2024

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செயலாற்றுகை அறிக்கை

Performance Report

රජයේ කර්මාන්තශාලා දෙපාර්තමේන්තුව

அரசாங்கத் தொழிற்சாலைத் திணைக்களம்

DEPARTMENT OF GOVERNMENT FACTORY

Annual Performance Report for the year 2024
Department of Government Factory
Expenditure Head No- 310

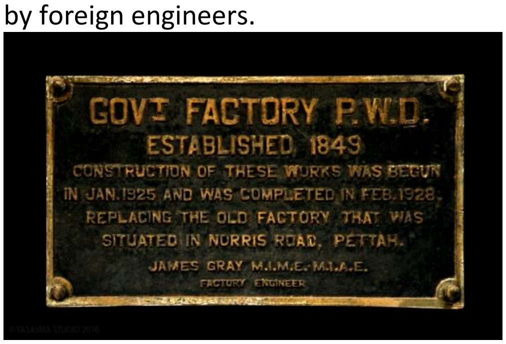
Contents Page No.

Chapter 01 Institutional Profile/ Implementation overview

1.1 Introduction

The Department of Government Factory, which was initially established in 1849 at Gas Works Street, Colombo, as a sub-department of the Public Works Department, was later relocated in 1928 to its present location near the Oil Installation on Kolonnawa-Dematagoda Road.

During its formative years, the Department has contributed to the development of infrastructure facilities such as roads, bridges, irrigation systems and buildings and the activities of the Department have been handled by foreign engineers.



Until 1969, the Public Works Department carried out these operations, after which its civil engineering activities—such as the construction and maintenance of highways and buildings—were entrusted to the Department of Highways and the Department of Buildings. Meanwhile, mechanical engineering functions were entrusted to the Department of Government Factory, established as a Class “A” department on 10 January 1971.

Bolgoda steel bridge –Side view

Bolgoda Bridge- Front View

20 January 1938

Since then, the Department of Government Factory has operated under the advance account system of the General Treasury, providing essential mechanical engineering support services required for the operation of various government institutions. Over time, the department has functioned under several ministries, including the Ministry of Lands and Land Development, the Ministry of Housing, Construction and Public Utilities, the Ministry of Housing, Construction and Plantation Infrastructure, the Ministry of Housing, Construction and Engineering Services, the Ministry of Housing, Construction and Cultural Affairs, and currently under the Ministry of Urban Development, Construction and Housing.

Today, the Department of Government Factory holds a leading position in the Sri Lankan market for the design and installation of water control gates. Most of the water control gates in major irrigation projects recently completed by the Department of Irrigation—such as Weheragala, Deduru Oya, Pah Aru, Rajanganaya, Thondamanaru, Attikkawa, and Rambakan Oya reservoirs—were designed, manufactured, and installed by this department.

Additionally, the department has undertaken the design and installation of purification tanks for potable water supply projects.

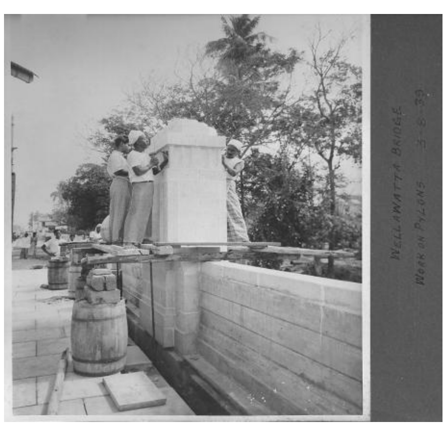
In addition to the above goods and services, the department also carries out numerous advisory and essential services assigned through financial regulations, various ordinances, and gazette notifications.

It is the premier government institution providing technical training required to produce skilled craftsmen, graduates, and chartered engineers in the field of mechanical engineering within the country.

Furthermore, the Department of Government Factory undertakes major construction works in highly secured areas and for state ceremonies—tasks that is difficult for the private sector to accomplish.

As the products and services in the field of mechanical engineering are carried out by the Government Factory under the work advance and stores advance accounts system, this Department can be termed as a unique department that handles commercial activities of the public sector.

To pay salaries for the departmental officers and workers engaged in production and maintenance activities, an income of approximately Rs. 12 million per month must be generated from customers, as no funds are provided by the General Treasury for this purpose.



Wellawatta Bridge
03 August 1939

In line with the Sri Lanka National Quality Policy, the Department of Government Factory successfully obtained the ISO 9001:2008 international quality system certifications in 2013. The measures taken to achieve this certification enhanced the department's efficiency, and in 2024, the certification was updated to ISO 9001:2015, valid until 2025.

Additionally, the certifications from CIDA for EMI (Heavy Steel Fabrication) have been renewed until 2025, EMF (Elevators, Escalators & Revelators) until 2024, and SP2 (Carpentry & Joinery) until 2025. The department has also registered with TVEC for welding and lathe technology training programs, enabling further development in the services provided to customers.

Thoppuwa Bridge
24 October 1938

1.2 Vision and Mission of Department

Vision

"To become the apex public sector institution providing products, services and training in the field of mechanical engineering through sustainable development"

Mission

Providing Quality products, Works & Services, Consultations, Training of Engineers, Apprentices, Craftsman & Technicians in the field of Mechanical Engineering for all Public & Private sector Organizations' and Institutions.

1.3. Main subject areas of the Department

(a) Manufacturing sector

Production of metal and timber items for public and private sectors

1. Manufacturing of irrigation water management equipment, hospital equipment
2. Manufacturing timber items for offices, educational and judicial institutions
3. Manufacturing various cast iron and non-ferrous products for highways and other constructions and machinery and accessories
4. Manufacturing chevrons, stars, number tags for Police Department
5. Postal franks with date, month and year for the Postal Department
6. Steel bridges
7. Water treatment tanks
8. Signage

(b) Construction sector (Heavy fabricating)

1. Designing, fabricating and installing various types of gates and accessories for irrigation sluices and reservoirs.
2. Constructing protective fences and protective roofs for historically important Buddha statues and temples.
3. Constructing iron truss buildings
4. Fabricating timber and metal roofs of buildings
5. Erecting guest shelters, stages and receiving lines for special guests attending state ceremonies and saluting dais for welcoming foreign heads of state.
6. Iron bridges
7. Water treatment tanks

Department of Government Factory

(c) Repairing and maintenance sector

1. Repairing machinery and equipment of, hospitals and ayurveda institutes, prisons and small industries.
2. Repairing gates and accessories of water management sluices of Irrigation Department.
3. Repairing and maintaining furniture of offices
4. Maintaining and repairing typewriters and air conditioners
5. Servicing vehicles of government institutions.

(d) Mechanical engineering services

1. Provision of institutional training for post engineering and engineering undergraduates and apprentices of various training institutes.
2. Providing quality reports for the repaired machinery and equipment of state sector institutions.
3. Extending technical assistance to technical evaluation committees, disposing committees and assessment committees of state sector institutions.
4. Mechanical engineering products and services and provision of consultancy services.

