

Head 304 -Department of Meteorology

1. Financial Statements

1.1 Qualified Opinion

The audit of the financial statements of Department of Meteorology 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. The summarized reports on the financial statements of the Department of Meteorology to be submitted in terms of the paragraph 11(1) of the National Audit Act No. 19 of 2018 which contained my comments and observations had been submitted to the Accounting Officer on 31 May 2019. The detailed management report of Department of Meteorology to be submitted in terms of the paragraph 11(2) of the National Audit Act No. 19 of 2018 had been submitted to the Accounting Officer on 31 May 2019. This report in pursuance of provisions in Article 154 (6) of the Constitution read in conjunction with paragraph 10 of the National Audit Act No. 19 of 2018 is presented to the Parliament.

In my opinion, except for the effects of the matters described in paragraph 1.6 of this report, the accompanying financial statements give a true and fair view of the financial position of Department of Meteorology as at 31 December 2018 and of its financial performance and its cash flows for the year then ended in accordance with Generally Accepted Accounting Principles.

1.2 Basis for Qualified 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 qualified opinion.

1.3 Responsibilities of Chief Accounting Officer and Accounting Officer for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with Generally Accepted Accounting Principles and in terms of paragraph 38 of the National Audit Act, No. 19 of 2018 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.

As per Section 16(1) of the National Audit Act No. 19 of 2018, Department of Meteorology 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 Department of Meteorology.

In terms of Sub-section 38(1) (c) of the National Audit Act, the Accounting Officer shall ensure that an effective internal control system for the financial control exists in Department of Meteorology and carry out periodic reviews to monitor the effectiveness of such system and accordingly make any alterations as required for such systems to be effectively carry out.

1.4 Auditor's Responsibility for 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 skepticism 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 internal control of the Department.
- Evaluate the overall presentation, structure and content of the financial statements in a manner that achieves fair presentation.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.

I communicate with the Accounting Officer regarding, among other matters, significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

1.5 Report on Other Legal Requirements

As required by Sub-section 6 (d) of the National Audit Act, No.19 of 2018, I state the followings.

As there was no requirement of preparation of financial statements for the preceding year, I could not state that the financial statements of the year under review are consistent with the preceding year. Therefore, recommendations on financial statements had not been made in this Report.

1.6 Comments on the Financial Statements

1.6.1 Non-compliance of the Financial Statements with the Circular Instructions

The following observations are made

| Audit Observation | Recommendation | Comment of the Accounting Officer |
|---|---|--|
| Imprest Adjustment Account required to be prepared as per the paragraph 7 (iv) of the State Accounts Circular No. 267/2018 of 21 November 2018 had been submitted on 03 April 2019 after submission of the financial statements. Accordingly, imprest balance of Rs. 4,597,737 shown in the statement of financial position had not been reconciled with the balance of Rs. 500,954 of the Imprest Account of the Department. | Action should be taken to prepare Imprest Adjustment Account as per the Circular. | It is expected to be prepared Imprest Adjustment Account accurately next years by avoiding the mistakes. |

1.6.2 Statement of Financial Performance

The following observation is made.

| Audit Observation | Recommendation | Comment of the Accounting Officer |
|---|---|--|
| Eventhough net income was Rs. 18,089,731 as per the computer printout of the General Treasury, it had been shown as Rs. 18, 195,572 in the statement of financial performance. Accordingly, balance of the Imprest Account had also been over stated by same amount before adjustments made. Everthough debit balance of Rs. 4,597,939 of the Imprest Account as at 31 December 2018, it had not been shown as balance required to be adjusted. | Net income and balance of the Imprest Adjusted Account required to be shown accurately. | This mistake was occurred, due to repayment of Rs. 105,840 had not been deducted from the totally annual income. |

1.6.3 Cash Flow Statement

The following observation is made.

| Audit Observation | Recommendation | Comment of the Accounting Officer |
|---|--|---|
| Receiving of deposits amounting to Rs.3,602,667 and payment of deposits amounting to Rs. 2,664,272 during the year under review had not been shown in the cash flow generated from operating activities. Further, loan installment of Rs. 10,039,322 recovered from advance made to public officer and repayment of loan amounting to Rs. 9,175,679 had not been shown in the cash flow generated from investment activities. | Cash flow statement should be prepared accurately. | Action will be taken to prepare cash flow statement accurately in due course, by considering the fact shown by the Auditor General. |

1.6.4 Reconciliation Statement of the Advance Account of Public Officer

The following observations are made.

| Audit Observation | Recommendation | Comment of the Accountant |
|--|---|--|
| (a) Loan balance of Rs. 86,392 required to be recovered as at 31 December 2018 had not been included in the Register of Debtors. | Register of Debtors should be maintained accurately. | It was unable to record in the Register of Debtors, due to omission. It was noted to correct the respective error. |
| (b) Action had not been taken to recover the loan balances of Rs.146,072 due from three officers who leave their service before 05 years and Rs. 6,100 due from officers who died. | Action should be taken to recover either from guarantor or write off on the approval of the General Treasury. | Not commented. |

