rs. 323,368,373 according to the physical inspection. Accordingly, a difference of Rs. 21,101,877 was observed and action had not been taken so far to transfer that difference.	The Audit Committee of the Institution held on 31.03.2025 has assigned a period of 02 months to the Deputy Director (Finance) to provide information in accordance with an alternative course of action to settle the difference of Rs. 21 million between the sum of Rs. 344 million available when the Atomic Energy Authority was abolished and the Board was established and Rs. 323 million that was physically available. Those calculations and information will be completed within the prescribed time limit and forwarded for taking further action.	Action should be taken to identify changes and to correct them.

1.5.6 Evidence not made available for audit

Audit Issue	Comment of the Management	Recommendation
(a) Non-utilizing items amounting to Rs. 31,850 and non-utilizing laboratory chemicals amounting to Rs. 397,758 within noncurrent assets as at 31 December 2024 have been identified in the financial statements for more than 5 years, and provision for impairment losses for the full value of non-utilizing laboratory chemicals amounting to Rs. 397,758, out of this, had been made. However, documents such as stock	The schedule for non-utilizing laboratory chemicals amounting to Rs. 397,758/- has been submitted in Annexure 08 and the necessary work regarding these items will be done in this year. (See Annexure No. 08)	Stock schedules and goods verification reports should be submitted to audit.

schedules, goods verification reports, etc. were not submitted to audit to identify these balances.

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| <p>(b) Due to not including in the fixed asset register the details related to 02 classes of fixed assets such as Cobalt 60 of the National Centre for Non-Destructive Testing, and radiation facilities, etc. totalling to Rs. 449,344,289 included in the financial statements as at 31 December 2024, the cost of those assets, annual depreciation and purchases could not be satisfactorily confirmed in the audit.</p> | <p>The relevant fixed assets registers will be submitted by Annexure 09. (See Annexure No. 09)</p> | <p>All information regarding the assets should be submitted to audit.</p> |
| <p>(c) The schedule related to calculating depreciation, in which details of the purchases of assets of each item in the balance of plant and equipment worth Rs. 175,769,436 as at 31 December 2024 had been included, was not submitted to audit. Due to this, the accuracy of the value of those assets, depreciation expense for the year amounting to Rs.11,744,884 and provision for depreciation amounting to Rs.110,466,269 could not be confirmed during the audit.</p> | <p>The amount of depreciation for the year 2024 is reflected in the schedules for each asset in the fixed assets register.</p> | <p>The fixed assets register including data and information completely should be submitted to audit.</p> |

1.6 Accounts Receivable and Payable

1.6.1 Accounts Receivable

Audit Issue	Comment of the Management	Recommendation
(a) There was a trade debtor balance amounting to Rs. 63,597,613 as at 31 December 2024, and a debtor balance amounting to Rs. 12,304,412 prevailed for over 1 year and less than 3 years, and a debtor balance amounting to Rs. 1,815,133, prevailed for over 3 years and less than 5 years, and a debtor balance amounting to Rs. 1,188,220 prevailed for over 5 years were within that debtor balance. The Board had not taken adequate steps to recover these long-term outstanding balances.	A sum of Rs. 26.71 million, which is 42% of the debtor balance amounting to Rs. 63.597 million as at 31.12.2024, has been recovered by 30.04.2025. The value of Rs. 36.8 million existed as at 30.04.2025 has also been attached in detail. (See Annexure No. 07)	Adequate measures should be taken to recover the outstanding balance.

