

## **Sri Lanka Atomic Energy Regulatory Council – 2018**

---

### **1.1 Opinion**

---

The audit of the financial statements of the Sri Lanka Atomic Energy Regulatory Council for the year ended 31 December 2018 comprising the statement of financial position as at 31 December 2018 and the statement of financial performance, Statement of changes in equity and cash flow statement for the year then ended and notes to the financial statements 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, the financial statements give a true and fair view of the financial position of the Sri Lanka Atomic Energy Regulatory Council 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 Opinion**

---

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 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 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 Council'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 Council or to cease operations, or has no realistic alternative but to do so.

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

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

#### 1.4 Scope of Audit (Auditor's Responsibilities in connection with the Financial Statements )

---

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 Council'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 Council'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 Council 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 Council 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 Council.
- 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 Laws Rules Regulations and Management Decisions

---

Reference to Laws Rules and Regulations	Non- Compliance	Management Comments	Recommendation
-----	-----	-----	-----
Paragraph 02 of the Department of Public Enterprises Circular No. 95 dated 14 June 1994,	Benefits which were specifically approved by the Ministry of Public Administration or the Treasury should be paid with the approval of Board of Governance. However contrary to that requirement and only on the approval of the Board of Directors, a total sum of Rs. 228,200 as Rs. 70,780 and Rs. 157,420 in the years 2016 and 2017 respectively had been paid to the officers who had engaged in supervision of radiation protection. Even though this had been reported in the previous year audit report, without paying attention to that, a sum of Rs. 201,425 had been paid during the year under review in the same way.	This had been implemented as per a decision of the Board of Directors and instructions had not been given to stop the said allowance up to now. Hence actions were taken to pay the said allowance.	Should be complied with the Circular

## 2. Financial Review

-----

### 2.1 Financial Results

-----

The operation had resulted a deficit of Rs.1, 258,188 and the corresponding deficit for the previous year was Rs. 3,102,117. Accordingly an improvement of Rs. 1,843,929 was observed in the financial result. Although the total expenditure had been increased by Rs. 10,529,124 increase of revenue by Rs. 12,373,054 had mainly affected to this improvement.

In the analysis of the financial results of the Sri Lanka Atomic Energy Regulatory Council for year under review and 03 preceding years, the financial deficiency for the year 2015 was Rs. 3,479,000 and the deficiency for the year 2016 was Rs. 973,993 and in 2017 it was Rs. 3,102,117. It had decreased up to Rs.1, 258,188 in the year under review. However, considering the adjustments of employee's remuneration made to the pretax financial results, the contribution of the Regulatory Council from the year 2015 to the year 2018 were Rs.11,512,124, Rs. 18,904,956 , Rs. 23,135,332 and Rs. 31,557,636.

## 3. Operating Review

-----

### 3.1 Management Inefficiencies

-----

Audit Observations	Management Comments	Recommendation
-----	-----	-----
The first license had been obtained by 5 officers of the Council in one to six years before the due date which was entitled to the motor vehicle license on concessionary basis. However actions had not been taken by the Accounting Officer for rectification in this regard as per the Financial Regulations 128 (1) (o). Even though the management had expressed that it was correct as per the	The Board of Atomic Energy had taken the same action and the Ministry had approved the licenses of the said officers. Hence the same action had been taken by the Council accordingly. Further, our institution is satisfied with the agreement entered into in the Supreme Court by the Attorney General who had appeared on behalf of several institutions including the Atomic Energy Authority and Ministry of Finance for the case No. SC.FR.662/2010 which had been filed by an employee of the Atomic Energy Authority against to the Atomic Energy Authority in the	Actions should be taken to rectify the said action as per the Financial Regulation 128 (1)(o) and undivided attention should be paid for the relevant approvals and rights of the Government.

agreement of the suit No.SC.FR.662/2010, agreement of the dependent of the suit and approval of the Department of the Management Services had not been obtained when entering into the said agreement.

Accordingly it was not observed in audit that actions had been taken by the Board of Directors as favorable to the rights of the Government.

Further the suit which had been made the agreement in the year 2016 was not a suit filed in connection with issuing motor vehicle license on concessionary basis and issuing motor vehicle license on concessionary basis had been taken place before the agreement of the suit.

year 2010 for keeping him in the salary code 2006 JMI-1 and according to that agreement there was no error in giving licenses . Hence there was no possibility to take any other actions in this regard.”

### 3.2 Operational inefficiencies

Audit Observations	Management Comments	Recommendation
(a) Insufficient fulfilling of activities as per the Sri Lanka Atomic Energy Act No.40 of 2014.	Twenty six institutions had been identified in the random test carried out regarding the institutions conducting X- ray machines without obtaining licenses and actions had been taken for monitoring those institutions. Actions will be taken further to identify institutions if they are available.	According to the section 10 (a) of the Act, provisions made appropriately should be implemented practically.
(i) According to the Section ( a) of the Act, licenses should be obtained by the private hospitals of the Island for monitoring and controlling of ionizing radiation associated with those hospitals. However in the physical examination carried out in		

connection with 20 private hospitals in 3 districts, it was observed that, X-ray services had been conducted by 6 places without obtaining licenses as such.

