

Sri Lanka Atomic Energy Regulatory Council - 2021

1. Financial Statements

1.1 Qualified Opinion

The audit of the financial statements of the Sri Lanka Atomic Energy Regulatory Council for the year ended 31 December 2021 comprising the statement of financial position as at 31 December 2021 and the statement of financial performance, statement of changes in net assets and cash flow statement and notes to financial statements for the year then ended including a summary of significant accounting policies, 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 in Parliament, appear in this report.

In my opinion, except for the effects of the matters described in paragraph 1.5 of this report, the financial statements give a true and fair view of the financial position of the Council as at 31 December 2021, and its financial performance and 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 based 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 this 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 determines 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 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 Sub-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 Responsibility 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 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 audit 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 audit 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 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 Council and whether such systems, procedures, books, records and other documents are in effective operation;
- Whether the Council has complied with applicable written law, or other general or special directions issued by the governing body of the Council ;
- Whether the Council has performed according to its powers, functions and duties; and
- Whether the resources of the Council had been procured and utilized economically, efficiently and effectively within the time frames and in compliance with the applicable laws.

1.5 Audit Observations on the Preparation of Financial Statements

1.5.1 Internal Control over the Preparation of Financial Statements

The Council is 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

Audit Observation	Comments of the Management	Recommendation
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(a) In terms of Sri Lanka Public Sector Accounting Standard 7, if an item of property, plant and equipment is revalued, the entire class of property, plant and equipment to which that asset belongs, shall be revalued. However, contrary to that, the Council had revalued only fully depreciated selected assets costing Rs.20,107,066 and the revaluation profit amounting to Rs.4,342,620 had been brought to account.	The Regulatory Council has revalued only fully depreciated assets annually as an accounting policy from its inception viz, from the year 2015 up to now. However, in terms of Sri Lanka Public Sector Accounting Standard 7, action will be taken to prepare a procedure as required by identifying assets separately and to obtain the approval of the	Action should be taken in terms of Sri Lanka Public Sector Accounting Standards.

Board of Directors and to continue it more regularly since the ensuing accounting year.

(b) In terms of Sri Lanka Public Sector Accounting Standard 7, in the revaluation of property, plant and equipment, whether an independent valuer was involved in estimating assets' fair values and the extent to which the assets' fair values were determined directly by reference to observable prices in an active market or recent market transactions on arm's length terms or were estimated using other valuation techniques, shall be disclosed. However, the Council had revalued 50 items of scientific equipment costing Rs.13,207,957, six desktop computers costing Rs.622,800 and a laptop costing Rs.112,500 which were fully depreciated, to the value of Rs.414,425, Rs.14,160 and Rs.2,870 respectively in the year under review. However, in the revaluation of items as above, action had not been taken according to the said Standard. Moreover, as an independent valuer had not been appointed for the valuation board, it could not be satisfied in audit in respect of revalued amounts.

In the revaluation of items relating to the year 2021, it has been carried out by a Revaluation Committee appointed by the Board of Directors of the Council in the year 2021. The Committee has used following criteria therefor.

1. Comparing the current market value with the purchase value of goods.
2. Computation of depreciation up to 2020 on the percentage of depreciation of these goods.
3. Revaluation of the said depreciated amount to the nearest high value as relevant.

As pointed out by you, the current market condition as well has been taken into consideration.

Furthermore, the market value of these items was at a very low level in these years and this revaluation has been carried out based on the quality, lifetime and the year of production of those items. Even though the actual value of transactions made recently in the market pointed by you, was very high, the said value has not increased in relevant

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accounting years. As such, I hereby point out that recent increases could not be applied therefor. Even though we had attempted to obtain the service of an external person to the Assessment Board before 03 years, it was difficult to find an eligible person from the Department of Valuation. Further, as most of these equipment are scientific equipment, it is very difficult to find persons with knowledge on revaluation of those equipment. However, as per instructions given by you, action will be taken to find an externally qualified person and to revalue these equipment in the ensuing year in terms of provisions of Sri Lanka Public Sector Accounting Standard 7.