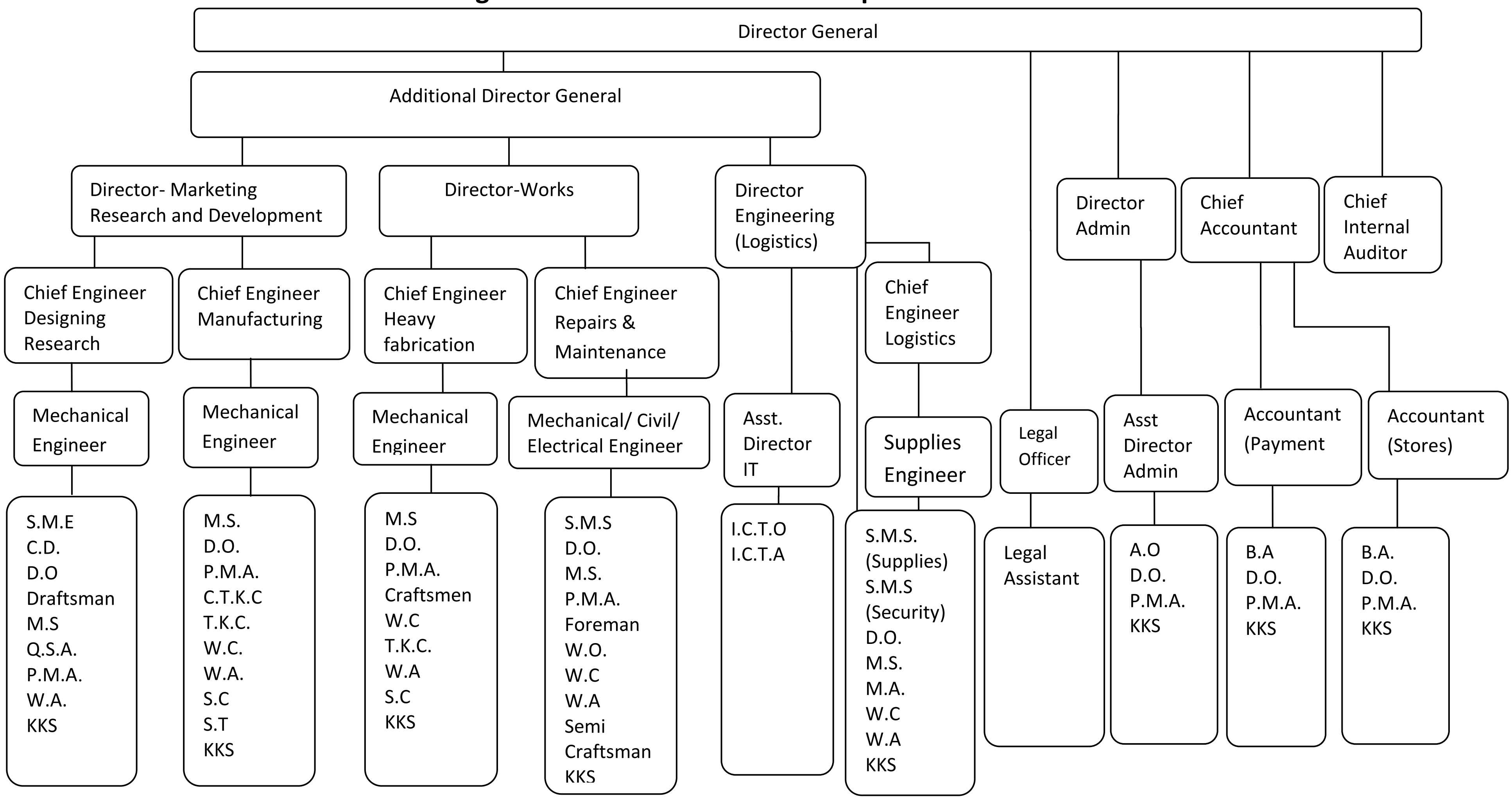
1.4 Current Major Production Activities and Services Provided

No	Organization	Services provided
01	Department of irrigation	Fabricating and installing radial gates and other cast iron, wood ad ferrous water management gates and accessories
02	Hospitals	Powder coated stainless steel products, hospital and household equipment
03	Police Department/Ministry of Defense	Chevrons, name boards, mechanical sirens, official number tags
04	Department of Posts	Postal franks with years, months and dates, household equipment and tools, iron based products
05	Department of Railways	Cast iron and ferrous products
06	Rehabilitation/ Ayurveda hospitals	Installing and maintaining machinery
07	Road Development Authority	Road barriers and signage, manhole frames and lids
08	Water Supply and Drainage Board	Construction/installation/ repairing water treatment plants
09	Department of Elections	Making ballot boxes, provision of household items
10	Department of Moto Traffic	Partitioning, repairing roof and engraving chassis numbers and engine numbers
11	All public sector institutions	Furniture and other wooden products
12	All public/private institutions	Screen printing, digital printing, sign boards, carving and engraving
		Embossing, state emblems
		Making doors and windows, wall paneling (carving), partitioning (aluminium and timber)
		Cutting, drilling, boring, welding work and smithy work, all mechanical work, planning, CNC, milling
		Heavy fabricating work, light fabricating work and smithy work and aluminium fabricating work
		Electromechanical work, designing and making control panel boards, electrical installation and repairs
		Electroplating
13	Chartered engineers, Engineering undergraduates, apprentices of technical institutions.	Provision of practical training in the mechanical engineering field.

1.5 Contented clientele of our department

No	Institution	Services provided
01	Ministry of Sports	Making wooden doorframes and doors and windows
02	Treasury	Making wooden doorframes and doors and windows
03	Department of Elections	Making and repairing ballot boxes making sign boards
04	Gafoor building- Colombo 01	Making wooden doorframes and doors and windows
05	President's House (Anuradhapura/Nuwaraeliya)	Making wooden doorframes and doors and windows
06	Department of Irrigation	Designing, fabricating, maintaining and repairing water control gates
07	Government hospitals	Powder coating and repairing all hospital furniture (iron and stainless steel)
08	Department of Police	Manufacturing chevrons, household appliances, Bunker Beds (Steel and Wooden)
09	Department of Posts	Postal franks with years, months and dates, household equipment and tools, sign boards and constructing buildings on iron frames
10	Ministry of Justice	Wooden furniture, record room shelves, sign boards
11	Department of Archeology/ Central Cultural Fund	Designing, fabricating, installing Iron canopies for antiquities, sign boards, museum furniture, manufacturing and installing street lamp posts
12	Department of Railways	Brake pads and equipment required for railway signals
13	Ministry of Foreign Affairs	Carrying out ferrous and wooden furniture maintenance work and repairing
14	Road Development Authority/ Provincial Road Development Authority	Fabricating and installing iron bridges, making sign boards
15	National Water Supply and Drainage Board	Designing, making and installing water treatment tanks

1.6 Organizational Structure of the Department



SMS - Senior MechanicalSuperintendent
- Development Officer
T.K.C. - Timekeeper Clerk
Q.S.A. - Quantity Surveying Asst
M.S.O. - Management Services Officer
K.K.S. - Karyala Karya Sahayaka

C.D. - Chief Draftsman
S.M.S.Se. - Senior Mechanical Superintendent Security)
A.O. - Administrative Officer
W.C. - Workshop Clerk
S.C. - Semi Craftsman
W.A. - Workshop Assistant

S.M.S.Su. - Senior Mechanical Superintendent Supplies D.O.
M.S. - Mechanical Superintendent
W.A. - Work Administrator
B.A. - Budgetary Assistant
W.O. - Welfare Officer
I.C.T.O. - Information Communication Technical

Officer

1.7 Progress of development programmes implemented in the year 2024 (As at 31.12.2024) – Work done advances

	Project details	Target 2024		Progress as at 31.12.2024	
		Estimate (Rs. mn)	Physical (%)	Cost (Rs. mn)	Physical%
1	Fabrication and installation of 01 no of Sluices gate and fixed wheel gate in Uwa Kuda oya	145	100	7.44	5
2	Fabrication, Installation ,dismantling and transportation of VVIP,VIP huts for national Independence day	48	100	39.42	100
3	Fabrication ,Supplying and Installation of cast iron sluices gates emergency gate and trash rack in Ellewewa	30	100	3.56	12
4	ELECTRO MECHANICAL UNIT (Shop 01) - Machining, Maintenance & Repair works of private & public sector	10	100	4.45	45
5	HEAY FABRICATION UNIT (Shop 02) -Other Work (State Function and Balance work)	20	100	68.31	100
6	CARPENTRY UNIT (Shop 03) (Fabrication of Wooden furniture for state and private sector)	20	100	18.09	90
7	LIGHT FABRICATION UNIT- (Shop 04) Manufacturing of Hospital Furniture	20	100	28.20	100
8	FOUNDRY UNIT - (Shop 06) Casting of Ferrous & Non Ferrous items for Public & Private sector	30	100	41.68	100
9	LIGHT ENGINEERIN UNIT - (Shop 07) Light Engineering works for Public & Private Sector	18	100	26.50	100
10	Upholstering section (Shop 14)	02	100	2.64	100
11	Maintenance section (Shop 16)	03	100	9.14	100
	Total	**346**		**246.28**	

In the year 2024, several sluice gate maintenance and installation activities related to water management were carried out. These activities are as follows:

1. Installation of a hydraulic hoisting system for the sluice gates of the Uva Kuda Oya reservoir.
2. Installation of sluice gates at the Ellewewa reservoir.
3. Installation of sluice gates at the Uva Kuda Oya reservoir.
4. Installation of a flood control gate for vehicle underpass at the Colombo Medical Faculty premises.
5. Repairs to the sluice gates of the Ariyalai and Navakkuli reservoirs.
6. Upgrading of the hoisting system of the sluice gates at the Pulugunavi reservoir.