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| <p>(b) There were 08 debtor balances amounting to Rs. 277,172, which had not been recovered for 01 year to over 05 years, and prevailed within the other debtor balance of the Board amounting to Rs. 4,895,942 as at 31 December 2024. Adequate steps had not been taken to recover these balances. Although the Board had staff debtors amounting to Rs. 362,209 as at 31 December, the staff debtor balance bearing RAS 07/30 amounting to Rs. 92,750, out of that, was 5 years old. Action had not been taken to identify the debtor balances with the risk of non-recovery of debt, out of these debtors, and provision had not been made for them as impairment losses.</p> | <p>Action will be taken to correct these values in the year 2025.</p> | <p>Adequate measures should be taken to recover the outstanding balance.</p> |
| <p>(c) A tax asset amounting to Rs. 1,031,961 had arisen since 2018 as the Board had paid taxes by exceeding its tax liability in the payment of income tax in self-assessment basis once in every quarter, and the overpayments had not been offset within the relevant statutory period. The Board had not taken action to settle the balances by consulting the Inland Revenue Department for more than 5 years.</p> | <p>Necessary steps will be taken to settle this balance after consulting the Department of Inland Revenue.</p> | <p>Action should be taken to settle the balances after consulting the Department of Inland Revenue.</p> |
| <p>(d) There were 6-year-old VAT balance receivable amounting to Rs. 3,248,395 and an economic development fee balance receivable amounting to Rs. 863,562 and a withholding tax balance receivable amounting to Rs. 587,285 within the other current assets balance of Rs. 207,317,483 as at 31 December 2024, and action had not been taken to offset those receivable tax balances in the payment of taxes.</p> | <p>The debtor balance amounting to Rs. 3,248,395/-, out of the debtor balance of Rs. 4,699,242/-, that was six years old, within the other current assets balance amounting to Rs. 207, 317, 483/- was the VAT amount mentioned in the final bill to be paid to the Sri Lanka Land Reclamation and Development Corporation for the construction of the building of the National Centre for Non-Destructive Testing. This balance cannot be settled until a final decision is reached on the payment of this bill. Necessary action will be taken as soon as</p> | <p>Adequate steps should be taken to recover outstanding balances.</p> |

possible to settle the other debtor balances.

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

	Reference to Laws, Rules, Regulations etc.	Non compliance	Comment of the Management	Recommendation
(a)	Financial Regulations 570 and 571 of the Financial Regulations of the Democratic Socialist Republic of Sri Lanka	The responsibility of resettling 3 retained cash balances amounting to Rs. 4 million, which had exceeded 2 years from the date of completion of the projects, have not been assessed and have not been credited to the income of the Board or settled.	The retained amounts payable to the SLRDC should be further retained and action will be taken in this year to settle the other retained amounts.	Action should be taken in terms of the Financial Regulations.
(b)	Guidelines Manual for State-Owned Enterprises introduced by Public Enterprises Circular No. 1/2021 dated 16 November 2021			
i.	Paragraph 1	The Board had not prepared a set of financial statements forecast in accordance with the strategic plan.	The corresponding financial statements forecast will be prepared as soon as the updated strategic plan is prepared.	Action should be taken in terms of the Circular.
ii.	Section 3.2	Although an Annual Performance Review Meeting (APRM) should be held before passing 05 months after the end of the financial year and before the annual report is presented to Parliament, the Board has not yet held those meetings for the	The APRM meeting scheduled for the year 2024 could not be held according to the instructions issued to suspend the meetings of the Board of Directors by the letter of the Secretary to the President bearing No.	Action should be taken in terms of the Circular.

financial years of 2022 and 2023. PS/PSG/P-SEC/2024-01
dated 07.10.2024 and the
institution will take steps to
hold it immediately.

2. Financial Review

2.1 Financial Results

The operating result for the year under review was a deficit of Rs. 45.5 million, as against the surplus of Rs. 74.5 million in the previous year. Accordingly, a deterioration of Rs. 120 million was observed in the financial result. The major reasons for the deterioration were the decrease in donations by Rs. 13.2 million, and decrease in income from ionizing radiation services at the Gamma Centre by Rs. 25.5 million, and decrease in the income from providing welding facilities by Rs. 24.4 million and the increase in cost of living allowance by Rs. 8.3 million in the year under review when compared to that of in the previous year.