- (c) In terms of Sri Lanka Public Sector Accounting Standard 7, when an asset is available for use, it should be recognized as a fixed asset. However, a sum of Rs.1,613,206 paid for the importation of a scientific equipment not available for use by 31 December 2021, had been brought to account as fixed assets and provision for depreciation amounting to Rs.2,210 had been made. It is informed that plans have been made according to Sri Lanka Public Sector Accounting Standard 7 to follow the proper accounting methodology relating thereto in the ensuing accounting year. -Do-
- (d) In terms of Sri Lanka Public Sector Accounting Standard 7, the carrying amount of an item of property, plant and equipment A Board Paper had been furnished at the meeting of the Board of Directors held on 06.08.2021 -Do-

shall be derecognized on disposal or when no future economic benefits or service potential is expected from its use or disposal. Contrary to that, a scientific equipment costing Rs.2,014,303 determined to be used as a exhibit good, had been eliminated from the Register of Fixed Assets in the year under review. Moreover, 9 scientific equipment which can be used as exhibit goods had been so eliminated from the Register of Fixed Assets in preceding years. In addition to that, 4 items of fully depreciated scientific equipment costing Rs.1,117,183 had been eliminated from the Register of Fixed Assets. Nevertheless, the basis of eliminating of them had not been disclosed.

pertaining to the revaluation of all these equipment available and measures to be taken on goods and vehicles mentioned in Annexure 01 submitted along with the Paper, has been specified clearly. Accordingly, as the value of aforesaid goods had become zero, recommendations for eliminating them had been specified in the said Annexure. The said Annexure was approved by the Board of Directors. As these goods had been identified as unserviceable goods at the Board of Survey carried out in the year 2017, after becoming the value of these goods to zero, those were eliminated from inventories. Further, as these goods cannot be valued, the opinion of the Regulatory Council is that keeping records on these goods in inventories is ineffective. As such, it is informed that action will be taken to maintain a Register of Fixed Assets for those goods available as exhibit goods.

- (e) In terms of Sri Lanka Public Sector Accounting Standard 7, the depreciation method applied to an asset shall be reviewed at least at each annual reporting date and, if there has been a significant

The Regulatory Council depreciates assets from its inception up to now under the straight-line method according to relevant depreciation

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change in the expected pattern of the consumption of the future economic benefits or service potential embodied in the asset, the method shall be changed to reflect the changed pattern. Even though such a change shall be accounted for as a change in an accounting estimate, the Council had not taken action accordingly.

percentages on the approval of the Board of Directors and it has been specified under notes to accounts. Moreover, as a significant change has not occurred in the pattern of consumption to review and change the depreciation method of the Council up to now, there is no need to change the depreciation percentage. However, action will be taken since the ensuing year to depreciate assets after changing the depreciation method by assessing the good as per the report of the Board of Survey.

(f) Action had not been taken in terms of Sri Lanka Public Sector Accounting Standard 11 to identify capital grants valued at Rs.6,278,200 received by the Council in the year under review as an income of the year and to adjust them in accounts.

It is informed that action will be taken to account capital grants as an income of the year during the ensuing accounting year as per your guidance.

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(g) In terms of Sri Lanka Public Sector Accounting Standard 20, computer software costing Rs.708,958 to be accounted as intangible assets had been brought to account as tangible assets.

The cost of computer software packages pointed out by you, has been brought to account under official computers (Tangible Assets) since the year 2015. However, as pointed out by the Audit, action will be taken since the ensuing year to account the said cost under computer software (Intangible Assets).