Water control gates at Thondamanaru barrage

Fabricating gates for Oliyamulla

Nawakkuli Barrage

Independence Day Stage

Morana

Casting Products

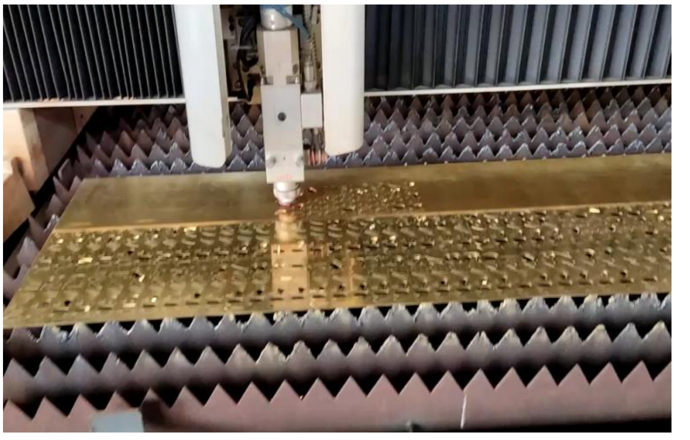
Water Gates of Pulugunavi Project

Grab Bucket Repair

Water Control Gate – Medical Faculty

Uva Kuda Oya – Uma Oya Project

The use of new technology

CNC Milling Machine


CNC Lathe Machine

Laser Cutter


CNC Plasma Cutter

Plano Miller Machine

Mini Cupola

Aluminum die casting

Induction Furnace

Paragraph 02 – Progress and the future outlook

Achievements and Challenges Encountered During the Implementation of Development Projects in 2024

Special Achievements

- In 2024, the ISO 9001:2015 International Quality Management System certification was successfully renewed.
- In addition, CIDA certification for EMI (Heavy Steel Fabrication) was renewed in 2024.
- EMF (Elevators, Escalators & Revelators) was also renewed in 2024.
- SP2 (Carpentry & Joinery) was renewed in 2024 as well.
- Competed successfully with the private sector to fabricate and install water control gates at minimal cost.
- Replaced traditional production machinery by procuring modern, advanced machinery and tools to enhance efficiency and produce high-quality materials.

Challenges

- Continuous vacancies in technical and administrative staff and the lack of a proper recruitment mechanism.
    - Example: Due to persistent driver vacancies, the department cannot operate its Lorries and cranes, resulting in the need to hire them externally at extra cost, which increases overall expenses and project completion time.
- Lack of established market demand for engineering and construction services, and absence of regulatory bodies to explore new opportunities.
- Payments due from government agencies for completed work are not received on time.
- Adherence to strict public procurement procedures under state policies limits competitiveness with the private sector.
- Inability to furnish performance bonds, bid bonds, and other required sureties.
- Lack of opportunities to recruit into the PL category since 2013, leading to unfilled positions and continued human resource challenges.

Future Goals

- Re-engage in discussions to reclaim lost orders from the Irrigation Department, hospital furniture orders, and orders from Police and Postal Departments.
- Manufacture and supply tools for highway projects domestically rather than importing them.
- Develop a process to manufacture and provide general engineering and carpentry products and services for the public.
- Establish a training institute in line with the current requirements of the country.
- Implement measures to increase production capacity by engaging the private sector.

03- Financial Performance of the year

3.1 Statement of Financial performance statement

3.2 Performance on the utilization of allocated provisions

3.3 Performance on donations and other receipts

3.4 Performance on reporting non-financial assets

3.5 Auditor General's Report

3.1 Statement of Financial performance statement

ACA(F)

Statement of Financial Performance
For the Period Ended 31st December 2024
Department of Government Factory

Revised Budget Allocations 2023 Rs		Note	Actual 2024	Actual 2023	
	Revenue Receipts				
	Income Tax	1			ACA-1
	Taxes on Domestic Goods & Services	2			ACA-1
	Taxes on International Trade	3			ACA-1
	Non Tax Revenue & Others	4			ACA-1
	Total Revenue Receipts (A)		-	-	
	Non Revenue Receipts				
	Treasury Imprests		338,687,744	238,390,000	ACA-3
	Deposits		46,074,944	44,817,959	ACA-4
	Advance Accounts		510,897,796	643,411,167	ACA-5
	Other Main Ledger Receipts		-	-	
	Total Non Revenue Receipts (B)		**895,660,485**	**926,619,126**	
	Total Revenue Receipts & Non Revenue Receipts C = (A)+(B)		**895,660,485**	**926,619,126**	
	Remittance to the Treasury (D)		136,713,966	16,895,180	
	Net Revenue Receipts & Non Revenue Receipts E = (C)-(D)		**758,946,519**	**909,723,946**	
	Less: Expenditure				
	Recurrent Expenditure				
91,543,000	Wages, Salaries & Other Employment Benefits	5	88,820,886	88,317,269	ACA-2(ii)
1,900,000	Other Goods & Services	6	61,858,082	42,242,728	ACA-2(ii)
1,200,000	Subsidies, Grants and Transfers	7	884,682	1,168,218	ACA-2(ii)
0	Interest Payments	8	-	-	ACA-2(ii)
20,000,000	Other Recurrent Expenditure	9	2,016,780	70,758,134	ACA-2(ii)
114,643,000	**Total Recurrent Expenditure (F)**		**153,580,430**	**202,486,349**	
	Capital Expenditure				
36,300,000	Rehabilitation & Improvement of Capital Assets	10	36,300,000	20,898,057	ACA-2(ii)
45,000,000	Acquisition of Capital Assets	11	44,947,644	1,998,225	ACA-2(ii)
0	Capital Transfers	12	-	-	ACA-2(ii)
0	Acquisition of Financial Assets	13	-	-	ACA-2(ii)
1,500,000	Capacity Building	14	1,466,693	1,691,793	ACA-2(ii)
1,000,000	Other Capital Expenditure	15	797,866	1,000,000	ACA-2(ii)
83,800,000	**Total Capital Expenditure (G)**		**83,512,202**	**25,588,075**	
	Main Ledger Expenditure (H)				
	Deposit Payments		37,638,908	45,598,953	ACA-4
	Advance Payments		434,644,445	588,750,173	ACA-5
	Other Main Ledger Payments			-	
	Tostal Main Ledger Expenditure (H)		**472,283,354**	**634,349,127**	
	Total Expenditure I = (F+G+H)		**709,375,986**	**862,423,550**	
	Balance as at 31st December J = (E-I)		**49,570,533**	**47,300,395**	
	Imprest Adjustment Account as at 31st December		**49,553,403**	**47,300,395**	ACA-7
	Imprest Balance as at 31st December		17,130	-	ACA-3

2

ACA(P)

Statement of Financial Position
As At 31st December 2024
Department of Government Factory

	Note	Actual 2024 Rs.	2023 Rs.
Non Financial Assets			
Property, Plant & Equipment	ACA-6	1,054,175,497	1,009,227,853
Financial Assets			
Advance Accounts	ACA-5/5(a)	(285,863,163)	(209,609,812)
Cash & Cash Equivalents	ACA-3	17,130	-
Total Assets		768,329,464	799,618,041
Net Assets / Equity			
Net Worth to Treasury		(317,336,486)	(232,647,098)
Property, Plant & Equipment Reserve		1,054,175,497	1,009,227,853
Rent and Work Advance Reserve	ACA-5/5(b)		
Current Liabilities			
Deposits Accounts	ACA-4	31,473,323	23,037,286
Imprest Balance	ACA-3	17,130	-
Total Liabilities		768,329,464	799,618,041

Detail Accounting Statements in ACA format Nos. 1 to 7 presented in pages from 6 to 36 and Annexures to accounts presented in pages from 37 to 44 form an integral part of these Financial Statements.The Financial Statements have been prepared in accordance with the Government Financial Regulations 150 & 151 and State Accounts Guideline No. 06/2024, dated 16.12.2024and hereby certify that figures in these Finacial Statements, Notes to accounts and other relevant accounts were reconciled with theTreasury Books of Accounts and foundin agreement.

