

SRI LANKA INVENTORS COMMISSION
INCOME & EXPENDITURE ACCOUNT
FOR THE ENDED 31ST DECEMBER - 2002

2001	Description	Note	2002					
			Rs	cts	Rs	cts	Rs	cts
	Income							
	Govt. Contribution							
6,375,000.00	Govt. Contribution - Recurrent					5,680,000.00		
0.00	President Fund for Promoting Inventors					4,023,625.00		
	Add							
	Other Income							
9,900.58	Loan Interest - Distress		14,496.36					
0.00	Compensation - Vehicle Insurance		53,775.00					
1,800.00	Deduction from O.T		1,800.00					
127,272.10	Donation-International Invention Exhibition		272,598.13					
650.10	Other Income		200.00					
0.00	Non refundable Tender fee		800.00					
0.00	Charges of Damages		1,125.00					
0.00	Donations		5,000.00			349,794.49		
<u>6,514,622.78</u>								<u>10,053,419.49</u>
	Less							
	Expenditure							
	(1) Administration & Establishment							
1,404,000.00	Building rent		1,404,000.00					
2,014,649.84	Remuneration to Staff	01	2,026,859.52					
1,377,147.58	Administration & Establishment ex:	02	1,044,065.29					
817,443.84	Depreciation - Fixed Assets	05	780,173.39					
104,450.00	Gratuity		46,711.50					
	(!!) Project expenses							
582,368.43	Presidential Awards Ceremony		118,167.00					
4,800.00	Technical & Expertise service		5,600.00					
18,589.00	News papers & Periodicals		17,933.00					
65,198.00	Establishment & Promoting Y.I.C.C	03	211,098.00					
1,734,118.81	Publicity & awareness process	04	1,373,648.52					
1,293,729.38	Written off	06	1,502,878.62			8,531,134.84		
-2,901,872.10	Income Over expenditure/Expenditure Over income							1,522,284.65
<u>6,514,622.78</u>								<u>10,053,419.49</u>

8373913.46
8,531,134.84

NOTES OF ANNUAL ACCOUNTS

01. The Income and Expenditure Account and Balance sheet have been prepared in accordance with the generally accepted accounting principles. Which have been a consistently applied from year to year.
02. The Government contribution to the Sri Lanka Inventors Commission is provided in the Annual Estimate of the Government under two distinct items, namely (i) Funds for Recurrent expenditure and (ii) Funds for Capital expenditure. The Recurrent expenditure grant is taken to the Income and Expenditure Account, while the Capital expenditure grant is taken directly to the Capital Account, namely the Accumulated fund.
03. The Recurrent expenditure of the Commission is shown in the Income and Expenditure Account under two sub-headings, namely (i) Administrative and Establishment Expenditure and (ii) Project Expenditure. The latter represents Expenditure incurred by the Commission on activities undertaken by it towards fulfillment of the objectives of the Sri Lanka Inventors Incentives Act No. 53 of 1979.
04. Fixed Assets have been depreciated under the straight-line method. And the following depreciation percentages have been applied with a view to writing off the assets over their estimated useful life.

	<u>Rate</u>
(a) Furniture equipment	15%
(b) Office equipment	20%
(c) Prototype models and Name Boards	10%
(d) Library books	10%
(e) Vehicle	20%
(f) Exhibition stall	25%

05. The Commission has decided write off the Development & Research Cost as follows in items to Sri Lanka Accounting Standard No. 11

	<u>Rate</u>
(a) Steel cupboards & Toolkits	5
(b) Bio-gas chamber	4
(c) Making prototype models for inventions	4
(d) Name boards	5
(e) Technical Service Division	5
(f) Internet access	5
(g) Sets of books	5

Writing off of this cost should be carried out according to the period stated above from the year following the year in which this cost was incurred.

