

Head 298 - Measurement Units, Standards and Services Department - 2024

1. Financial Statements

1.1 Qualified Opinion

Head 298 - The audit of the financial statements of the Measurement Units, Standards and Services Department for the year ended 31 December 2024 comprising the statement of financial position as at 31 December 2024 and the statement of financial performance and cash flow statement for the year then ended, and notes to the financial statements, including material accounting policy information 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 summary report including my comments and observations on the financial statements of the Measurement Units, Standards and Services Department was issued to the Accounting Officer on 30 May 2025 in terms of Section 11(1) of the National Audit Act, No.19 of 2018. The Annual Detailed Management Audit Report relevant to the Department was issued to the Accounting Officer on 07 July 2025 in terms of Section 11(2) of the Audit Act. This report will be presented to Parliament in pursuance of provisions in Article 154(6) of the Constitution of the Democratic Socialist Republic of Sri Lanka to be read in conjunction with Section 10 of the National Audit Act, No.19 of 2018.

In my opinion, except for the effects of the matters described in paragraph 1.6 of this report, the financial statements give a fair view in all the material aspects of the financial position of the Measurement Units, Standards and Services Department as at 31 December 2024, and its financial performance and cash flows, in accordance with the basis of preparation of the financial statements set out in Note 1 to the financial statements.

1.2 Basis for Qualified Opinion

My opinion is qualified based on the matters described in paragraph 1.6 of this report. I conducted my audit in accordance with Sri Lanka Auditing Standards (SLAuSs). My responsibility for the financial statements are further described in the Auditor's Responsibilities Section. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

1.3 Emphasis of matter – Basis for preparing Financial Statements

The attention is drawn to the Note 1 related to the Financial Statements which describes the basis of preparing these financial statements. The financial statements have been prepared as per the Financial Regulation 150, 151 and the State Accounts Guideline No. 06/2024 dated 16 December 2024 amended on 21 February 2025 for the requirement of the Measurement Units, Standards and Services Department, General Treasury and the Parliament. Consequently, these financial statements may not be suitable for other objectives. My report is intended only for the use of the Measurement Units, Standards and Services Department, General Treasury and the Parliament of Sri Lanka. My opinion on this matter is not modified.

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

The Accounting Officer is responsible for the preparation of financial statements that give a fair view in all material aspects in accordance with the Financial Regulation 150, 151 and the State Accounts Guideline No. 06/2024 dated 16 December 2024 amended on 21 February 2025 and to determine such internal control that 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, the Department is required to maintain proper books and records of all its income, expenditure, assets and liabilities to enable the preparation of annual and periodic financial statements.

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 the Department and carry out periodic reviews to monitor the effectiveness of such systems and accordingly make any alterations as required for such systems to be effectively carried out.

1.5 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 and its materiality depends on the influence on economic decisions taken by users on the basis of these financial statements.

As part of an audit in accordance with Sri Lanka Auditing Standards, I exercise professional judgement and maintain professional skepticism throughout the audit. I also:

- Appropriate audit procedures were designed and performed to identify and assess the risk of material misstatement in financial statements whether due to fraud or errors in providing a basis for the expressed audit 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.
- An understanding of internal control relevant to the audit was obtained in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Department's internal control.

- Evaluate the 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.
- Evaluate the overall presentation, structure and content of the financial statements including disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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.

1.6 Comments on the Financial Statements

1.6.1 Accounting Deficiencies

(a) Non-revenue Receipts

Audit Observation	Comments of the Accounting Officer	Recommendation
Although deposit receipts amounted by Rs.110,773 and deposit payments amounted by Rs.111,225 according to the Treasury books, both the financial performance statement and the cash flow statement had recorded deposit receipts and payments as Rs.91,000 each. As a result, deposit receipts and payments had been understated by Rs.19,773 and Rs.20,225 respectively. Furthermore, deposit receipts and payments amounting to Rs.91,000 each had not been included in the ACA 4 form.	Financial Statements will be correctly prepared in the future.	Deposits should be accurately presented in the financial statements.

(b) Recurrent Expenditure

Audit Observation	Comments of the Accounting Officer	Recommendation
According to the Treasury books, expenditure amounting to Rs.176,414 incurred by other departments and ministries under the subject of salaries and wages had not been included in the ACA 2(ii) form.	Financial Statements will be correctly prepared in the future.	Financial statements should be prepared accurately in accordance with the relevant instructions.