We hereby certify that an effective internal control system for the financial control exists in the Reporting Entity and carried out periodic reviews to monitor the effectiveness of internal control system for the financial control and accordingly make alterations as required for such systems to be effectively carried out.

Chief Accounting Officer	Accounting Officer	Chief Financial Officer/ Chief Accountant/ Director (Finance)/ Commissioner (Finance)
Name : R. Ariyarathne	Name : A. Wijesingha	Name : W.H.C. Himali
Designation : Secretary	Designation : Director General	
Date :	Date :	Date : 2025.03.21

3

Statement of Cash Flows
For the Period Ended 31st December 2024
Department of Government Factory

ACA (C)

	ACTUAL 2024 Rs.	2023 Rs.
Cash Flows from Operating Activities		
Total Tax Receipts		
Fees, Fines, Penalties and Licenses		
Profit		
Non Revenue Receipts		
Revenue Collected on behalf of Other Revenue Heads	35,147,211	16,883,010
Imprest Received	338,687,744	238,390,000
Recoveries from Advance	510,493,270	645,297,160
Deposit Received	46,074,944	44,817,959
Total Cash generated from Operations (A)	930,403,170	945,388,128
Less - Cash disbursed for:		
Personal Emoluments & Operating Payments	151,401,573	200,206,380
Subsidies & Transfer Payments	884,682	1,168,218
Expenditure incurred on behalf of Other Heads	85,678,131	67,181,148
Imprest Settlement to Treasury	136,713,966	16,895,180
Advance Payments	434,556,577	588,750,173
Deposit Payments	37,638,908	45,598,953
Total Cash disbursed for Operations (B)	846,873,838	919,800,053
NET CASH FLOW FROM OPERATING ACTIVITIES (C)=(A)-(B)	83,529,332	25,588,075
Cash Flows from Investing Activities		
Interest	-	-
Dividends	-	-
Divestiture Proceeds & Sale of Physical Assets	-	-
Recoveries from On Lending	-	-
Total Cash generated from Investing Activities (D)	-	-
Less - Cash disbursed for:		
capital expenditure	83,512,202	25,588,075
Total Cash disbursed for Investing Activities (E)	83,512,202	25,588,075
NET CASH FLOW FROM INVESTING ACTIVITIES(F)=(D)-(E)	(83,512,202)	(25,588,075)
NET CASH FLOWS FROM OPERATING & INVESTMENT ACTIVITIES (G)=(C) + (F)	17,130	0
Cash Flows from Fianacing Activities		
Local Borrowings	-	-
Foreign Borrowings	-	-
Grants Received	-	-
Total Cash generated from Financing Activities (H)	-	-
Less - Cash disbursed for:		
Repayment of Local Borrowings	-	-
Repayment of Foreign Borrowings	-	-
Total Cash disbursed for Financing Activities (I)	-	-
NET CASH FLOW FROM FINANCING ACTIVITIES (J)=(H)-(I)		-
Net Movement in Cash (K) = (G) + (J)	17,130	-
Opening Cash Balance as at 01st January	-	-
Closing Cash Balance as at 31st December	17,130	-

4

3.2 Utilization of Allocated Provisions Performance Rs. 000

Type of provision	Allocated provisions		Actual cost	to use Allocation Completed Final Allocation Amount as %
	Original provision	Final provision		
Repetitive	167,000	179,443	153,580	86%
Capital	83,300	83,800	83,512	97%

3.3 Performance on donations and other receipts

Institution donated	Purpose of donation	Donation amount
NIL	NIL	NIL

3.4 Non-financial assets reporting performance Rs. 000

<table>
<tr><th>Assets Code</th><th>Code description</th><th>Balance as per the assets survey report as on 31.12.2024</th><th>As on 31.12.2023 Balance as per statement of financial position</th><th>To be accounted for in the future</th><th>Reporting progress as %</th></tr>
<tr><td>9151</td><td>Buildings and structures</td><td rowspan="4">Stable Provision to carry out survey work on the above items under asset survey Balances cannot be given as per goods survey report due to non availability.</td><td>408,971</td><td rowspan="4">Comparisons have been made between the commodity survey report and the financial status report for the year 2025.</td><td rowspan="4">100%</td></tr>
<tr><td>9152</td><td>Machinery
Vehicles</td><td>332,825
72,379</td></tr>
<tr><td>9153</td><td>Land</td><td>240,000</td></tr>
<tr><td>9160</td><td>WIP</td><td>-</td></tr>
</table>

3.8 Auditor General's Report

Director General
Department of Government Factory

<u>Head 310 - Summary Report of the Auditor General on the Financial Statements of the Department of Government Factory for the year ended 31 December 2024 in terms of Section 11(1) of the National Audit Act No. 19 of 2018</u>.

1. Financial Statements

1.1 Qualified Opinion

Head 310 -The audit of the financial statements of the Department of Government Factory 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, 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. My comments and observations on these financial statements submitted to the Department of Government Factory in terms of Section 11(1) of the National Audit Act No. 19 of 2018 are included in this report. In terms of Section 11(2) of the National Audit Act No.19 of 2018, the annual detailed management audit report was issued to the Chief Accounting Officer on 29th May 2025. The report of the Auditor General that should be submitted in terms of Section 10 of the National Audit Act, No 19 of 2018 which should be read in conjunction with sub section 154 (6) of the Constitution of the Democratic Socialist Republic of Sri Lanka will be tabled in the Parliament in due course.

In my opinion, except for the effects of the matters described in paragraph 1.6 of this report, the accompanying financial statements give a true and fair view of the financial position of the Department of Government Factory as at 31 December 2024, and its financial performance for the year then ended in accordance with generally accepted accounting principles.

1.2 Basis for Qualified Opinion

My opinion is qualified on the basis of matters set out in paragraph 1.6 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 my report. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

1.3 Highlighting a matter – Basis of the preparation of financial statements

Attention is drawn to Note-1 relevant to the financial statements which describes the basis of the preparation of financial statements. Financial statements have been prepared for the need of the Department of Government Factory, the General Treasury and the Parliament in terms of Financial Regulations 150 & 151 and State Accounts Guidelines No. 06/2024 dated 16th December 2024. Therefore these guidelines may not be suitable for other purposes. My report is aimed at the use of only the Department of Government Factory, the General Treasury and the Parliament of Sri Lanka. My opinion on this matter will not be modified.

1.4 Responsibilities of Chief Accounting Officer on Financial Statements

In compliance with Financial Regulations 150 & 151 and State Accounts Guidelines No. 06/2024 dated 16th December 2024, it is the responsibility of the Chief Accounting Officer to determine the internal controls required for the preparation of financial statements that reflect a fair view regarding all materialities for the preparation of financial statements without material misstatements that may result from 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 annual and periodic financial statements to be prepared.

The Accounting Officer shall ensure that an effective internal control system is maintained and maintained for the financial control of the Department in terms of sub-section 38 (1) (c) of the National Audit Act and it should be periodically reviewed the effectiveness of the system and make any necessary changes to keep the system running efficiently.