CASH FLOW STATEMENT

	FOR THE YEAR ENDED 31 ST DECEMBER		
	2002		
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Surplus/Deficit for the year		1,522,284.65	
<u>Adjustments for item not involving movement of cash</u>			
Depreciation	780,173.39		817,443.84
Written off (Development Research Cost)	<u>1,502,878.62</u>	2,283,052.01	<u>1,293,729.38</u>
Operating Profit before changes in operating assets/Liabilities		3,805,336.66	
<u>Decrease/Increase in operating assets / liabilities</u>			
Loan & advance (Increase)	-19,739.88		-196,874.12
Festival Advance Decrease/(Increase)	600.00		-400.00
Other Contractual Service (Increase)/Decrease	-3,188.36		22,363.40
Accrued expenses Increase	<u>61,545.77</u>	<u>39,217.53</u>	<u>58,443.45</u>
Net cash flow operating activities		3,844,554.19	
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Purchase of fixed assets	-7,000.00		-1,574,103.37
Development & Research cost	<u>-872,397.50</u>	<u>-879,397.50</u>	<u>-1,364,826.00</u>
		2,965,156.69	
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Govt. Contribution - Capital	700,000.00		
- Research & Development Cost	<u>204,300.00</u>	904,300.00	
Net cash & cash equivalent (Increase/ Decrease)		3,869,456.69	
Cash & cash equivalents beginning of the year			
Cash / Bank Balance		293,595.30	
Cash & cash equivalents end of the year			
Cash / Bank Balance		<u>4,163,051.99</u>	

2001
-2,901,872.10
2,111,173.22
-790,698.88
<u>-116,467.27</u>
-907,166.15
<u>-2,938,929.37</u>
-3,846,095.52
2,870,000.00
80,000.00
-896,095.52
1,189,690.82
<u>293,595.30</u>

NO-07

Advance

			Rs	Cts
Schooling system				
Variance Advances -C	114,000.00	114,000.00		
	<u>120,000.00</u>	237,500.00		<u>234,000.00</u>
		<u>4,134.12</u>		

NO-08

Cash & Bank Balances

			Rs	Cts
AC/NO: 1610083964 C/F				
AC/NO: 1610083524	175,868.56			
Petty Cash- Stamp	3,987,021.43			
	<u>162.00</u>			<u>4,163,051.99</u>

NO-09

ACCUMALATAED FUND

			Rs	Cts
Balance b/f - Govt.Contribution - Capital				
Balance b/f -Accumul	13,561,050.00			8,573,420.61
Surplus as at 31/12/2	-5,020,129.39			
Government Contribution -Capital				1,522,284.65
*Adjusment-Research & Development Cost				700,000.00
	<u>32,500.00</u>			<u>95,000.00</u>
	<u>8,573,420.61</u>			<u>10,890,705.26</u>

C/F-Consolidated Fund

P/F-President Fund

FINANCIAL STRUCTURE

Accounts of Government Contribution - Capital

<u>Year</u>	<u>Govt. Contribution - Capital</u>	Rs	Cts
1991		163,050.00	
1992		1,700,000.00	
1993		-	-
1994		250,000.00	
1995		196,000.00	
1996		1,135,000.00	
1997		757,000.00	
1998		1,700,000.00	
1999		290,000.00	
2000		4,500,000.00	
2001		2,870,000.00	
2002		700,000.00	

435926.37
374380.6

SRI LANKA INVENTORS COMMISSION
BALANCE SHEET

AS AT 31ST DECEMBER - 2002.

2001		DESCRIPTION	NOTE	2002			
Rs	Cts			Rs	Cts	Rs	Cts
8,573,420.61		Accumulated Fund	09		10,890,705.26		
8,573,420.61						10,890,705.26	
		Represented by					
2,918,665.77		Fixed Assets	05		2,145,492.38		
5,146,551.42		Development & Research cost	06		<u>4,406,770.30</u>		6,552,262.68
		Add					
		Current Assets					
26,151.60		Pre payment for Other Contractual Service			29,339.96		
194,043.00		Distress Loan			335,417.00		
5,600.00		Festival Advance			5,000.00		
		(National Apprentice & Industrial Training Authority					
7,560.00		My. of Plan Implementation and Parliamentary Affairs)			7,560.00		
355,634.12		Advance	07		234,000.00		
<u>293,595.30</u>		Cash & Bank Balances	08		<u>4,163,051.99</u>		
882,584.02					4,774,368.95		
		Less					
		Current Liabilities					
		ACCURED EXPENSES					
3,778.59		Salaries & O.T		6,993.22			
270.00		Travelling - Local		2,400.00			
2,000.00		Invention Exhibition		0.00			
14,983.16		Communication Service		14,735.80			
1,510.00		News papers & periodicals		0.00			
29,112.20		Refundable Tender Deposit		45,859.20			
3,900.00		Monthly allowance Provincial Office Staff		0.00			
27,460.65		Creditors		27,860.65			
291,366.00		Allocation to Gratuity		<u>338,077.50</u>		435,926.37	
508,203.42		Working Capital					4,338,442.58
8,573,420.61							10,890,705.26