(c) Reconciliation Statement on Advances to Public Officers Account

Audit Observation	Comments of the Accounting Officer	Recommendation
(i) As at the end of the year under review, a difference of Rs.159,290 was observed when comparing the balances of the CC 10 Register and Advance “B” Account with the loan balances recoverable from 05 officers.	Although these differences had occurred due to an oversight in balancing the CC 10 Register, the balances in the Advance “B” Account have been correctly stated. The difference in the balance of member number 850 was due to an incorrect copy being printed during the printing process.	The credit balances in the account and documents should be reconciled.
(ii) Although the advance amount given during the year under review was Rs.1,070,000 as per the festival advance register, the advance “B” control account and vote ledger showed Rs.1,240,000, resulting in a difference of Rs.170,000. Furthermore, a loan balance of Rs.10,000 was recorded in the CC 10 register as of 31 December 2024 to an officer who had not been given	It was acknowledged that the festival advances paid to 17 officers had not been recorded in the festival advance register. Action will be taken to ensure that such oversights do not occur in the future.	The balances in the accounts, documents, and expenditure ledger should be reconciled.

a festive advance during the year under review. In addition, festival advances amounting to Rs.20,000 paid to two officers had not been recorded in the CC 10 register.

(d) **Deposits**

Audit Observation	Comment of the Accounting Officer	Recommendation
As at December 31 of the year under review, Treasury deposits amounting to Rs.47,786,165, shown under assets in the financial statements of the Measurement Units, Standards and Services Fund, had been recorded as a liability in the Department's financial statements. As a result, the Department's liabilities were overstated.	It is proper to present the value of these Treasury deposits under assets in the financial statements of the Measurement Units, Standards and Services Fund. Necessary action will be taken to obtain instructions regarding the possibility of removing this liability from the Department's account.	Steps should be taken to avoid the inclusion of incorrect entries in the financial statements.

(e) **Property, Plant and Equipment**

Audit Observation	Comment of the Accounting Officer	Recommendation
Assets amounting to Rs.1,443,652,021 had been shown in the financial statements as assets of both the Department and the Measurement Units, Standards and Services Fund. However, action had not been taken to identify and record the assets belonging to the Department, nor to remove the assets of the Measurement Units, Standards and Services Fund from its accounts.	It is acknowledged that the balance of Property, Plant, and Equipment in the Departmental Account is Rs.1,443,652,021, whereas the balance in the Fund Account is Rs.1,478,954,968. Furthermore, since the Fund Account is maintained on an accrual basis, the balance in the depreciation account amounts to Rs.641,114,795, resulting in a net value of Rs.837,840,173.	Action should be taken to correctly identify and separate the value of Property, Plant, and Equipment of the Department and the Fund, and to accurately present them in the financial statements.

(f) Balances of the Advance Accounts

Audit Observation	Comment of the Accounting Officer	Recommendation
Although the advance payment as per the Treasury books was Rs.9,977,119, there was a difference of Rs.87,303, as the balance in the statement of financial performance and the cash flow statement was reported as Rs.9,889,816.	It is acknowledge that there is a variance in the Treasury Table SA-52. However, in preparing the financial statements, the balances from the trial balance have been taken into account.	The correct values should be properly identified and presented in the financial statements.

(g) Non-maintenance of Registers and Books

Audit Observation	Comment of the Accounting Officer	Recommendation
(i) Fixed Assets Register		
A Fixed Assets Register had not been maintained in terms of Financial Regulation 502(2), and its Appendix II, and as a result, it was not possible to verify the accuracy of the value of Property, Plant, and Equipment totaling Rs.1,443,652,021 as per the financial statements.	I agree with the issues in the fixed asset register. Attention will be given to update the Fixed Assets Register.	The Fixed Assets Register should be maintained and updated in a manner that allows for the proper segregation and identification of assets.
(ii) A Register of Leave		
A Register of Leave had not been maintained and updated in terms of Section 1.7 of Chapter XII of the Establishments Code.	The evaluation has been carried out accordingly in cases where the Leave Register has not been updated.	The Leave Register should be accurately maintained and updated.

(h) Lack of Audit Evidence

Audit Observation	Comment of the Accounting Officer	Recommendation
As at December 31 of the year under review, a detailed schedule and a age analysis of Treasury deposits amounting to Rs.47,786,165 had not been submitted for audit.	The Department does not have updated information in this regard, and instructions will be obtained from the Treasury.	Action should be taken to provide the information required for audit.

2. Report on Other Legal Requirements

I express the following matters in terms of Section 6 (1) (d) of the National Audit Act, No. 19 of 2018.

- (a) The financial statements are consistent with the preceding year,
- (b) The recommendations made by me on the financial statements of the preceding year had been implemented.

3. Financial Review

3.1 Certification to be made by the Accounting Officer

Although, Accounting Officer was required to provide assurances regarding the following matters in terms of provisions set out in Section 38 of the National Audit Act, No. 19 of 2018, action had not been taken accordingly.