1.5 Auditor's Responsibility on Audit of Financial Statements

My objective is to express a reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue the audit report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Sri Lanka Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.

- Evaluate the structure of financial statements including disclosures and content-based transactions and events the structure that the financial statements are appropriate and reasonable.

- 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.

I will communicate to the Chief Accounting Officer regarding the significant audit findings, including any significant deficiencies in internal control that I have identified during the audit.

1.6 Comments on financial statements

1.6.1 Government Officers' Advance "B" Account

(a) Adhering to advance limits

Though a request has been made by letter No: MUDC&H/2024/AD/B/01 to revise the minimum debt limit of the Government Officers' Advance "B" Account approved by the budgetary estimate (Item No: 31001) from Rs. 16,000,000 to Rs. 13,000,000, approval thereto has not been received. However, in the reconciliation statement submitted to the audit, the approved revised debit limit has been incorrectly indicated as Rs. 14,000,000.

(b) Maintenance of documents

i. In terms of Paragraph 14.9 of Chapter xxiv of the Establishments Code of the Democratic Socialist Republic of Sri Lanka, a CC10 general format register should be maintained to record the recovery of advances and monthly interest. In maintaining this CC10 register, it was observed at the sample testing that the interest of each month had not been computed and indicated and the aggregate of loans and interest recoveries too had not been indicated.

ii. Though the Department should have maintained a waiting list inclusive of the name of the officer requesting a loan advance, salary number, the date request was made, the matter for which the loan was requested and the loan amount, such a register had not been maintained.

1.6.2 Stores Advance Account

(a) As per F.R. 501, Stores Advance Account are not expected to result in losses, nor are they worked on a profit and stocks of materials are computed at the price they are purchased. In the foreword of the Stores Advance Account of the year 2024, it has been stated that stocks are released by adding 8 percent to the cost to cover the expenditure for purchasing, storing and operational activities. A deficit of Rs. 4,177,325 was indicated in accounts having deducted a sum of Rs. 67,342,343 as issuing cost of the goods issued during the year and a sum of Rs. 9,031,952 as employee expenditure and supplies expenditure.

(b) The value of the balance of issues exceeding expenditure in the receipts and issues account of the year under review (Rs. 4,177,325) was indicated in the balance sheet less Rs. 968,003 as Rs. 3,209,321

1.6.3 Work Done Advance Account

(a) Out of the balance of Rs. 16,892,320 existed at the beginning of the year in the debtor over receipt account, a debtor balance of Rs.3,458,808 had been specifically identified and accounted by the end of the year and a balance of Rs. 13,433,512 had not been identified.

(b) Due to 02 sales invoices totaling Rs. 615,377 included in the monthly invoice summary submitted to the audit not being included in the sales income, the sales in the Work Done Advance Account had been understated by that amount.

(c) Instead of adjusting 06 sales invoices totaling Rs. 4,177,300 which had been missed in calculating the sales income of years 2022 and 2023 to the profit of the previous year and being included in the sales of this year, the profit of the year had been overstated by that amount.

(d) As a result of cash sales of Rs. 19,615,678 being accounted as sales on credit in the year under review, debtor balances had been overstated by that amount.

(e) In terms of the policy for recognizing revenue, though the goods finished and handed over to clients during the relevant year and the project expenditure are deemed as the turnover, invoices to the value of Rs. 61,056,929 had been issued for 04 uncompleted projects and that amount had been accounted as sales on credit. Due to the inability to finalize these tasks during the accounting year, the sum of Rs. 40,765,416 obtained as advances had been removed from the sales account and credited the advance account. There was no evidence to the effect that the remaining balance of Rs. 20,291,513 had been removed from the relevant accounts.

(f) Though Rs. 19,916,346 had been adjusted to the cumulative profit In order to correct prior period errors, no disclosure in that regard had been made in terms of section 54 of Sri Lanka Public Sector Accounting Standard 03.

(g) As per the payment analysis, though the value of overtime payment of September 2024 was Rs. 1,310,015, as a result of it being copied to the overtime payment account as Rs. 1,296,368, the overtime expenditure had been understated by Rs. 13,641.

(h) According to the statement of financial position as at 31 December 2022, the amount of debtor balances in the years 2008 and 2009 was Rs.36,941,553, but according to the committee report approved by the Secretary of the Ministry for write-off, the amount of debtors in the years 2008 and 2009 was Rs.4,045,992. In spite of that, the abovementioned total balance of Rs.36,941,553 related to the years 2008 and 2009 in the financial statements had been fully written off.

1.6.4 Lack of evidence for audit

Evidence in respect of the following transactions and balances was not submitted to the audit.

Item	Value Rs.	Lack of evidence
Motor vehicles	70,508,827	
Depreciation of motor vehicles	120,429	
Machinery	354,294,760	Detailed schedules
Depreciation of machinery	6,525,302	
Depreciation reserve fund	1,682,924	
Debtors	57,183,874	Balance confirmation certificates
F.R.503(1) adjustments -payments	36,010,388	Detailed schedules
F.R.503(1) adjustments – receipts	7,838,301	

1.6.5 Non-maintenance of registers and books

During the sample audit inspections, it was revealed that the following documents had not been maintained by the Department of Government Factory.

Types of documents	Relevant regulation	Observation
Register of losses & damages	Provisions of F.R. 110	Had not been maintained up to date.
Register of liabilities	Provisions of F.R. 445	Had not been maintained up to date.
Fixed assets register	Provisions of F.R. 502(2)	Had not been maintained up to date.
Stock books	Provisions of F.R. 751	Had not been maintained up to date.

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 following recommendations made by me on the financial statements of the preceding year had not been implemented.

Paragraph reference relevant to previous year's report	Recommendation not implemented	Paragraph reference of this report
1.6.1 (b)(ii)	According to the statement of financial position as at 31 December 2022, the amount of debtor balances in the years 2008 and 2009 was Rs.36,941,553, but according to the committee report approved by the Secretary of the Ministry for write-off, the amount of debtors in the years 2008 and 2009 was Rs.4,045,992. In spite of that, the abovementioned total balance of Rs.36,941,553 related to the years 2008 and 2009 in the financial statements had been fully written off.	1.6.3 (h)

3. Financial Review

3.1 In terms of Section 3.4 of the State Accounts Guidelines 3.4 dated 06 December 2024, variation between total net provision and actual expenditure with reasons for the variation should be furnished in ACA -2(ii) under each object code. It is not required to furnish such explanation for savings less than 5% of the net total provision of Rs. 10,000/- whichever is higher. The reason for variation in respect of object codes 310-2-1-1001 and 310-2-1-1409 had not been furnished.

3.2 Exceeding limits

Though approval was sought from the Cabinet of Ministers by letter No: MUDC&H/2024/AD/B/01 dated 12 December 2024 to increase the maximum debit limit from Rs. 40,000,000 to 80,000,000, the decrease the minimum receipt limit from Rs. 200,000,000 to Rs. 50,000,000 and increase maximum liability limit to Rs. 60,000,000 from Rs. 50,000,000 as a result of exceeding the limits for stores advances purposes during the year under review, the approval has not been received hitherto. The letter of the Director General of Budgets for this purpose too has still not been received.

(b) Though a request has been made by letter No: MUDC&H/2024/AD/B/01 to revise the minimum debt limit of the Government Officers' Advance "B" Account approved by the budgetary estimate (Item No: 31001) from Rs. 16,000,000 to Rs. 13,000,000, approval thereto has not been received.

3.3 Incurring of liabilities and commitments

(a) Though liabilities have not been reported in the statement of commitments and liabilities in the financial statement, commitments amounting to Rs. 2,866,424 have been incurred by the end of the year under review.

(b) Though F.R.94(1) stipulates that except where otherwise provided for, no expenditure or commitment shall be incurred by any department for work, service or supply, unless financial provision exists therefore in the Annual Estimates, as a result of preparing estimates without a proper study or plan, commitments amounting to Rs. 1,535,278 exceeding provisions had been incurred in respect of estimates of 06 expenditure items.