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

Non-compliance with Laws, Rules, Regulations etc.	Non-compliance	Comments of the Management	Recommendation
(a) Section 14(1) of the Sri Lanka Atomic Energy Act, No. 40 of 2014	The Council shall consist of five members such as three persons who are experts in the field of nuclear science and technology or radiation protection appointed by the Minister in charge of the subject, one person who has experience in legal aspects connected with or relating to the objectives of the Council and a senior officer not below the rank of an Additional Secretary or a Director of the Ministry of the Minister assigned the subject of Environment, nominated by such Minister. However, experts in the field of nuclear science and technology or radiation protection had not been appointed to the Council and only four members had been appointed.	According to Section 14(1) of the Sri Lanka Atomic Energy Act, No. 40 of 2014, members to the Regulatory Council are appointed by the Minister assigned the subject. However, no powers are conferred on the Regulatory Council by provisions of the Act for making any recommendation on appointments made in this regard. Furthermore, no provisions have been set out in the Act to consult the Ministry or Minister in this connection. However, our Council had reminded at the progress review meeting held recently in the Ministry to make recruitment to the vacant position of the member of the Board of Directors.	The composition of the Board of Directors should be maintained in terms of the Act.
(b) Financial Regulation 128 (1) (o) of the Financial Regulations of the Democratic	Audit reports of two preceding years revealed that the first motor vehicle permit had been obtained	Discussions thereon were held at the meetings of the Audit and Management Committee of the	Action should be taken in terms of the Financial Regulations.

Socialist Republic
of Sri Lanka

before a period between 01 and 06 years close to the date of entitlement of the permit, to five officers of the Council on concessionary basis. However, the Accounting Officer had taken action to rectify it in terms of Financial Regulation 128 (1)(o).

Ministry and the Council respectively and it was decided therein to take action as per the decision given by the Court and explanations made by the Attorney General's Department. Furthermore, the Board of Directors has decided to cease further discussions thereon at the Board meeting. As such, it is kindly informed that the Regulatory Council has no powers to take action contrary to the said decision.

(c) Assets
Management
Circular
No.02/2017 of 21
December 2017

It is emphasized that each Government agency should have registered ownership for each of the Government owned vehicle used by them and in case of assets owned by other institutions, those should be taken over in a proper manner. The Prado bearing No.JZ-6200 owned by the Ministry of Power and Energy was being used by the Regulatory Council from 16 June 2020 and a sum of Rs.2,144,396 had been spent for repairs, maintenance and service activities of this vehicle during the year under review. However, this vehicle had not been taken

Transfer of ownership of the said vehicle handed over to the Regulatory Council should have been done by the Ministry of Power after receiving the court decision relating thereto. The approval has been granted in writing by the Secretary to the Ministry as the Chief Accounting Officer, to the Regulatory Council to maintain and use the said vehicle. Moreover, as the said vehicle is relevant to a lawsuit filed at the Kandy High Court, transfer of the said vehicle in the name of the Council was delayed. As such, transfer has been delayed until the

Action should be taken in terms of the circular provisions.

over properly to the Regulatory Council so far. judgment is received by the Ministry. Accordingly, the Additional Secretary to the Ministry, in charge of this subject, was requested to take prompt action in this connection and to grant the approval to take over the said vehicle.

2. Financial Review

2.1 Financial Results

The operational result for the year under review had been a surplus of Rs.9,412,059 as against the deficit of Rs.4,752,640 in the preceding year, thus observing an improvement of Rs.14,164,699 in the financial result. The increase in Recurrent Treasury Grant by Rs.17,234,450 had mainly attributed to the said improvement.

3. Operating Review

3.1 Management Inefficiencies

Audit Observation	Comments of the Management	Recommendation
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(a) In terms of Section 10(c) of the Sri Lanka Atomic Energy Act, No.40 2014, one of objectives of the Council shall be to ensure compliance with International Standards and obligations in the field of nuclear energy, which are required to be complied with by Sri Lanka. However, rules had not been made by applying Regulations of International Standards so as to suit Sri Lanka and approval of Parliament too had not been obtained therefor.	The objectives of the Council are cited in Section 10 of the Act and it is unable to formulate separate legal frames for objectives and the said legal frame has been inserted in other Sections of the Act relating to objectives. Provisions to assure the said objective, have been made under Section 12 (e) of the Act to ensure compliance with Section 10 (c) of the Act pointed out by you. According to these provisions, action has been taken to ensure standards and obligations	Necessary rules should be made so as to enforce international standards and obligations legally in Sri Lanka and approval of Parliament be obtained therefor.

which are required to be complied with by Sri Lanka.