	Audit Observation	Comment of the Accounting Officer	Recommendation
(i)	The Chief Accounting Officer and the Accounting Officer should ensure that an effective internal control system is developed and maintained for the financial control of the Department, and the effectiveness of such system, should be reviewed from time to time and necessary changes should be made accordingly to make the effective.	Such a review has not been conducted yet; however, it will be carried out in the future, and copies will be submitted for audit.	Action should be taken in accordance with the provisions in Section 38 of the National Audit Act No.19 of 2018.

Although such reviews should be carried out in writing, and a copy should be presented to the Auditor General, statements that such reviews were conducted had been furnished to the Audit.

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| (ii) | The Chief Accounting Officer and the Accounting Officer shall ensure that an effective mechanism exists to conduct an internal audit. However, the said requirements had not been fulfilled due to audit observations indicated in paragraphs 5.1, of the report. | This matter has been reported to the Department of Management Audit and the Ministry of Trade, Commerce and Food Security, but no proper response has been received to date. | Action should be the taken in terms of provisions in Section 38 of the National Audit Act, No.19 of 2018. |
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3.2 Non-compliance with Laws, Rules and Regulations

	Observation Non-compliance	Comments of the Accounting Officer	Recommendation
Reference to Laws, Rules and Regulations			
(a) Establishments Code of the Democratic Socialist Republic of Sri Lanka			
(i) Section 13.3 of Chapter II	Although an acting appointment should be made only as a temporary measure until a permanent appointment is made, the same officer has been continuously appointed as acting in the post of Administrative Officer since 2015.	The Ministry of Public Administration has been informed regarding the vacancy in the post of Administrative Officer. However, as no officer has been permanently appointed to the post, a suitable officer from	Acting appointments should be made in accordance with the Establishments Code. Immediate action should be taken to make permanent appointments to the vacant positions.

among the existing employees has been appointed as acting in the post, with the approval of the Secretary of the Ministry, in accordance with Chapter IX of the Procedure Rules No.2310/29 dated 14.12.2022, and with the approval of the Public Service Commission. As per the audit query, further acting appointments have been suspended.

- (ii) Section 5.1 and Section 8.1 of Chapter XII Although the maximum casual leave and vacation leave that can be taken in a year are 21 days and 24 days respectively, during the year under review, 12 officers exceeded these limits, taking leave ranging from 1.5 days to 91.5 days.
- It is hereby informed that the excess leave taken during the year will be adjusted against the previous leave balances of the officers with salary numbers 77, 802, 808, 809, 890, 893, 902, 903, 920, and 923. It is hereby informed that officers with salary numbers 955 and 52 have taken excess leave due to poor health, and necessary action will be taken after obtaining their medical recommendations. It is informed that the salary of the officer with salary number 230 has been deducted in the April 2025 payroll for the days on leave without pay.
- Action should be taken in accordance with the provisions of the Establishments Code with respect to leave taken in excess of the prescribed annual leave.

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| (iii) | Sections 4:2:2, 4:2:4, 4:2:5, 4:3, 4:4, 4:5, 4:6 and 6:3 of Chapter XXIV | The total debt of Rs.744,966 due from 05 retired officers and one deceased officer has not been recovered. | The non-recovery certificate relating to the debt recoverable from 05 retired officers has been submitted to the Department of Pensions. It was informed on 23 January 2025 that the debt of the deceased officer has been recovered from his death gratuity. | Action should be taken to recover the debt in accordance with the provisions of the Establishments Code. |
| (iv) | Section 13.6 of Chapter XXIV | Although the festival advance can be granted only once within a period of 12 months, two officers had been granted another festival advance within a period of less than 12 months. | Instructions have been given to the relevant officer to ensure that such errors are not repeated again. | Festival advances should be granted in accordance with the provisions of the Establishments Code. |
| (b) | Finance Regulations 756(6) as amended by Public Finance Circular No. 01/2020 dated 28 August 2020 | The Board of Survey reports for the year under review relating to 28 divisions of the Department had not been submitted to the Head Office as at the audit date of 25 April 2025. | Due to the heavy workload of field officers, there are difficulties in obtaining reports promptly to the Head Office. | Board of survey reports should be conducted and reports should be submitted on the due date in accordance with financial regulations. |
| (c) | Public Administration Circular No. 03/92 dated 25 January 1992 | Although officers who arrive between 8.30 a.m. and 9.00 a.m. are allowed to cover up the late arrival by working after 4.15p.m. and officers arriving after 9.00a.m. should be considered as having taken short leave or half-day leave as appropriate, such officers who arriving after 9.00a.m. had also been allowed to cover up their late arrivals. | Transportation is difficult because the Department is located off the main road. There are no alternative routes. Therefore, late arrivals are permitted only up to 9.05 am and that time should be covered up. | Action should be taken in accordance with the circular instructions. If actions are taken outside the circulars, prior approval should be obtained from the Secretary to the Ministry of Public Administration. |