Prepared by :-M.U.T.K. Senanayake
Clerk

Signed by :-

Dr. L.M.K. Tillekeratne
Commissioner

A.M. Senanayake
Finance Assistant

K. Sarath Perera
Secretary

SRI LANKA INVENTORS COMMISSION
2ND FLOOR
SAMAGAM MEDURA'
COLOMBO 10

6191050		
410738.7	8573420.61	
1707518.59	-19900.65	
2118257.29	<u>8553519.96</u>	

}

8573420.61		
19900.65		7,080,366.75
8593321.26		

8065217.19		#REF!
528104.07		
8593321.26		

374380.6		
-27460.65	346919.95	

	528104.07	
	508203.42	
528104.07	19900.65	

NOTE - 05

FIXED ASSETS & DEPRECIATION CHARGES

Category	Rate of Depreciation	Purchase period 01.01.2002 RS	Addition in 2002 (as cost) RS	Total of Cost RS	Depreciation charges up to 31.12.2001 RS	Depreciation charges for 2002 RS	Accumulated charges to 31.12.2002 RS	Written down value RS
<u>1.FURNITURE EQUIPMENT</u>	15%							
A.Furniture equipment		333,567.10	- -	333,567.10	319,542.10	3,825.00	323,367.10	10,200.00
B.Executive Chairs		24,683.37	- -	24,683.37	8,545.00	3,702.50	12,247.50	12,435.87
C. Typewriters tables		4,700.00	- -	4,700.00	2,977.00	705.00	3,682.00	1,018.00
D. Racks & Boxes		40,186.00	- -	40,186.00	19,466.70	6,027.50	25,494.20	14,691.80
		403,136.47	0.00	403,136.47	350,530.80	14,260.00	364,790.80	38,345.67
<u>2. OFFICE EQUIPMENT</u>	20%							
A.Office equipment		481,973.70	7,000.00	488,973.70	432,268.00	14,303.00	446,571.00	42,402.70
B. Electronic typewriters		117,887.50	- -	117,887.50	97,000.00	20,887.50	117,887.50	0.00
C. Computer & Accessories		1,329,536.18	- -	1,329,536.18	613,464.00	196,002.00	809,466.00	520,070.18
D. Photocopy machine		140,000.00	- -	140,000.00	116,667.00	23,333.00	140,000.00	0.00
E. Telephone		56,229.75	- -	56,229.75	33,738.00	11,246.00	44,984.00	11,245.75
F. Duplicator		401,625.00	- -	401,625.00	113,531.00	80,325.00	193,856.00	207,769.00
		2,527,252.13	7,000.00	2,534,252.13	1,406,668.00	346,096.50	1,752,764.50	781,487.63
3.Prototype models & Name boards	10%	105,495.00		105,495.00	16,130.00	10,549.00	26,679.00	78,816.00
4. Library books	10%	157,951.48	- -	157,951.48	78,625.90	15,795.00	94,420.90	63,530.58
5. Vehicle	20%	3,396,682.00		3,396,682.00	2,223,132.00	275,600.00	2,498,732.00	897,950.00
<u>6. EXHIBITION STALL</u>	25%							
A. Exhibition Stall		127,429.75	- -	127,429.75	95,571.86	31,857.89	127,429.75	0.00
B.Curtains		12,840.00	- -	12,840.00	12,304.00	536.00	12,840.00	0.00
		140,269.75	- -	140,269.75	107,875.86	32,393.89	140,269.75	0.00
7.Projectors & Cameras	20%	390,783.50	- -	390,783.50	138,844.00	62,984.00	201,828.00	188,955.50
8. TV & video Cassette recorders	20%	86,150.00	- -	86,150.00	65,734.00	5,850.00	71,584.00	14,566.00
9. Office fittings	15%	133,470.00		133,470.00	34,984.00	16,645.00	51,629.00	81,841.00
		7,341,190.33	7,000.00	7,348,190.33	4,422,524.56	780,173.39	5,202,697.95	2,145,492.38

NOTE

NO - 01

	Rs	Cts
<u>Remuneration to Staff</u>		
Salaries		1,137,915.11
Interim Allowances		352,767.62
E.P.F Contribution		160,964.68
E.T.F Contribution		32,192.93
Allowance - Accountant		35,000.00
Remuneration to members of the Commission		136,500.00
Payment of consultancy Service		117,000.00
Overtime & Holiday pay		54,519.18
		<u>2,026,859.52</u>