3.4 Certification of the Accounting Officer

Although the Accounting Officer should certify on the following matters in accordance with the provisions of Section 38 of the National Audit Act, No. 19 of 2018, it had not been complied with.

(a) The Chief Accounting Officer should ensure that an effective internal control system for the financial control exists 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 and even though such reviews should be made in writing and submitted a copy to the Auditor General, the statements that such reviews were made had not been furnished to audit.

(b) Though the Chief Accounting Officer and the Accounting Officer should ensure that replies to audit queries are made within the prescribed time periods as required by the Auditor General, replies to audit queries had not been provided as evident from paragraph 4.5 of this report.

2.3 Non-compliance with laws, rules and regulations

Instances of non-compliance with laws, rules and regulations observed during the sample audit inspections are given below.

Reference to Laws, Rules and Regulations	Non-compliance
(a) Establishment Code of	In inspecting 60 housing units of 06 storied building at the

Democratic Socialist Republic of Sri Lanka Paragraph 6.4 of Chapter xix	Sanhainda Sevana multi-storey housing complex, 33 units had not been inspected as they remained closed and the housing inspection board had reported that out of 27 houses inspected, 06 had been rented out. Though it had been specified in the relevant regulation that subleasing of housing units and keeping boarders or guests in return of payment were prohibited, it was observed that out of the officers to whom houses had been rented, houses allocated to 03 officers remained in their custody even up to 20 January 2025.
(b) Code of Financial Regulations of the Democratic Socialist Republic of Sri Lanka Financial Regulation No. 504(1)	At the end of the each quarter statements of trade debtors, trade creditors, finished goods, raw materials, stores and supplies and the prescribed limits of the Advance Accounts had not been prepared and forwarded to the Chief Accounting Officer with a copy to Auditor General.
(c) Financial Regulation 756(6)	The disposal report of 2023 had not been forwarded having taken action regarding goods referred to in General 47 report.
Assets management circular 01/2017 of Treasury Secretary dated 28.06.2017 bearing No.MF/CG/02/(iv)	Information to be furnished to Comptroller General under the documentation of all nonfinancial assets of the government for the management of assets and cost had not been forwarded.
Public Accounts Circular No. 06/2024 dated 16.12.2024	(i) Though only the relevant formats out of the financial reporting formats introduced for the preparation of accounts should be used, revenue statement relating formats from ACA -1 to ACA -1 (iii) which are not relevant had been included.
	(ii) Though savings and excesses should be indicated as a percentage of the revised estimate in ACA-2(ii) format, percentages of object codes of higher financial value had been stated.
	(iii) Since the transfer of funds of Rs. 900,000 as per F.R. 66 between Heads of Expenditure 1301 and 1304 in Programme No. 02 had not been included in ACA-2 (i) format, an erroneous value had been included in the format as the net provision of those Heads of Expenditure.

3.6 Deposits

Action had not been taken in terms of F.R. 571(3) as too the contract retention cash deposit balance of Rs. 616,800 and deposit balance retained temporarily for the repayment to third parties amounting to Rs. 3,610,228 not settled for a period exceeding two years.

4.1 Performance

4.1.1 Vision and Mission

The Department of Government Factory was established on 10 January 1971 as a Class "A" department to carry out mechanical engineering functions.

Accordingly, the vision of the Department is to become the apex public sector institution providing products, services and training in the field of mechanical engineering through sustainable development. The functions of the Department pans out under four areas as manufacturing sector, construction sector (heavy fabricating) repairing and maintenance and mechanical engineering services.

4.1.2 Not acquiring the expected output

In the renovation of the roof of the second floor of the Ministry of Health, the department had submitted a bill of Rs. 3,780,162 for the work done up to 28 November 2024 stating that it had completed the renovation by removing and repairing dangerously dilapidated sections and that portion of work amounted to approximately 25 percent of the agreed amount of work. Even though the Department could have obtained a 20 percent advance in terms of the Code of Procurement Guidelines, without doing so, the department had used its own funds for the implementation of the project. It was observed that money receivable for the work done had not been received even by January 2025.

4.1.3 Delays in the execution of projects

The Department of Posts having agreed to the cost estimate of Rs. 104,412,899 submitted by the Sri Lanka Engineering Corporation, had paid Rs. 3,795,000 31 December 2018. However, since it was confirmed in the discussion held on 13 January 2019 that the soil of the land proposed for the relevant construction is not suitable, a total amount of Rs.22,199,572 as Rs.10,710,572 on 14 March 2019 and Rs.7,694,000 on 06 March 2020 had been collected by this Department from the Department of Posts stating that the construction would be carried out according to a new plan in another location. However, a progress was witnessed even during the year under review and the progress of the project was only 10 percent by 31 December 2024. Despite the lapse of 06 years, action had not been taken either to complete the project or return the received money.

4.1.4 Annual Performance Report

Though the Annual Performance Report should be submitted mot later than one hundred and eighty days after the closure of every financial year in terms of Section 47(4) of the Public Finance Management Act, No 44 of 2024 and according to paragraph 10(2) of the Public Finance Circular 2/2020 dated 28 August 2020, the annual performance report should be prepared as per format set forth in Guidelines No.14 issued by the Department of Public Finance. Accordingly, though the Annual Performance Report should be submitted together with the annual financial statement to the audit in terms of Section 16(02) of the National Audit Act No. 19 of 2018, it had not been complied with.

4.2 Assets Management

(a) The showroom with a floor area of 265 square meters constructed opposite the factory building for displaying goods manufactured in the Government Factory had not been used for that purpose and had remained closed for a prolonged period of time.

(b) 03 vehicles belonging to the Department valued at Rs. 2.2 million were in a condemned condition and action had not been taken to repair and put to use or dispose.

4.3 Officers required to give security

In terms of the provisions of FR 880, though officers who are administratively responsible for, or who under delegation are entrusted with, the receipt or custody of public money, revenue stamps or stores, or the disbursement of public money or the issue of stamps or stores and those who certify vouchers or sign cheques on Government Account will be required to give security in accordance with the Public Officers (Security) Ordinance (Cap. 612) for the faithful discharge of their duties, the Additional Director General, Assistant Director (Admin), Assistant Director (Planning), Chief Engineer, Engineer, Chief Accountant, Accountant, Storekeeper and drivers had not given security.

4.4 Losses and Damages

(a) On two occasions during the year under review, it had been reported that thieves had broken into workshop premises and stolen electric equipment and goods from Workshop No. 11 (current Workshop No. 16). It was observed that as a result of not taking appropriate action to strengthen security of the institution after goods and equipment were stolen on the night of 15 June 2024, thieves had broken into the premises again at night on 17 June 2024 and had stolen goods and equipment. The value of the goods stole on the two days had been estimated at Rs. 263, 842 and the loss incurred by the institution as a result of thieves stealing undocumented and haphazardly stored goods at the premises of the institution could not be calculated.

(b) On 22 October 2024, thieves had broken into the showroom by breaking the front glass of the showroom and had stolen valuable goods and equipment. It was observed at the audit that action had not been pursued in this regard in terms of FR 103(1) and FR 104(1). It was observed that security measures had not been adopted to prevent thefts despite thieves breaking into the premises of the institution on three occasions in the same year.

4.5 Not replying to audit queries

Replies had not been given to audit query No. CAE/A/GF/AQ/2025/01 dated 20th March 2025 and audit query No. CAE/A/GF/AQ/2025/02 dated 25th March 2025 even by 30th April 2025.

4.6 Management inefficiencies

(a) Employees of each work unit of the Department had taken away tools and equipment having made entries in the transit sheets to carry out work as per orders received from external institutions. Though action should be taken to return such tools and equipment to the factory after the completion of the work at external institutions. They had not been returned even by 25th January 2025, the date of audit. It was observed that responsible officers had not taken necessary action to retrieve these tools and equipment back to the factory as per details recorded in the relevant documents.