- (b) In terms of Section 11(f) of the Act, making recommendations to the Minister on the formulation of a national policy and strategy on protection against ionizing radiation, the safety and security of sources and nuclear and other radioactive material and on radioactive waste management is one of the functions of the Council. However, those activities had not been completed so far.
- In terms of Section 11(f) of the Act, the national policy on management of radioactive waste has already been drafted and approval of the Board of Directors as well received therefor. As it is necessary to obtain comments and proposals of stakeholders therefor, relevant action has been taken thereon and arrangements have already been made to forward the said draft to the Ministry for seeking approval of the Ministry. In addition to that, it has been already planned to formulate national policies and strategies on safety and security against radiation and further, it is kindly informed that action will be taken to review them with technical assistance of the International Atomic Energy Agency and to obtain relevant approvals therefor.
- Prompt action should be taken to perform functions specified in the Act, which are necessary for achievement of objectives of establishment of the Council.
- (c) In terms of Section 18 of the Act, the Council should regulate practices on ionizing radiation conducted by all persons including the Board by issuing licences. However, the Council had regulated by issuing licences, only the places where ionizing radiation is utilized. Moreover, the Council had not regulated
- In terms of Sections 3 (d) and 5 (d) and 5(e) of the Atomic Energy Act, No.40 of 2014, the Atomic Energy Board could take action to provide radiation protection services to meet regulatory requirements relating to
- Powers conferred as per the Act shall be enforced so as to regulate practices involving ionizing radiation including services on radiation conducted by the Board.

services provided by the Board such as measurement of radiation levels, calibration services for radiation measuring equipment, dosimetry services and sites supervisory services. As such, in terms of Section 12 (1) of the Act, the Regulatory Council should establish procedures and mechanisms to grant approval to institutes or individuals involved in issuing certification on radiation measurement and calibration of radiation measuring equipment. Nevertheless, such procedures or mechanisms had not even been drafted so far. Furthermore, it was clearly specified in the Occupational Radiation Protection Appraisal Service Mission Report (ORPAS mission report) declared by the International Atomic Energy Board that the Council should grant its approval necessary for providing technology services including calibration services, to the Board, as a recommendation.

nuclear applications. Special approval is not necessary therefor. Further, in terms of Section 18 of the Act, even though the Regulatory Council issues licences to places where ionizing radiation is utilized whilst those are not issued for supplying services. Accordingly, licences are not issued for services supplied by the Board and the Regulatory Council had regulated use and possession of radioactive materials by issuing licences. As such, it is not necessary to grant an approval of the Regulatory Council to the Atomic Energy Board for performing those functions and a mechanism will be established in terms of Section 12 (1) of the Act for using when other radiation protection service suppliers are available.

- (d) The Council shall in compliance with international obligations and commitments of Sri Lanka including those under the Safeguards Agreement, prepare a list of nuclear material, equipment and technologies the import into and export from Sri Lanka, which shall be subject to control under Section 49 of this Act. Further, the Council shall give adequate publicity to the list so prepared, in such manner as shall be

Controlled items mentioned in the Additional Protocol are introduced as controlled items in the Act. Sri Lanka has not signed the Additional Protocol so far and signing the said Protocol, is not beneficial to Sri Lanka. Even though some countries including the International Atomic

Action should be taken in compliance with Sections of the Act.

determined by the Council and the list shall be published in the Gazette. However, the Atomic Energy Regulatory Council had not so far taken action accordingly. Even though the International Atomic Energy Agency had included in its webpage that the approval has been granted for the Additional Protocol in the year 2018 by Sri Lanka, the Council had not taken follow up action on its progress.

Energy Agency had requested from our country to sign the said Protocol, signing the said Protocol will be an unnecessary burden to the economy and sovereignty of the country. As such, there is no need to make requests by the Regulatory Council to expedite the signing of the said Protocol. Therefore, publishing the controlled items in the Gazette, is not necessary until the said Additional Protocol is signed by taking a decision thereon on a certain day. Moreover, it is informed that publishing these matters is inappropriate.