NO - 02

		Rs	Cts
<u>Administration & Establishment Expenditure</u>			
Travelling - Local			47,702.10
Stationery & Office requisition			86,101.77
Fuel & Lubricants			157,490.62
Repairs & Maintenance - Vehicle	167,154.89		
Equipment	<u>21,021.30</u>		188,176.19
Postage			24,633.50
Telephone Charges			223,163.34
Audit fee			28,228.00
Utilities			89,998.50
Contractual Services			88,380.36
Subscription & Contribution			10,143.00
Entertainment Expenses			34,241.25
Miscellaneous Expenses			3,416.50
Printing Charges			14,727.50
Other Administration expenses			38,157.66
Welfare Expenses			9,505.00
			<u>1,044,065.29</u>

NO - 03

		Rs	Cts
<u>Establishment Promoting Y.I.C.C in Schooling System</u>			
Establishment & Promoting Y.I.C.C			156,963.00
Monthly Allowance to Zonal Office Staff			38,775.00 P/F
Laboratory facilities to Inventors from Research Institute			15,360.00
			<u>211,098.00</u>

NO - 04

			Rs	Cts
<u>Publicity and awareness process</u>				
Invention Exhibitions	469,345.74			
	<u>5,750.00</u>	P/F		475,095.74
International Inventions Exhibitions				769,302.04
Seminars & Workshop				85,110.74
Publicity				3,000.00 P/F
Printing of News letters				20,000.00
Paying of Patent				21,140.00 P/F
				<u>1,373,648.52</u>

NO-07

Advance

		Rs	Cts
Schooling system			
Variance Advances -C/F	114,000.00		
	<u>120,000.00</u>		<u>234,000.00</u>

NO-08

Cash & Bank Balances

		Rs	Cts
AC/NO: 1610083964 C/F			
AC/NO: 1610083524 P/F	175,868.56		
Petty Cash- Stamp	3,987,021.43		
	<u>162.00</u>		<u>4,163,051.99</u>

NO-09

ACCUMALATAED FUND

		<u>2002</u>	
		Rs	Cts
Balance b/f - Govt.Contribution - Capital			
Balance b/f -Accumulated of Surpls / Deficit	13,561,050.00		8,573,420.61
Surplus as at 31/12/2002	-5,020,129.39		
Government Contribution -Capital			1,522,284.65
*Adjusment-Research & Development Cost			700,000.00
	<u>32,500.00</u>		<u>95,000.00</u>
	<u>8,573,420.61</u>		<u>10,890,705.26</u>

C/F-Consolidated Fund

P/F-President Fund

NOTE - 06
DEVELOPMENT & RESEARCH COST

Type of cost	Written off period Year	Addition in 2002	Total cost 2002.12.31	Written off 98/99/2000/ 2001	Written down Value 2002.01.01	Written off 2002.12.31	Written down value 2002.12.31
STEEL CUPBOARDS & TOOLKITS	5						
1997			266,085.00	212,868.00	53,217.00	53,217.00	0.00
1998			1,092,500.00	655,500.00	437,000.00	218,500.00	218,500.00
1999			308,880.00	123,552.00	185,328.00	61,776.00	123,552.00
2000 - C/F -P/F			2,070,426.50	414,085.00	1,656,341.50	414,085.00	1,242,256.50
2001			517,218.00	0.00	517,218.00	103,443.50	413,774.50
BIO - GAS CHAMBERS	4						
1997			70,000.00	70,000.00	0.00	0.00	0.00
1998			182,749.50	137,061.38	45,688.12	45,688.12	0.00
1999			544,300.00	272,150.00	272,150.00	136,075.00	136,075.00
2000 - C/F-P/F			272,400.00	68,100.00	204,300.00	68,100.00	136,200.00
2001			155,000.00	0.00	155,000.00	38,750.00	116,250.00
2002 - C/F-P/F		170,000.00	170,000.00	0.00	0.00	0.00	170,000.00
MAKING PROTOTYPE MODELS FOR INVENTIONS	4						
1997			30,000.00	30,000.00	0.00	0.00	0.00
2001			90,182.00	0.00	90,182.00	22,545.00	67,637.00
NAME BOARDS	5		312,300.00	124,920.00	187,380.00	62,460.00	124,920.00
TECHNICAL SERVICE DIVISION	5						
2000			300,000.00	60,000.00	240,000.00	60,000.00	180,000.00
2001			200,000.00	0.00	200,000.00	40,000.00	160,000.00
2002		200,000.00	200,000.00	0.00	0.00	0.00	200,000.00
INTERNET ACCESS	5						
2000			207,615.80	41,523.00	166,092.80	41,523.00	124,569.80
2001			4,275.00	0.00	4,275.00	855.00	3,420.00
2002		3,100.00	3,100.00	0.00	0.00	0.00	3,100.00
SETS OF BOOKS	5						
2000			281,159.00	56,231.00	224,928.00	56,231.00	168,697.00
2001			398,151.00	0.00	398,151.00	79,630.00	318,521.00
2002		499,297.50	499,297.50	0.00	0.00	0.00	499,297.50
		872,397.50	8,175,639.30	2,265,990.38	5,037,251.42	1,502,878.62	4,406,770.30