(b) The Department had not obtained title certificates or deeds to prove legal ownership of the land located at Kolonnawa Divisional Secretary Division on which the Government Factory is maintained.

(c) For the upgrading of the existing system for the proper carrying out activities such as stock controlling, stock ordering, purchasing, preparation of estimates which had been irregularly carried out due to the shortcomings in the hitherto existed old computer system of the Department of Government Factory, a private supplier had been selected having invited quotations in the year 2021 and the relevant supplier had been paid Rs. 2,954,700 on 31 December 2021. Though it had been stated in the specifications that the store orders would automatically be created at the reordering level and presented for approval, it was observed that manually written store orders were being submitted to the purchasing division.

(d) Non-recovery of loan balances in arrears of Government Officers' Advance 'B' Account

(i) The Department had not taken action to recover the distress loan balance of Rs. 126,340 receivable from an officer transferred to the Colombo Municipal Council in 2016 despite the lapse of 08 years.

ii. Loan balances amounting to Rs. 420,905 receivable for more than 20 years from 04 retired officers had not been recovered even by the end of the year under review.

iii. Loan balances of Rs. 125,500 and Rs. 177,800 respectively from two retired officers had not been recovered for a period ranging from 1 to 5 years.

iv. Action had not been taken to recover up to now the loan balances of Rs. 142,650 and 27,640 respectively from two officers interdicted in the year 2009 and 2023.

v. Action had not been taken to recover loan balances totaling Rs. 242,500 of 5 officers who had vacated their posts more than 10 years ago and loan balances totaling Rs. 59,800 of two officers who had vacated their posts more than 20 years ago even by the end of the year under review.

5. Sustainable Development

All public institutions should act in terms of United Nations 2030 agenda on sustainable development and though several sustainable goals had been identified during the year under review, the Department had failed to definitively identify and execute the the indicators relevant thereto.

6. Human Resources Management

Details of approved and actual cadre as at 31 December 2024 are given below.

Employee category	Approved cadre	Actual cadre	Vacancies
Senior	31	17	14
Tertiary	10	02	08
Secondary	282	114	168
Primary	445	158	287
Total	**768**	**291**	**477**

The Department had not taken action either to fill vacancies of 477 posts or to revise the number of posts as per requirements.

H.A.D. Chandani Abeysinghe
Senior Assistant Auditor General
For Auditor General (Acting)

Chapter 04- Performance Indicators

4.1 Performance Indicators of the Department (Based on the Action Plan)

Special indicators	Actual output as a % of the expected output		
	100% - 90%	75% - 89%	50% - 74%
Work done advance			√
Capital expenditure			√

Chapter 05 – Performance in achieving Sustainable Development Goals

5.1 Identified Sustainable Development Goals

Goal/objective	Targets	Achievement indicators	Progress of the achievement to date		
			0% - 49%	50% - 74%	75% - 100%
Provide Clean water & Sanitary Facilities	100%	Installation of water filters for balance workshops & units			√
Reduce energy consumption (water, electricity)	100%	Installation a rain water harvesting tank for gardening and washing			√
Increasing utilization of renewable energy sources	100%	Installation of solar power yard lightning units	√		

5.2 Achievements and challenges in attaining SDGs

- Installation of 10 water filters for balance workshops & units.
- Installation of 1 rainwater harvesting tank for gardening and washing.
- Insufficient allocations for the installation of solar panels in 2024.

Chapter 06 –Human Resources Profile

6.1 Carder Management

Level	Approved carder	Present work force	Vacancies / excers
Senior	31	17	14
Tertiary	10	02	08
Secondary	282	114	168
Primary	445	158	287
Total	**768**	**291**	**477**

6.2 Impact of Human Resource Shortages / Surpluses on Organizational Performance

- The approved cadre for primary grades is 445, while there are currently 287 vacancies.
- Due to the shortage of officers in the executive and secondary grades, multiple responsibilities have been assigned to a limited number of individuals, which has negatively affected the efficiency of those tasks.
- When several projects must be carried out simultaneously, the lack of adequate staff has a significant impact on overall performance.
- Salaries and wages for the existing production staff and primary-grade employees are paid from the Work Done Advance Account. Hence, recruitment decisions must also take this financial capacity into consideration.

6.3 Contribution of training programs for the performance of the institution-2024

No	Name of the program	No of employees trained	Duration of the program	Overall investment (Rs)	Type of training (Local, foreign)	Knowledge acquired after training
1.	Leave I	78	01 day	0.00	Local	Satisfactory
2.	Leave II	78	01 day	0.00	Local	Satisfactory
3.	Leave III	48	01 day	0.00	Local	Satisfactory
4.	Measurements	60	01 day	0.00	Local	Satisfactory
5.	Office Administration and Organizational Culture	45	01 day	0.00	Local	Satisfactory
6.	Financial Regulations	17	01 day	0.00	Local	Satisfactory
7.	Training Program Related to Computer Usage	33	01 day	0.00	Local	Satisfactory
8.	Technical Instructions on Bearing Usage and Maintenance	22	01 day	0.00	Local	Satisfactory
9.	ISO Auditing Related Five ‘S’ Concepts	101	01 day	0.00	Local	Satisfactory

For the year 2024, a provision of Rs. 1.5 million was approved for training programs under expenditure head 310-2-1-0-2401. Accordingly, for the year 2024, approximately 98% of the allocated Rs. 1.5 million was spent as follows:

No	Name of the program	Number of employees trained	Duration of the program	Overall investment (Rs)	Type of training (Local, foreign)	Knowledge acquired after training
1	P.L.C.	10	Day 05	55,000.00	Local	Satisfactory
2	Quality and preparation of moulding sands	14	Day 01	25,000.00	Local	Satisfactory
3	CPD Course Welding Technology for Engineering Professionals -IESL	05	Day 03	86,000.00	Local	Satisfactory
4	Grinding Gap Filling Programme	02	Day 03	67,500.00	Local	Satisfactory
5	Design of Anti Corrosive Coating for Metal – CPD Course	01	Day 03	17,200.00	Local	Satisfactory
6	Work shop on Transport	02	Day 01	14,000.00	Local	Satisfactory

	Management					
7	Predictive Maintenance Basic Machine Installation Procedures, Vibration Analysis Dynamic Balancing	15	Day 01	60,000.00	Local	Satisfactory
8	Training Course on Parametric 3D Modeling using Solid works	02	Day 01	90,000.00	Local	Satisfactory
9	Labour Law for Engineers - CPD course -IESL	03	Day 04	27,300.00	Local	Satisfactory
10	Plant Transporter Driver Training Programme CIDA	01	Day 01	55,000.00	Local	Satisfactory
11	Computer Aided 3D modeling using Auto CAD	01	Day 01	28,000.00	Local	Satisfactory
12	Awareness program on the requirements of the ISO 9001:2015 standard	36	Day 01	128,287.05	Local	Satisfactory
13	Process mapping and simulation modeling for performance improvement	02	Day 04	128,000.00	Local	Satisfactory
14.	Discipline and Attitude Development	110	Day 01	2,100.00	Local	Satisfactory
15.	Salary Conversions	45	Day 01	3,000.00	Local	Satisfactory
16.	Fitter – NVQ Assessment Fee	06		60,000.00	Local	Satisfactory
17.	Pre Assessment for Awarding National Vocational Qualification of Logistics Operations (Store Keeper)	01	Day 01	8,000.00	Local	Satisfactory
18.	MEng (Research) – Intake 2022	01		100,000.00	Local	Satisfactory
19.	Public Procurement Procedures Practices	01		18,100.00	Local	
20.	Administrative Officer Capacity Development	01	Day 03	15,000.00	Local	Satisfactory
21.	One-day training on investigations conducted under FR 104 (Financial Regulation 104)	02	Day 01	10,000.00	Local	Satisfactory
22.	Filing	02	Day 01	10,000.00	Local	Satisfactory
23.	Duties and Responsibilities of Leave Clerks	01	Day 01	13,000.00	Local	Satisfactory