- (e) In terms of Section 69 of the Act, the Council shall by rules made in that behalf, establish requirements for the protection of workers, the public and the environment, that are required to be complied with by all persons who are conducting activities related to mining and processing operations which generate ionizing material. However, no such rules whatsoever had been even drafted. Moreover, in terms of Section 4 of the Regulations on Ionizing Radiation Protection of the Atomic Energy Safety Regulations No.1 of 1999, the prior permission of the Council should be obtained for mining, grinding and processing of radioactive mines. Nevertheless, the Council had not taken

Even though a rule should be made relating to matters specified in Section 69 of the Atomic Energy Act, No.40 of 2014, making of such a rule had not been identified as a priority as such activities are presently limited in Sri Lanka. However, the required protection has been provided by applying provisions in the Ionizing Protection Regulations for ensuring the protection of workers, the public and the environment in places where such activities are carried out. According to the Act, as licences are

Action should be taken in terms of Sections of the Act.

necessary action to issue licences for such places. Accordingly, income receivable to the Government from licence fees, inspection fees and testing the radioactive level had been lost and ensuring legal protection of the environment, public and workers had failed.

not issued for places with natural radioactive activities, no income has been lost from licences. Nevertheless, as inspection fees are charged in the inspection of such places on requirement by the Regulatory Council, an income has been earned. Only two such places remain in Sri Lanka at present. As there are no persons available for making such rules in our institution with knowledge relating to this field, it is expected to take action to obtain expert assistance of the International Atomic Energy Agency through a future project.

- (f) According to Section 86(1) of the Act, the Minister may make regulations in respect of all matters which are prescribed from 86(2) (a) to (h) under this Act and submit for Parliamentary approval after publishing in the Gazette in terms of Sections 86(3) and 86(4). However, no regulations had been gazetted for any matter whatsoever specified in the Act and submitted to Parliament up to the date of Audit.

All Regulations except for Regulations (a) and (h) of Section 86(2) of the Atomic Energy Act, No.40 of 2014, have been drafted at present and completion by including in Regulations on protection, is at the final stage. Furthermore, recommendations of the ORPAS report of the International Atomic Energy Agency and liquid radioactive discharge levels are required to be included in the Regulation on protection. As such, having included the aforesaid matters therein, it is kindly informed that

Parliamentary approval should be expeditiously obtained for Regulations which should be made under the Act.

action will be taken to forward these Regulations on protection for relevant approval. As making Regulations (a) and (h) of Section 86 (2) are not presently identified as a priority, steps will be taken to make them as required. It is further informed that the Regulation on security of radioactive sources under (h) has been presently made and forwarded to the Ministry for seeking approval.

- (g) The Council may make rules in respect of matters specified in (a) to (h) of Section 87(1) of the Act, and submit for Parliamentary approval after publishing in the Gazette in terms of Sections 87(2) and 87(3). However, no rules had been gazetted for any matter whatsoever specified in the Act and submitted to Parliament up to the date of Audit. Instead of that, Regulations on ionizing radioactive security in Atomic Energy Security Regulations No.1 of 1999 formulated under the Atomic Energy Authority Act, No.19 of 1969 which was removed, were being used. Most of the International Radioactive Security Recommendations older than 22 years had changed by then.

As indicated above, the criteria rule for qualifications of radiation workers, which is a rule relevant to Section 87(1)(d) of the Atomic Energy Act, No.40 of 2014, has already been drafted and forwarded to the Legal Draftsman's Department. Moreover, certain revisions should be made to this rule which was drafted relating to matters arisen at the discussion held in the Ministry of Health and to make certain revisions as well to the list of radiation workers attached with the rule. As such, action is being taken at present to include the said revisions in the rule. Accordingly, it is kindly informed that necessary steps will be taken to obtain relevant approval for this rule as

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well with the revisions. The rules specified in (e) and (f) under Section 87(1) are not given priority and matters which should be included herein are covered by the provisions made under Section 18 of the Atomic Energy Authority Act, No.19 of 1969. Furthermore, it has not been presently identified as a priority to make rules under (g) and (h) of the Act and the matters relating to the rule specified under (b) here, have been indicated in draft regulations. As such, making this rule is irrelevant at present. No officers with knowledge are available for making the rules indicated in (a) and (c) herein and the Regulatory Council has taken action to make such rules with the expert assistance of the International Atomic Energy Agency on priority basis.