2.2 Analysis of Variances of major income and expenditure items

Income/Expenditure Item	2024	2023	Variance	Percentage of Variances
	Rs. Million	Rs. Million	Rs. Million	%
Ionizing Service Income - Gamma Centre	45.4	70.9	(25.5)	36
Food Testing Income	57.4	64.1	(6.7)	10.4
NDT Training Courses	2.1	5.6	(3.5)	62.5
IRMS Training Courses	0.5	6.2	(5.7)	92
Income from Courses for providing welding qualifications	4.1	28.5	(24.4)	86
Expenses for salaries for NCNDT	18.5	28.3	9.8	34.6
Cost of Living Allowance	16.3	7.9	8.4	106.3
Repairing of Motor Vehicles	5.0	1.9	3.1	163

2.3 Ratio analysis

Ratio	2024	2023	2022	2021	2020
Return on equity	(1.75)	2.79	0.77	4.92	8.66
Return on total asset	(1.65)	2.62	(0.72)	4.64	4.78

Current assets ratio	3.17	2.65	2.34	2.67	4.49
Net surplus ratio	(22.09)	28.83	(10.19)	73.29	2.74

3. Operational Review

3.1 Management Inefficiencies

Audit Issue	Comment of the Management	Recommendation
(a) In the procurement for the design, development, installation, implementation, care and maintenance of an Enterprise Resource Planning (ERP) system, the procurement activities had been initiated in the year 2021 without allocating adequate provision as per Procurement Guidelines 4. 1. 1. (d). Furthermore, an external member with knowledge of the subject of procurement had not been appointed for the Technical Evaluation Committee as per Guidelines 2.8.4 (d). In March 2022, a contract had been signed for the relevant work at Rs. 6.87 million and Rs. 2.43 million (35 percent) of the contract amount had been paid by May 2023. Although the contract period had ended on 16 December 2023, the relevant work had not been completed.	I would like to state that the appointment of the Technical Evaluation Committee has not been made in accordance with the Procurement Guidelines. However, the appointment has been made to include members who are identified as having subject knowledge in software and subject knowledge in finance and procurement. action has not been taken to appoint an officer from an external institution with subject knowledge. I would like to state that in the future, the appointment of the Evaluation Committee will be made in accordance with the Procurement Guidelines.	Action should be taken to complete the relevant task.
(b) The Board had earned an income of Rs. 28 million in the year 2023 from the Welder Qualification Certificate Course, it was Rs. 4.1 million in the year under review. As a result, the income had decreased by Rs. 23.9 million in the year under review compared to the previous year. This was a decrease of 85 percent as a percentage. The relevant course had been operated by the Internal Welding Division until the year 2022, and a contract had been entered into with a private company in July 2023 to conduct this course.	The WPQ certificate we issue to qualified welding technicians with the blessing of the government according to international standards is one of the major reasons for our high demand. That reputation that SLAEB received still exists among the national and international welders' community. Furthermore, the extraordinary demand for WPQ in the year 2023 was due to the strong demand for welding technicians from Korean shipping companies during that period. However, the demand for that decreased drastically due to factors beyond our control in the year 2024.	Action should be taken to increase income.

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| (c) | The total cost estimate of the building of the National Centre for Non-Destructive Testing was Rs. 308,653,543 and the total cost incurred for the building completed in the year 2014 was Rs. 428,981,984. Even though a sum of Rs. 120,328,441 had been incurred by exceeding the total cost estimate, approval for that had not been obtained. | The Line Ministry has already decided to prepare a paper to obtain the approval of the Cabinet of Ministers to approve this price variation. | Action should be taken to obtain a formal approval. |
| (d) | The generator worth Rs. 8.2 million installed at the National Centre for Non-Destructive Testing in the year 2015 had been out of service since February in the year under review. It was observed that it had not been repaired even by 31 August 2025, the date of the audit as the procurement file related to this repair, which had been forwarded to the head office, had been misplaced for a period of 08 months. | Action will be taken to repair this machine in the year 2025 and arrangements have been made to hand over and accept the files in a proper methodology. | Action should be taken to repair the generator. |

