

National Science and Technology Commission - 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 National Science and Technology Commission 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 Sri Lanka Accounting Standards and give a true and fair view of the state of affairs of the National Science and Technology Commission 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**

1:2:1 **Accounting Standard**

The following non-compliances with the Accounting Standards were observed.

- (a) According to the Sri Lanka Accounting Standards No. 18, information to be disclosed while showing the revaluation value of items of property, plant and equipment in the accounts had not been presented along with the accounts. Although the revaluation profit of assets amounting to Rs.1,629,300 should have been shown under the revaluation reserve, it had been shown under the Accumulated Fund.
- (b) Although income and expenditure should have been reported separately in terms of Sri Lanka Accounting Standards No. 3, the net results amounting to Rs.6,660 of the revenue received from a workshop and expenditure incurred thereon amounting to Rs.53,000 and Rs.59,660 respectively had

been shown as the Operation Committee expenditure of the Young Scholars Association.

1:2:2 **Non-compliance with Laws, Rules and Regulations**

Instances of the following non-compliance were observed in audit.

Reference to Laws, Rules, Regulations etc	Non-compliance
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(a) Public Enterprises Circular No. PED/12 dated 02 June 2003	
6.5.1	A copy of the draft annual report had not been presented along with the accounts.
6.5.3	Accounts and audit report for the year 2008 had not been tabled in Parliament up to 10 March 2011.
9.3.1	Recruitment and promotion procedure of the Commission had not been approved.
9.6	Evaluation of performance had not been implemented for giving annual salary increments.

1:2:3 **Transactions not Supported by Adequate Authority**

A Distress Loan Fund amounting to Rs.124,184 had been opened by investing installments recovered from the amount of distress loans provided to the

employees. Approval of the General Treasury had not been obtained for this revolving fund.

2. Financial and Operating Review

2:1 Financial Review

2:1:1 Financial Results

According to the financial statements presented, the operations of the Commission had resulted in a surplus of Rs.771,615 for the year ended 31 December 2010 after taking into account the government grant of Rs.13,325,000 for recurrent expenditure as against a deficit of Rs.1,713,957 for the preceding year after taking into account the government grants of Rs.12,790,000 for recurrent expenditure. Accordingly, the financial results for the year under review had indicated an improvement of Rs.2,485,572 as compared with the preceding year.

2:2 Operating Review

2:2:1 Performance

- (a) The following activities included in the Action Plan for the year 2010 had not been completed.

Item No. of the Plan	Target	Activity
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01	Submission of a report by formulating the policies	Collection and analyzing of data had only been carried out.
02	Preparation of a review report relating to previous 05 years	Review for the years 2006 - 2008 had only been carried out.

03 Review of progress of 03 institutions Review of progress of 02 institutions only had been carried out.

- (b) The activities of the Senior Scholars Association comprising leaders in the field of science and technology who should implement the main objective of assisting the policy matters and main mandate of the National Science and Technology Commission, had been limited only for the annual general meeting

2:2:2 Idle and Underutilized Assets

An air conditioner in the type of Atlantic 24000 BTU at the cost of Rs.40,000 had remained idle for more than the period of two years.

2:2:3 Uneconomic Transactions

The following matters were observed.

Transaction -----	Amount ----- Rs.	Observation -----
(a) Hired Vehicle	34,783	As the total distance performed during the month of September by a vehicle obtained for the hire charges of Rs.39,200 to perform the minimum distance of 3000 km was 338 km, a sum of Rs.34,783 paid for the hired vehicle had become an uneconomic expenditure.

(b)	Hotel Charges	96,050	Hotel charges amounting to Rs.96,050 had to be overpaid due to allocating rooms for members not participating for the sixth biannual conference.
(c)	Translation Fees	12,754	A sum of Rs.12,754 had to be spent additionally for translation of Technology Policy into Tamil twice.

2:2:4 Corporate Plan

Although a Corporate Plan for the years 2008 - 2012 had been prepared by the Commission, it had not been updated considering the present trends. Targets contained in the Corporate Plan prepared had not been shown in figures. Therefore, performance could not be evaluated.

2:2:5 Internal Audit

Internal audit had not been carried out with the assistance of the relevant Line Ministry.

2:2:6 Budgetary Control

Significant variances were observed during the year under review between the estimated expenditure and actual expenditure, thus indicating that the budget had not been made use of as an effective instrument of management control.

3. **Systems and Controls**

Deficiencies in systems and controls observed in audit were brought to the attention of the Chairman from time to time. Special attention is needed in respect of the following areas of control.

- (a) Performance
- (b) Accounting
- (c) Internal Audit
- (d) Utilisation of Vehicle
- (e) Budgetary Control