3.2 Operating inefficiencies

Audit Observation -----	Comments of the Management -----	Recommendation -----
(a) According to the International Regulations for the Safe Transport of Radioactive Material (IAEA SSR – 6), despite exceeding the ironizing radiation level of a consignment, necessary spot inspections have not been carried out for measuring the	The definition of No.236 of IAEA SSR – 6 transport regulations is as follows. Radioactive Material shall mean any material containing radionuclides where both	Inspection fees receivable to the Government should be recovered by carrying out spot inspections necessary for inspecting

radiation dose rate of consignments after being loaded with sand for gauging the dose rate and radiation emitted from relevant consignments to its Driver, Driver Assistant, the public and the environment, inspecting whether sand equal to the samples for which laboratory test reports have been obtained, have been loaded. As those spot inspections were not carried out, the inspection fee of Rs.15,770,000 receivable to the Council, had not been recovered.

the activity concentration and the total activity in the consignment exceed the values specified in the relevant paragraph.

consignments with radioactive material.

According to the above definition, to be considered as a radioactive material, both the factors, activity concentration of 10000 Bq/Kg and the total activity of 10000 Bq in the consignment should exceed these values specified in the Regulation. As such, it is apparent that the total activity of the consignment of Th-232 and U-238 contained in mineral sand samples for which approval was granted, exceeds 10000 Bq. It is a natural phenomenon that the activity of a place where a quantity as large as 1Kg collects, exceeds 10000 Bq. Moreover, these samples have been taken from the same category and these categories have been tested by our institution earlier. As such, it is kindly informed that according to transport regulations, there are no obstructions for transporting these total consignments, not considering as radioactive material.

- (b) The Radiation Protection Regulations included in the Occupational Radiation The Regulation relating to Radiation Protection drafted at present, is Radiation Protection Regulations should

Protection (ORPAS mission report) Appraisal Service report, should be prepared so as to cover existing exposure situations, planning exposure situations and emergency exposure situations. However, it had been indicated that the existing exposure situations had not been covered by Regulations drafted by the Council.

based on planning exposure situations complied with provisions of IAEA. Requirements relating to emergency exposure situations, has been included in the Nuclear or Radioactive Disaster Management Plan. Moreover, as existing exposure situations are not available in the country, the Regulatory Council had not identified making Regulations relating thereto as a priority. However, the Regulations on Radiation Protection drafted at present are reviewed again. Therefore, action will be taken to complete Regulations so as to cover all three exposure situations as required.

be made in compliance with international standards.

- (c) The Gazette issued on 21 July 1995 for testing whether ionizing radioactive material unfavourable for public health, is contained in imported food, had not been revised and issued in appropriation with the current consumer style and nuclear emitting conditions. As a result, testing of ionized radioactive material only in milk powder imported to Sri Lanka is being carried out at present.

Only the radioactive material which should be determined in this provision has been specified and separate magnitudes for milk powder and other food and a separate methodology to be applied in an emergency, have been clearly indicated. As such, the matters mentioned by you are not correct. The Sinhala copy of the relevant Gazette is attached herewith for your reference. The item of food tested, is determined according to

Rules should be revised so as to test unfavourable ionizing radioactive material in food to suit the current consumer style and all food items with risk, should be tested.

the prevailing global situation and according to scientific data and statements of the International Atomic Energy Agency, there is no requirement of testing other food items. The reason therefor is that, unnecessary testing is considered as imposing international trade barriers.

- (d) Calibration of machines for diagnosis and therapy of diseases using radiation technology and quality control requirements thereof had not been made compulsory by conditions of licences. As such, it was observed that patients who obtain services from those machines are at the risk of unnecessary exposure to ionizing radiation and that there is a loss of income receivable to the Government from supply of relevant services.
- It has been specified in 43(c) and 48 of Radiation Safety Regulations that the calibration of machines for diagnosis and therapy of diseases using radiation technology and quality control, should be organized by the licencee. The officers of institutions who specifically treat diseases and carry out nuclear imaging, have been trained internationally and by locally conducted training courses. Furthermore, these activities are presently carried out by the Biomedical Division of the Department of Health and the relevant service agent maintaining relevant equipment. As such, it is not correct to say that regulations therefor have not been imposed.
- Calibration of machines using radiation technology for diagnosis and therapy of diseases and quality control requirements thereof should be made compulsory by conditions of licences.