3.2 Idle and underutilized assets

Audit Issue	Comment of the Management	Recommendation
(a) The equipment for getting concrete samples purchased at Rs. 1.66 million in the year 2018 for concrete testing has not yet been utilized since the date of purchase up to date.	As per the instructions of the Audit and Management Committees of the Ministry, steps are being taken to transfer this to another government institution, for which this machine will be useful. Although the National Building Research Institute has agreed to take over this without paying a price, it has been scheduled to present it to the Board of Directors in June 2025 for taking a proper decision as they did not agree to do a service for us free of charge in case we need to get a service from that in the future.	Action should be taken to utilize this equipment for the intended purposes.
(b) As the mobile phone software and gas cylinder that had to be purchased with the equipment purchased for testing activities of samples of the Ceylon Tea Project and other samples by incurring a cost of Rs. 22.9 million in the year 2019, any sample had not been tested so far.	The reasons for not accomplishing this procurement and this item, which has already been included in the capital budget of the year 2025, and the technical evaluation report of the procurement process has been forwarded to the Government Auditors on 19.05.2025 according to the instructions of the Departmental Procurement Committee and the Government and the Management Committee. The detailed report has already been forwarded to the Government Auditors under number	The necessary equipment should be purchased and the samples should be tested.

SLAEB/2025/02 dated 19.05.2025.

(c) The service agreements for the equipment worth Rs. 23 million installed in the Biological Laboratory in the year 2019 had not been entered into and a cost-benefit analysis had not been conducted regarding the equipment before the equipment was purchased. This equipment had been out of order in the year 2021 and after it had been repaired, it was out of order again in the year 2022 and had not been repaired yet.	The answer related to this is connected to the answer in 2.2.4 (a) (iii) mentioned herein. The reasons for not accomplishing this procurement and this item, which has already been included in the capital budget of the year 2025, and the technical evaluation report of the procurement process has been forwarded to the Government Auditors on 19.05.2025 according to the instructions of the Departmental Procurement Committee and the Government and the Management Committee. The detailed report has already been forwarded to the Government Auditors under number SLAEB/2025/02 dated 19.05.2025.	Action should be taken to repair the equipment and put back the equipment into use.
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3.3 Delays in Projects or capital work

Audit Issue	Comment of the Management	Recommendation
The construction project of the new building worth Rs. 3,414,568, which was started 05 years ago under the work in progress as at 31 December 2024, had not been completed even by the end of the year under review due to implementing that project without a proper study and inefficiently, and as a result, the expenses incurred for that had become idle expenses.	Activities that have been removed from the work in progress - Among the work in progress, the projects such as Procedure Manual for AEB, Development of Project Web and Cyclotron Project have already been completed and action has been taken to account them in the year 2025. The following information is relevant for the work further remained as work in progress. - New Buildings - NAITA - Depends on the answer to 1.2.4 (a) mentioned here.	Action should be taken to complete the projects.

3.4 Procurement Management

Audit Issue	Comment of the Management	Recommendation
(a) A master procurement plan had not been prepared in accordance with 4.2.1 (c) of the Procurement Guidelines, 2006.	Agreed with the Government Auditors. Action will be taken for doing future corrections.	The master procurement plan should be prepared.
(b) Although the procurement time schedule, which systematically describes the steps of each	Agreed with the Government auditors. Action will be taken	Action should be taken in terms of the Government

procurement from the time of commencement of the procurement to its completion, should be prepared in accordance with 4.2.2 (a) of the Government Procurement Guidelines, 2006, the Board had not prepared procurement time schedules for 43 major procurements worth Rs. 72.29 million. As a result, the Board had not commenced 18 procurements worth Rs. 49.5 million included in the procurement plan for the year 2024 even by 31 December 2024, and significant percentage of progress could not be observed even by 31 December 2024 for 03 procurement activities worth Rs. 6.75 million planned to be completed during the year 2024.	for doing future corrections. Procurement Guidelines, 2006.
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3.5 Resources released to other organizations

Audit Issue	Comment of the Management	Recommendation
Although 08 radiation measuring instruments purchased at a cost of Rs. 1.378 million (without tax) by the Board and another radiation measuring instrument worth 8,995 euros received as foreign aid in the year 2017, had been provided to the CBRNE Division of the Sri Lanka Air Force on temporary basis in the year 2019, the said equipment had not been received by the Board even by 02 May 2025, and its existence had not been confirmed.	The Sri Lanka Air Force has given us a positive response regarding these two items by now (08.05.2025). (See Annexure No. 11/12)	Action should be taken to get the relevant equipment to the Board.