1.6.5 Deposits

The following observation is made.

| Audit Observation | Recommendation | Comment of the Accounting Officer |
|--|---|--|
| Eventhough the deposits unsettled over 02 years should be credited to the government revenue as per the Financial Regulation 571, action had not been taken accordingly. | Need to comply with the Financial Regulation. | Action had been taken as per the Financial Regulation 571. |

1.6.6 Property Plant and Equipment

The following observation is made.

| Audit Observations | Recommendation | Comments of the Accounting Officer |
|---|---|--|
| (a) Other machine and equipment procured after year 2016 had been brought to account based on the actual value of the respective assets and assessment value had been accounted based on the recommendations made in the report of the committee appointed for the assessment of value of the asset procured before 2016. Further, action had not been taken to account value of the assets exist at the 22 Divisional Office of the Department and part of the other machine and equipment exist in the Head Office even as at 31 December 2018. | Action should be taken to account all the asset belongs to the Department. | Assets procured after 2016 had been accounted based on the actual cost of the respective assets and committee was appointed by the Director General for the assessment of the assets procured before 2016. Assets with assessment value received as at 31 December 2018 had been accounted through the CIGAS programme. Assessment report on assets of the Divisional Office and other assets exist in the Head Office had not been received to account division even as t 31 December 2018. |
| (b) Expenditure of Rs.408,825,422 incurred on the Doppler Radar System form year 2007 to 2013 had not been shown as assets. | The respective assets should be shown in the financial statements on the instruction of the General Treasury. | A Register of Fixed Assets had not been maintained by the Department and it was unable to find the records pertaining to the assets of the Doppler Radar System to record as assets. Further, a committee had been appointed by the Director General to assess the value of the assets |

procured before 31 December 2016 and asset pertaining to Doppler Radar System had not been included in the report given as at 31 December 2018. Eventhough expenditure of Rs.408,825,422 had been incurred on the procurement of the Doppler Radar System, type of equipment with value had not been received to the account division as at 31 December 2018.

1.6.7 Records and Registers not maintained

The following observation is made.

| Audit Observation | Recommendation | Comment of the Accounting Officer |
|---|--|--|
| The Register of Fixed Assets had not been updated as per the Treasury Circular No. 842 of 19 December 1978. | The Register Fixed Assets should be maintained as per the Circular instructions. | The Register of Fixed Assets had not been updated. |

2. Financial Review

2.1 Management of Expenses

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The following observations are made.

| | Audit Observation | Recommendation | Comment of the Accounting Officer |
|-----|---|---|--|
| (a) | Out of total net allocation of Rs. 647,800,000 for the year under review, Rs.360,766,829 amount representing 56 percent had only been utilized. | Action should be taken to recognize the real financial requirement in preparing the estimates and utilized the allocations in effective manner. | Not commented. |

- (b) Allocations of Rs. 201,312,144 Annual expenditure estimate Capital expenditure had pertaining to 03 capital should be prepared so as to been remained unspent, expenditure object had been achieve the instructions stipulated due to approval had not remained unspent at a range of 27 in the Financial Regulation 50. been received from the Coast Guard Department for construction and land reclamation activities to renovate the office in Mulathive.
- (c) Estimated provision under machine and machinery was Rs. 106,000,000. Out of that Rs.73,315,414 had been remained after transferring of Rs. 18,500,000 to the other expenditure object through transfer note. Action should be taken to recognize the real financial requirement in preparing the estimates and utilized the allocations in effective manner. It was unable to come prior perfect decision on cost, due to Hydrigen Generator to be procured from foreign country. Therefore, respective expenditure object was overstated in the Budget Estimate in 2018. The procurement could not be made, due to delays in reports from the Technical Evaluation Committee appointed in twice as the problem arisen in procurement process thereon.
- (d) Allocations of Rs. 200,000 amount had been obtained through the Supplementary Estimates during the year under review and Rs.197,802,805 of allocations had been remained unspent at the end of the year, due to Rs. 2,197,115 of amount had only been incurred. -Do- Due to transferring of motor vehicles used by the project to the Department is a improvement in Department process, the fund had been utilized to pay custom charges of it.