- |      |   |  |  |
|------|---|--|--|
| (ii) | According to the Section 10 (d) of the Act, in inspection programmes implemented to ensure whether the Sri Lanka complies with the international standards and commitments which should be complied with relating to the Atomic Energy field, the equipment used by the Council should be calibrated in order to ensure the accuracy in accordance with accepted international standards. | There is no necessity of calibrating because most of equipment is new equipment. Actions had been taken to calibrate equipment which should be calibrated depend on the prevailing provisions. | In inspection programmes equipment used by the Council should be calibrated in order to ensure the accuracy in accordance with accepted international standards. |
|------|---|--|--|

However 25 out of 39 equipment used for measuring radiation dose rate and 23 out of 25 equipment used for measuring radiation dose had not been calibrated.

- |       |   |  |  |
|-------|---|--|--|
| (iii) | According to the Section 11 (d) of the Act, it had been planned to carry out test checks programmes in 26 institutions without giving prior notice in order to be confirmed that those institutions had complied with conditions which should be fulfilled in issuing licenses. However only 3 institutions out of that had been checked. Accordingly an adequate examination had not been carried out to ensure whether the institutions of which the licenses obtained were complied with the rules included in the licenses. | Additional examinations could not be carried out due to lack of officers and giving priority for issuing license for new institutions. However examinations will be carried out in the coming year | Appropriate steps should be taken to ensure that regulations or rules provided in the Act and conditions mentioned in the licenses were get empowered. |
| (iv)  | It was observed that 28 institutions with the licenses issued by the Council according to the Radiation Protection Regulations No.01 of 1999 had not used Thermo Luminescence dosimeter (TLD) cards   | All institutions had get informed by the Regulatory Council to obtain Thermo Luminescence dosimeter cards. However actions will be taken further to send a warning letter to all institutions.     | It should be complied with the Radiation Protections Regulations No. 01 of 1999.   |

b) National Nuclear Radiological Emergency Response Plan

According to the Section 58 of the Sri Lanka Atomic Energy Act No. 40 of 2014, the “National Nuclear Radiological Emergency Response Plan” should be prepared by the Sri Lanka Atomic Energy Regulatory Council as the identified National Technical Institutions when responding to a nuclear or radiological emergency in the National Disaster Operation Plan. Even though this had been included in the action plan since the year 2016, actions relating to prepare the Emergency Response Plan had not been completed even up to the end of the year under review.

It is important that the National Nuclear Radiological Emergency Response Plan is to be completed correctly within due period of time. Hence a period of time more than expected period of time had to be spent practically for the relevant steps. However the said plan is scheduled to be presented for approval of the Disaster Management Center at the end of December 2018.

National Nuclear Radiological Emergency Response Plan should be prepared.

(c) Maintaining a National Register including Sources

An equipment system valued at Rs.2,138,525 including the software named Regulatory Authority Information System (RAIS) had been donated by the International Atomic Energy Institution in the year 2017 for maintaining a register including data relating to radioactive materials and radiation accessories used in Sri Lanka. Collection of data for the 205 institutes of which the license had been issued should be maintained by this software. However data relating to 30 institutions had only been included in the data collection of this software at the end of the year 2018.

A lot of time has to be spent for entering huge amount of data to the software and data relating to 30 institutions only had been entered due to lack of scientific officers.

Regulatory Authority Information System (RAIS) should be updated and conducted by including all data.

#### 4. Accountability and Good Governess

---

##### 4.1 Annual Action Plan

---

###### Audit Observation

---

The performance of the Council as per the Action Plan for the year 2018 as follows.

- Formulation of Rules and Regulations

Although activities relating to formulation of rules in connection with the radiation level of the imported food, regulations on ionizing radiation protection and regulations on security of radioactive sources should be completed during the year under review, only the initial drafts had been prepared.

- Although it had been planned to present the final draft for preparation of a National Policy in connection with radioactive waste management to the Ministry during the year 2018, it was remained in the preparing stage of the initial draft even up to the end of the year.

###### Management Comments

---

It is informed that matters mentioned in the observations are to be completed within the coming year.

###### Recommendations

---

Actions should be taken to fulfil the activities included in the Action Plan for the year adequately within the year.

##### 4.2 Sustainable Development Goals

---

###### Audit Observation

- a) The Council could not fulfil the outstanding physical resources such as 07 computers, officers and space 6000 square feet in extent for store facilities which should be required to achieve sustainable development objectives and goals for the Atomic Energy Regulatory Council even up to 15 February 2019.

###### Management Comments

Although 7 computers had been obtained, other deficiencies could not be fulfilled due to unavailability of provisions.

###### Recommendation

Actions should be taken to get supplied the necessary physical and human resources for achieving sustainable development goals.



- d) Although provision had been made as Rs. 48 Million for the year 2018 for issuing license and test checks programmes, it was observed that there were delays in supervision of radiation which should be carried out in remote areas due to unavailability of provisions for obtaining physical resources required to get improved activities planned under the Sustainable Development. (Purchasing vehicles and hiring vehicles).
- The said deficiencies could not be fulfilled due to non-availability of provisions.
- Actions should be taken to get provided the necessary physical resources and to fulfil the activities planned under the Sustainable Development.