P/F- PRESIDENT FUND

C/F- CONSOLIDATED FUND

145000	267350
72500	133675

**Report of the Auditor General on the accounts of the Sri Lanka Inventors Commission
For the year ended 31 December 2002 in terms of section 14(2) (c) of the Finance
Act No.38 of 1971**

The audit of accounts of the Sri Lanka Inventors Commission for the year ended 31 December 2002 was carried out under my constitution of the Democratic Socialist Republic of Sri Lanka read in conjunction with Section 27 of the Sri Lanka Inventors Incentives Act No. 53 of 1979 and Sector 13(1) of the Finance Act, No. 38 of 1971. My observations which I consider should be published with the annual report of the Commission in terms of section 14(2) (c) of the Finance Act, appear in this report. The detailed report in terms of section 13(7) (6) of the Finance Act will be issued in due course.

1:2 **Scope of Audit**

Audit opinion, comments and findings in this report are based on a review of the financial statements presented to audit and substantive tests of samples of transactions. The scope and the extent of such review and tests were such as to enable as wide an audit coverage as possible within the limitations of staff, other resources and time available to me. The audit was carried out in accordance with Sri Lanka Auditing Standards, methods and practices to obtain reasonable assurances to whether the financial statements are free of material misstatements. The audit included examination of evidence supporting the amounts and disclosures in financial statements and assessment of accounting principles and significant estimates and judgments made in the preparation of financial statements evaluation of their overall presentation and determining whether accounting policies adopted were appropriate, consistently applied and adequately disclosed. Sub section (3) and (4) of section 13 of the Finance Act. No. 38 of 1971 give discretionary powers to the Auditor General to determine the scope and extent of the audit.

2. **Accounts**

2:1 **Audit opinion**

Except for the effects of the adjustments arising from the matters referred to in paragraph 2.3 of this report, I am of opinion that the financial statements have been satisfactorily prepared to present fairly in all material respects, the financial position of the commission as at 31st December 2002 and the results of its operations and the cash flow for the year then ended in accordance with Sri Lanka Accounting Standards.

2:2. **Financial Results**

According to the accounts presented, the working of the Commission for the year ended 31st December 2002 had resulted in a deficit of Rs.8,181,340 before taking into account the Government Grant as compared with the corresponding deficit of Rs.9,276,872 for the preceding year. After taking into account the Government Grant Rs.5,680,000 and the Grants amounting to Rs.4,023,625 from the President's Fund received for the year under review, the deficit was converted to a net surplus of Rs.1,522,295 and after taking into account the Government Grant of Rs.6,375,000 received for the preceding year, the deficit for that year was reduced to a net deficit of Rs.2,901,872 for that year.

2:3. **Comments on Accounts**

2:3:1 **Accounting Deficiencies**

The Registrar of Fixed Assets had not been maintained in an updated manner to ensure the correctness of some of the assets as at the end of the year.

The register of fixed assets had been maintained in an updated manner according to your guidance given in the previous year.

2:3:2 **Non-compliance with Laws, Rules, Regulations and Management Decisions**

The following instances of non-compliance were observed in audit.

Reference to Laws, Rules,
Regulations and Management
Decisions

- | (a) | <u>Particulars</u> |
|--|--------------------|
| Sri Lanka Inventors Incentives Act, No. 53 of 1979 | |

Sub-sections (1) and (2) of Section 15

An incomplete manual of procedures had been prepared, and implemented without obtaining the approval of the Minister.

While performing activities of the Commission procedures are followed when necessary and on such occasions action had been taken to obtain the approval of the line ministry. Work procedures had been prepared to carry out the functions of the Commission properly, to recognize the employment of its staff and to exercise and perform its power.