3.6 Human Resources Management

Audit Issue	Comment of the Management	Recommendation
The approved total staff of the Board was 185 and there were a total of 65 vacancies in the Board, including 57 vacancies at senior, tertiary and secondary levels and 08 vacancies at primary level by the end of the year under review. Since this was a higher number as 35 percent of the approved cadre, it had been challenging to implement the objectives of the Act in the desired manner by implementing efficient and effective	The recruitment activities were further delayed as the Board of Directors of the institution had not been nominated by then and when the Board of Directors was nominated, the applications called for recruitment had exceeded 6 months. Since there were also newly qualified applicants by that period, instructions were given to call applications again. Accordingly, advertisements were published again in all three languages on 2025.03.10 and accordingly, applications will be shortlisted and recruitment will be made promptly. The necessary arrangements are	Necessary approval should be obtained to fill vacancies in the positions affecting the main roles of the Board.

control.

currently being made to conduct interviews.

4. Accountability and Good Governance

4.1 Annual Report

Audit Issue	Comment of the Management	Recommendation
Although the draft annual report should be submitted for audit along with the financial statements within 60 days after the end of the financial year as per paragraph 6.6 of the Operations Manual for State Owned Enterprises introduced by Circular 01/2021 dated 16 November 2021, the Board had not submitted the report in that manner. Although the annual report should be tabled in Parliament within 5 months after the end of the financial year, the annual reports for the years of 2022 and 2023 had not been tabled in Parliament even by the date of this report.	The shortcomings in the report for the year 2022 as pointed out by the Ministry have already been prepared and the reports have already been sent to the Ministry. Action is being taken to complete the reports for the year 2023 promptly.	The annual reports should be tabled in Parliament within the stipulated time.

4.2 Audit Committee

Audit Issue	Comment of the Management	Recommendation
Although the financial statements for the year 2024 should be submitted to audit after submitting the final accounts to Audit and Management Committee and after getting the approval of the Board of Directors by submitting the final accounts to the Board along with the recommendations of the Audit and Management Committee as per Annexure IV of the Guidelines Manual for State Owned Enterprises introduced by Circular 01/2021 dated 16 November 2021, the financial statements of the Board for the year 2024 were submitted to audit after obtaining the approval of	The new Board of Directors was appointed on 19.02.2025 after forming the new government. Due to the urgent need of meeting the final deadline for submission of accounts on 28.02.2025, a special meeting of the Board of Directors had been convened on 26.02.2025 and the final accounts for the year 2024 were approved. The first Audit Committee was officially appointed after the date of 28.02.2025. The first Audit Committee meeting was held on 31.03.2025. We had the question as to whether the final accounts for the year 2024 should be delayed until then.	Financial statements must be submitted to the Audit and Management Committee.

the Board of Directors, without submitting the final accounts to the Audit and Management Committee and without getting the recommendations of that Committee.

It was decided that the final accounts for the year 2024 should not be delayed and the final accounts were sent directly to the Board of Directors for approval.

4.3 Budgetary Control

Audit Issue	Comment of the Management	Recommendation
Due to the failure in properly forecasting the budget for the year 2024, the budgeted expenditure of 16 Objects was Rs. 30,360,000 and the actual expenditure was Rs. 24,265,000. Accordingly, variations ranging from 25 to 137 percent were observed between the budgeted expenditure and the actual expenditure of the aforementioned 16 Objects. Accordingly, it was observed that the budget had not been used as an effective expenditure control tool.	Only 15 items, out of 53 line items in the budget for the year 2024, varied by more than 25% as + and -	The budget should be used as a control tool and the variations should be minimized.