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| (d) | Public Administration Circular No. 18/2001 dated 22 August 2001 | Although all officers who have served a maximum of 05 years in the same station should be transferred to enable them to serve in other stations, no action had been taken to transfer 29 officers in long-term service within the Department who had completed between 6 to 20 years of service. | None of the island-wide service officers have completed more than 05 years of service. | Action should be taken to implement annual transfers in compliance with the provisions of the relevant circulars. |
| (e) | Paragraph (e) of Guideline No. 01 on the procedure to be followed in recovering loans or advances granted through Advance “B” Account under Finance Regulation 113(6)(b) as amended by Public Finance Circular No. 01/2020 dated 28 August 2020 | Action had not been taken to recover the outstanding debts totaling Rs.429,176 relating to 03 officers who were suspended from work and two officers who had left the service of the Department. Of this outstanding debt, Rs.119,906 had remained unrecovered for more than 14 years. | Instructions have been requested from the Attorney general in this regard. | Action should be taken to recover the debt in accordance with the provisions of the guideline. |

4. Operating Review

4.1 Security of Public Officers

Audit Observation	Comments of the Accounting Officer	Recommendation
In terms of Financial Regulation 880 and Chapter 612 of the Public Officers’ Security Ordinance, the Department had not identified the officers	During discussions at the Audit and Management Committee meetings, the Secretary to the Ministry of Trade, Commerce, Food Security, and Cooperative Development advised that, although there is no securities	Officers required to provide securities should be identified, and action should be taken to obtain such securities in accordance with the

required to provide register, since officers handle daily Financial Regulations. securities nor taken steps to cash collections, it is appropriate to obtain such securities. obtain securities or insurance coverage. Accordingly, a cash on delivery insurance policy was obtained for the field officers responsible for revenue collection.

4.2 Management Weaknesses

Audit Observation	Comments of the Accounting Officer	Recommendation
(a) Due to the negligence of the relevant subject officer, insurance benefits were lost for Agrahara insurance claim applications totaling Rs.661,538, which were applied for on 8 occasions by 04 officers. Although a three-member committee had been appointed on 06 November 2024 to conduct a preliminary investigation in this regard, the investigation had not been completed even by 23 April 2025, the date of audit.	Although the Investigation Committee had made recommendations in this regard on several occasions, the Committee was still in the process of carrying out further work on the matter. Accordingly, efforts are being made to reach a reasonable solution regarding this matter.	The preliminary investigation should be completed without delay and action should be taken as recommended against the aggrieved officers and the officers responsible for it.
(b) Although a team had been appointed on 19 January 2024 to conduct a preliminary investigation regarding the irregularities committed by the Measurement Services and Sub-Implementation Inspector (Grade III) attached to the District	Necessary actions are being taken in this regard.	The investigation activities should be completed promptly.

Secretariat, Polonnaruwa, the investigation had not been completed. Consequently, after one year, a three-member committee was reappointed on 10 January 2025 to carry out the investigation.

5. Good Governance

5.1 Internal Audit

Audit Observation	Comments of the Accounting Officer	Recommendation
Although a suitable internal auditor should have been appointed for the department to carry out its functions as per the provisions of section 40 of the National Audit Act No. 19 of 2018, an internal auditor had not been appointed since 06 September 2021.	The post of Internal Auditor in the Department has remained vacant since 06 September 2021. In this regard, the matter has been informed to the Department of Management Audit as well as to the Ministry of Trade, Commerce, and Food Security. A proper response has not yet been received regarding the appointment of an Internal Auditor.	Action should be taken to appoint an Internal Auditor without delay.

6. Human Resource Management

Audit Observation	Comments of the Accounting Officer	Recommendation
(a) Although the approved cadre of senior-level officers as at 31 December 2024 was 20, 11 of these positions had remained vacant since 2011, representing 55 percent of the approved cadre. Furthermore, it was observed that the	This positions are vacant due to delays in the Ministry of Public Administration. The Department has done the necessary work to the best of its ability.	Action should be taken to fill the vacancies without delay.

vacancies in three senior-level positions Assistant Director(Administration), Internal Auditor, and Legal Officer, it has directly affected the internal control of the Department.

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| <p>(b) Out of 30 approved tertiary level positions, 28 positions, or 93 percent, were vacant.</p> | <p>There has been an issue regarding 29 Assistant Officer positions since 2015. The Department has taken all possible measures to fill these vacancies. Accordingly, the Prime Minister's Committee, which reviewed the current staff, has approved the filling of 13 Assistant Officer positions.</p> | <p>Action should be taken to fill the vacancies without delay.</p> |
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