3.3 Transactions of Contentious Nature

Audit Observation	Comments of the Management	Recommendation
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<p>In terms of Section 33 of the Mines and Minerals Act, No.33 of 1992 and Mines and Minerals (Amendment) Act, No.66 of 2009, the export of any mineral containing radioactive elements is prohibited except with approval of the Minister and any other relevant Minister. Accordingly, in submitting applications, two public and private companies which process and export mineral sand had been instructed by the Geological Survey and Mines Bureau to apply with recommendations of the Council that the said sand does not contain radioactive material for obtaining export licences for exportation by the relevant companies. As such, the Council should have given its recommendation whether the minerals contain radioactive material or not. In terms of Sections 87(2) and 87(3) of Sri Lanka Atomic Energy Act, in case of using provisions in international standards, rules made by the Council, after its publication in the Gazette, shall be brought before Parliament. However, without such approval, the Council had granted approval in 33 instances in the year under review for export of mineral sand containing radioactive material using provisions of the International Regulations for the Safe Transport of Radioactive Material (IAEA SSR – 6). Moreover, in terms of 5(d) of Sri Lanka Atomic Energy Act, the Board shall have the power to provide testing services to ascertain radioactive levels in any material. Nevertheless, it was observed that granting relevant approval by testing radioactive levels of sand by the Council is creating conflict of</p>	<p>As mentioned by you, powers to provide testing services is conferred on the Atomic Energy Board under Section 05(d) of the Act as it is not a regulatory institution and there is no mention of a requirement to obtain all testing services by them. Specifically, when there is a doubt of radioactive material being contained in non-food items imported and exported, notifying us thereon and to take samples as appropriate for the purpose of testing and action will be expedited in granting necessary approval in terms of provisions specified in 12 (n) of the Act. Approval should be granted in a period as short as three days for such material imported and exported and it may attribute to the receivable income of the Government and non-receipt of orders to the country being lost due to delays occurred in this regard. As such, a laboratory with a separate set of equipment has been specifically established for testing such samples. The powers of testing relating to radioactivity of food have already been</p>	<p>As valuable minerals which exportation had been restricted by the Mines and Minerals Act, should be reserved, the Atomic Energy Board should test before export whether radioactive substances are contained and the Council should make recommendations for export according to those test reports.</p>

interest.

conferred on the Atomic Energy Board. Accordingly, there is no requirement of obtaining testing services of the Atomic Energy Board for preliminary tests in granting approval for import and export. Therefore, no conflict of interest arises between the two institutions relating to testing carried out by the Regulatory Council for such imports and exports.

4. Accountability and Good Governance

4.1 Annual Action Plan

Audit Observation -----	Comments of the Management -----	Recommendation -----
No functions whatsoever planned by the Council in the year 2021 such as conducting national training workshops on radiation protection and national training workshops on radiation emergencies and response of stakeholders, had been performed. Moreover, the progress of performance of other planned functions had been ranging from 60 per cent to 70 per cent.	The radiation protection training courses could not be conducted as expected due to the lockdown of the country by the Government for a long period, limitation of the number of officers to the institution, imposition of restrictions by the Government in calling external parties and as it is not practical to conduct these courses online as a result of the Covid – 19 pandemic which prevailed in the year 2021. However, the Regulatory Council was able to conduct one course relating to the Medical field postponed due to the Covid – 19 pandemic in the year 2020 and one	Targets set out in the Action Plan, should be achieved.

course relating to the Industrial field planned according to requirement in the year 2021, during this year. The training course due to be conducted for stakeholders on radiation emergency management scheduled to be conducted within the third quarter of the year 2021, could not be conducted due to the poor participation of stakeholders as a result of the Covid – 19 pandemic which prevailed in the year 2021. Nevertheless, a training course for these stakeholders has already been organized to be conducted during the fourth quarter of the year 2022.