- (b) Treasury Circular letter No.1024/600/29/CD of 12 December 1963
- Though Financial Regulations should be applied with necessary changes when there are no regulations approved by the Minister there were instance where it had not been done.
- Kindly informed that the Commission always follow the financial regulations, when there is no approved scheme for any activity.
- (c) Treasury Circular Letter FIN 295 of 28 July 1991 and Public Enterprises Circular No.116 of 24th January 1997
- A motor vehicle of the Commission had been released for the use of the Ministry of Internal & International Trade and Food since 03rd September 1998.
- This vehicle was released on the request of the line Ministry.

3. Financial and Operating Review

3:1 Financial Results

The working of the Commission during the year under review had resulted in a surplus of Rs.1,522,285 as against the deficit of Rs.2,901,872 for the preceding year, thus showing an improvement of Rs.4,424,157 in the financial results.

3:2 Performance

The financial assistance provided for the construction of bio gas generators during the period 1999-2002 and the anticipated targets had been as follows.

<i>Year</i>	<i>Amount</i>		<i>Anticipated Target</i>
	<i>For Schools</i>	<i>For NERD</i>	
	<i>Rs.</i>	<i>Rs.</i>	
1999	490,000	-	49
2000	243,000	92,000	23
2001	87,000	38,000	07
2002	<u>116,000</u>	<u>54,000</u>	<u>09</u>
	<u>936,000</u>	<u>184,000</u>	<u>88</u>

The following observations are made.

(a) A large number of generators which were successful at the commencement had become inoperative after a short period due to various reasons. However, attention had not been paid to carry out a study to grant financial assistance with a view to achieving the optimum use of the project. According to information available, the project had failed in 04 schools which were given Rs.40, 000 as financial assistance in the year 1999 and 2 schools which were given Rs.29, 000 as financial assistance in the year 2001.

(b) Although financial assistance of Rs.90,000 had been given to 09 schools in the North and East in the year 1999, follow up action had not been taken to ensure that the work is at operational level.

3:3 Delays in the settlement of Advances

The following advances had not been settled even up to the date of this report.

<u>Purpose and Period of Advances</u>	<u>Recipient</u>	<u>Value</u> Rs.
(a) For the erection of name boards in schools 2000-2001	Zonal Directors of Education	14,000
(b) For providing Internet facilities to schools December 2001	Export Development Board	120,000

Following facts will be considered to release financial assistance to establish bio gas chambers in schools.

- Request of the school and ability to establish and maintain a bio gas chamber.
- Willingness to bear the part of the cost by the school concerned.

Attention had been paid to carry out a study on inoperative bio gas chambers and necessary instructions have been provided. Written instructions have been issued to other schools with a view to achieving the optimum use of the project and attention of the Coordinating Directors of Education have been drawn in this regard.

Due to security situation prevailed in the North and East, follow up action had not been taken to ensure that the work is at operational level and it was not practical to physically inspect and review the progress of the bio gas chambers. However, Provincial Coordinating Directors of Education have been instructed to supervise the work.

This advance has been granted to maintain Communication Centres and Inventors Clubs established in school system and to buy small things related to inventions and to erect name boards, in schools. All the money has been credited to the official account of the Director of Education and relevant receipts have been received to the Commission. Action has been taken to obtain expenditure reports for the settlement of the advances. Relevant Coordinating Directors of Education also have been informed regarding this. Number of expenditure reports have been received now and immediate action will be taken to settle these advances.

This advance has been settled by the voucher No. 164/2003

3:4. **Personal**

A retired officer over the age of 60 years had been employed as an advisor on contract basis, solely on the approval of the Ministry.

The monthly programmes of work of the Advisor had not , in most instances, included duties of an advisory nature

3:5 **Budgetary Control**

Significant variances between the budget and the actuals under some of the items were observed, thus indicating that the budget had not been made use of as an effective instrument of management control.

4. **Systems and Controls**

Special attention is needed in respect of the following areas of control.

- (a) Internal Check
- (b) Recruitment of Staff

(S.C Mayadunne)
Auditor General

For the fulfillment of the expected targets of the Commission service of a retired Additional Director of Education has been obtained as a Consultant on daily paid basis only for a limited number of days per month. This officer has been employed with the approval of the line ministry, until fill one of the two vacancies in the post of Deputy Director.

Since there had been a dearth of staff at the time and the former Deputy Director resigned from the post, this officer has been employed as a Consultant and he also entrusted with the other duties in addition to the duties of advisory nature.

Relevant estimates, budget and provisions for the year 2003 has been carried out in coordination with the relevant divisions, according to the instructions given and zero base budget system introduced by the government. Special attention has been paid to use the budget as an effective instrument of management control.

Dr.L.M.K. Tillekeratne
Commissioner