

Measurement Units, Standards and Services Fund – 2010

1. Financial Statements

1.1 Opinion

So far as appears from my examination and to the best of information and according to the explanations given to me, I am of opinion that the Measurement Units, Standards and Services Fund had maintained proper accounting records for the year ended 31 December 2010 and except for the effects on the financial statements of the matters referred to in paragraph 1:2 of this report, the financial statements have been prepared in accordance with Generally Accepted Accounting Principles and give a true and fair view of the state of affairs of the Measurement Units, Standards and Services Fund as at 31 December 2010 and the financial results of its operations and cash flows for the year then ended.

1.2 Comments on Financial Statements

The following matters were observed.

1.2.1 Accounting Policies

In terms of Section 35(2) of the Measurement Units, Standards and Services Act, No.35 of 1995, two thirds of all charges recovered should be credited to the Measurement Units, Standards and Services Fund. Nevertheless, according to the accounting policies included in the financial statements, it had been stated that two thirds of the total income is brought to account under the Fund. As such, out of the stamping income of Rs.104,683,392 shown in the financial statements, a sum of Rs.34,894,464 equivalent to one third should have credited to the State Revenue. Nevertheless, a sum of Rs.35,397,261 had been credited to the State Revenue, thus indicating a difference of Rs.502,797.

- (iii) No. 1646 (b) Even though the motor vehicles and their equipment should be subjected to a complete survey any evidence of such surveys conducted had not been furnished to audit.

**(c) Public Administration
Circulars**

- (i) Circular No.41/90
dated 10 October
1990

- Sub-paragraph 2:11 Even though the fuel consumption of the motor vehicles of the Fund should be tested once in every 06 months it had not been so done.

- Sub-paragraph 2:12 Even though the fuel tanks of pool motor vehicles should be filled up once in two weeks, it had not been so done.

- (ii) Circular No.06/97 dated 03 February 1997 The post of Director remained vacant since the retirement of the former Director on 05 May 2009 up to 27 February 2012.

**(d) Public Finance
Circulars**

- (i) Paragraph 4.2 (b) of the Circular No.PF/423 of 22 December 2006

The Fund had not issued receipts for all the money received by the Fund.

- (ii) Circular No. PF/437 dated 18

Even though insurance cover for buildings and motor vehicles of the Fund should be obtained it

2.2.3 Budgetary Control

The variances between the estimated expenditure for the year under review and the actual expenditure amounted to Rs.3,927,968 and that was observed as a decrease of 16.93 per cent.

3. Systems and Controls

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

- (a) Assets Administration
- (b) Travelling Expenses and Overtime
- (c) Internal Audit
- (d) Accounting for Income
- (e) Maintenance of Cash Book and Other Accounting Schedules
- (f) Use of Fuel and Payments for Fuel
- (g) Verification of Measurement Equipment, Reconciliation of Registers and Protection of Consumers