2.2 Liabilities and Commitment Entered

The following observation is made

| Audit Observation | Recommendation | Comment of the Accounting Officer |
|---|--|--|
| Liabilities of Rs. 596,011 amount required to be settled as at 31 December 2018 had not been entered into Statement of Liability. | Liability should be calculated accurately. | Not commented. |

3. Operating Review

3.1 Planning

The following observation is made

| Audit Observation | Recommendation | Comment of the Accounting Officer |
|--|---|--|
| As per the Procurement Guideline 4.2.1 (c) and 4.2.2,A detailed procurement plan and procurement time table respectively had not been included in the procurement plan prepared for the next year. | Procurement plan required to be prepared as per the Procurement Guidelines. | Eventhough it could not be prepared in 2018 due to omission, action will be taken to prepare from the year 2019. |

3.2 Procurement

The following observations are made

| Audit Observation | Recommendation | Comment of the Accounting Officer |
|---|---|---|
| (a) The Department had established 37 Automatic Meteorology Centre Island wide. It was revealed that date had been received only from 06 Centres during the year under review, due to works had not been completed even as at 31 March 2019 by the entity which awarded the procurement to obtain the connection of other communication media as the satellite pertaining to the System remained out of the earth orbit. Further, as per the paragraph 5.4.8 of the Government Procurement Guidelines performance guarantee not less than 5 per cent of | Automatic Meteorology Centres required to be taken to operational conditions by maintaining properly, obtain the communication connection in due date and action should be taken to regularized the procurement | The written acknowledgement had been sent to the respective entity to complete the works as pert the contract and specifications, due to networks had not been established as per the contract for the respective communication connection. |

amount had not been submitted and no contract had been properly signed as per the paragraph 8.9.1 of the Procurement Guidelines. It was further revealed that maintenance works of the Automatic Meteorology Centres had not been made during the year 2018.

process by obtaining bid bonds on the formal contract entered.

(b) The following observations are made on the procurement of Hydrigen Generator valued at Rs. 33,275,000 (without VAT)

(i) A contract agreement had not been signed with the selected supplier even as at 28 February 2019 as per the paragraph 8.9.1 of the Procurement Guidelines.

Need to comply with Procurement Guidelines.

Respective contract agreement had not been signed upto now.

(ii) It was observed that confidential of the bid document had not been secured, due to receipt of letter to avoid the awarding of the contract by the other competitive entity before inform formally to the successful bidder thereon.

Action should be taken to secure the confidential of the bid documents.

Action is being taken to evaluate again through the Technical Evaluation Committee, due to information had been received to the rejected bidders.

(iii) Eventhough it was agreed to supply the goods within 03 months after receiving the order by the entity awarded the bid on 13 August 2018, the Generator had not been supplied even as at 31 December 2018.

Need to inform to the supplier to complete the procurement during the agreed period.

It will be taken 04 months to produce and loaded the Generator. Therefore, Generator could not be supplied in 2018

(d) According to the budget proposal in the year 2006, the Government had decided to invest a sum of Rs. 400 million in maximum for installation of Doppler Radar System. A sum of Rs. 320 million had been deposited in the Trustee Fund of the World Meteorological Association by the Sri

Eventhough issues had been highlighted in the previous audit reports, action had not been taken to correct the process. It is required to be

The manufacturing company had informed that the estimated cost of US\$ 1,095,935 had to be incurred to repair the Doppler Radar System lordered in 2017. A committee comprising with 07 specialists was appointed thereon after discussion held with the agent of the World Meteorological Association by the Secretary of the Ministry and Director

Lankan Government as at the end of the years 2008 for procurement of the machine. Eventhough Radar System which received to the country in 2011 had been installed in the year 2014, it was not operated, due to remaining idle long period of time. The supplier had agreed to repair the radar system using the sum of US\$.1, 063,946 which was saved in the Trustee Fund of the World Meteorological Association on April 2018. Accordingly, parts of the machine had been loaded to the manufacturing company of the United States for the repairs on 21 April 2017 and an additional cost of Rs.5,644,398 had been incurred thereon. However, it had not been received back to the Department even up to May 2019.

identify the parties who responsible.

General of the Department. According to the report of the committee, it had reported that expenditure would be fruitful by considering the expenditure to be incurred and technology of the System. As per the instruction made on 13 June 2018 by the World Meteorological Association, Department had not been benefitted, due to expenditure required to be incurred was high to repair the system and technology was outdated at present. Therefore, action is being taken to prepare Cabinet Papers to obtain the legal instructions to obtain the balance amount remained in the Trustee Fund to the General Treasury under the agreement.

4. Achievement of Sustainable Development Goals

The following observation is made.

Audit Observation

Eventhough action to be taken by the every public entity in terms of the agenda 2023 of the United Nation's on Sustainable Development Goals, action had not been taken on the function come under the preview of the Department for the year under reviews.

Recommendation

Action should be taken to identify the target and achieve the targets.

Comment of the Accounting Officer

Action will be taken in due course.

5. Good Governance

5.1 Internal Audit

The following observation is made.

Audit Observation

Eventhough post of Internal Auditor had been included in the approved carder, respective post had been remained vacant.

Recommendation

An internal auditor should be appointed for the strength the internal control system.

Comment of the Accounting Officer

Requests were made continuously to fill the vacancy.

6. Human Resource Management

The following observation is made.

Audit Observation

Approved carder as at 31 December 2018 was 460 and out of that 87 posts had been remained vacant. Further, 11 managerial posts including Director General of the Department had been included in the respective vacancies.

Recommendation

Action should be taken to fill the vacancies.

Comment of the Accounting Officer

Requests had been made regularly from the authorized person to fill the vacancies immediately.