Chapter 07 - Compliance Report

No.	Applicable Requirement	Compliance Status (Complied/Not complied)	Brief explanation for non-compliance	Corrective actions proposed to avoid non-compliance in future
1	**The following Financial statements/accounts have been submitted on due date**			
1.1	Annual financial statements	Complied		
1.2	Advance to public officers account	Complied		
1.3	Trading and Manufacturing Advance Accounts (Commercial Advance Accounts)	Complied		
1.4	Stores Advance Accounts	Complied		
1.5	Special Advance Accounts	-		
1.6	Others	-		
2	**Maintenance of books and registers (FR 445)**			
2.1	Fixed assets register has been maintained and updated in terms of Public Administration Circular 267/2018.	Complied		
2.2	Personal emoluments register/ Personal emoluments cards has been maintained and updated.	Complied		
2.3	Register of Audit queries has been maintained and updated.	Complied		
2.4	Register of Internal Audit reports has been maintained and updated.	Complied		
2.5	All the monthly account summaries (CIGAS) are prepared and submitted to the Treasury on due date.	Complied		
2.6	Register for cheques and money orders has been maintained and update	Complied		
2.7	Inventory register has been maintained and updated.	Complied		
2.8	Stocks Register has been maintained and updated.	Complied		
2.9	Register of Losses has been maintained and updated	Complied		
2.10	Commitment Register has been maintained and updated.	Complied		
2.11	Register of Counterfoil Books (GA — N20) has been maintained and updated.	Complied		
3	**Delegation of functions for financial control (FR 135)**			
3.1	The financial authority has been delegated within the institute.	Complied		
3.2	The delegation of financial authority has been communicated within the institute.	Complied		
3.3	The authority has been delegated in such manner so as to pass each transaction through two or more officers.	Complied		
3.4	The controls have been adhered to by the Accountants in terms of State Account Circular 171/2004 dated 11.05.2014 in	Complied		

	using the Government Payroll Software Package.			
4.	**Preparation of Annual Plans**			
4.1	The annual action plan has been prepared.	Complied		
4.2	The annual procurement plan has been prepared.	Complied		
4.3	The annual Internal Audit plan has been prepared.	Complied		
4.4	The annual estimate has been prepared and submitted to the National Budget Department (NBD) on due date.	Complied		
4.5	The annual cash flow has been submitted to the Treasury Operations Department on time.	Complied		
5	**Audit queries**			
5.1	All the audit queries has been replied within the time specified by the Auditor General	Complied		
6	**Internal Audit**			
6.1	The internal audit plan has been prepared at the beginning of the year after consulting the Auditor General in terms of Financial Regulation 134(2)) DMA/1-2019.	Complied		
6.2	Answers have been submitted to all internal audit reports within a period of one month.	Complied	Other reasons due to Covid-19 pandemic	Making relevant parties aware as to other delays except those which are beyond the control of the institution
6.3	Copies of all the internal audit reports has been submitted to the Management Audit Department in terms of Sub-section 40(4) of the National Audit Act No. 19 of 2018.	Complied		
6.4	All the copies of internal audit reports have been submitted to the Auditor General in terms of Financial Regulations 134(3)	Complied		
7	**Audit and Management Committee**			
7.1	Minimum 04 meetings of the Audit and Management Committee has been held during the year as per the DMA Circular 1-2019.	Complied		
8	**Asset Management**			
8.1	The information about purchases of assets and disposals was submitted to the Comptroller General's Office in terms of Paragraph 07 of the Asset Management Circular No. 01/2017.	Complied		
8.2	A suitable liaison officer was appointed to coordinate the implementation of the provisions of the circular and the details of the nominated officer was sent to the Comptroller General's Office in terms of Paragraph 13 of the aforesaid circular.	Complied		

8.3	The boards of survey was conducted and the relevant reports submitted to the Auditor General on due date in terms of Public Finance Circular No. 05/2016.	Complied		
8.4	The excesses and deficits that were disclosed through the board of survey and other relating recommendations, actions were carried out during the period specified in the circular.	Complied		
8.5	The disposal of condemned articles had been carried out in terms of FR 772.	Complied		
9	**Vehicle Management**			
9.1	The daily running charts and monthly summaries of the pool vehicles had been prepared and submitted to the Auditor General on due date.	Complied		
9.2	The condemned vehicles had been disposed of within a period of less than 6 months after condemning.	Complied		
9.3	The vehicle logbooks had been maintained and updated.	Complied		
9.4	The action has been taken in terms of F.R. 103, 104, 109 and 110 with regard to every vehicle accident.	Complied		
9.5	The fuel consumption of vehicles has been retested in terms of the provisions of Paragraph 3.1 of the Public Administration Circular No. 30/2016 of 29.12.2016.	Complied		
9.6	The absolute ownership of the leased vehicle logbooks has been transferred after the lease term.	Complied		
10	**Management of Bank Accounts**			
10.1	The bank reconciliation statements had been prepared, got certified and made ready for audit by the due date.	Complied		
10.2	The dormant accounts that had existed in the year under review or since previous years settled.	Not Complied		
10.3	The action had been taken in terms of Financial Regulations regarding balances that had been disclosed through bank reconciliation statements and for which adjustments had to be made, and had those balances been settled within one month.	Complied		
11	**Utilization of Provisions**			
11.1	The provisions allocated had been spent without exceeding the limit.	Complied		
	The liabilities not exceeding the provisions that remained at the end of the year as per the FR 94(1).	Complied		
12	**Advances to Public Officers Account**	Complied		
12.1	The limits had been complied with.	Complied		
12.2	A time analysis had been carried out on the	Complied		

	loans in arrears.			
12.3	The loan balances in arrears for over one year had been settled	Not Complied		Action is taken from the year 2020 to check the balances every month and settle same.
13	**General Deposit Account**			
13.1	The action had been taken as per F.R.571 in relation to disposal of lapsed deposits.	Complied		
13.2	The control register for general deposits had been updated and maintained.	Complied		
14	**Imprest Account**			
14.1	The balance in the cash book at the end of the year under review remitted to Treasury Operations Department.	Complied		
14.2	The ad-hoc sub imprests issued as per F.R. 371 settled within one month from the completion of the task.	Complied		
14.3	The ad-hoc sub imprests had been issued without exceeding the limit approved as per F.R. 371.	Complied		
14.4	The balance of the imprest account had been reconciled with the Treasury books monthly.	Complied		
15	**Revenue Account**			
15.1	The refunds from the revenue had been made in terms of the regulations.	Complied		
15.2	The revenue collection had been directly credited to the revenue account without credited to the deposit account.	Complied		
15.3	Returns of arrears of revenue forward to the Auditor General in terms of FR 176.	Complied		
16	**Human Resource Management**			
16.1	The staff has been maintained within the approved cadre.	Not Complied		
16.2	All members of the staff have been issued a duty list in writing.	Complied		
16.3	All reports have been submitted to MSD in terms of their circular no.04/2017 dated 20.09.2017.	Complied		
17	**Provision of information to the public**			
17.1	An information officer has been appointed and a proper register of information is maintained and updated in terms of Right to Information Act and Regulation.	Complied		
17.2	Information about the institution to the public have been provided by Website or alternative measures and has it been facilitated to appreciate / allegation to public against the public authority by this website or alternative measures.	Complied		
17.3	Biannual and Annual reports have been submitted as per section 08 of the RTI Act.	Complied		
18	**Implementing citizens charter**			

18.1	A citizens charter/ Citizens client's charter has been formulated and implemented by the Institution in terms of the circular number 05/2008 and 05/2018(1) of Ministry of Public Administration and Management.	Complied		
18.2	A methodology has been devised by the Institution in order to monitor and assess the formulation and the implementation of Citizens Charter / Citizens client's charter as per paragraph 2.3 of the circular.	Complied		
19	**Preparation of the Human Resource Plan**			
19.1	A human resource plan has been prepared in terms of the format in Annexure 02 of Public Administration Circular No.02/2018 dated 24.01.2018.	complied		
19.2	A minimum training opportunity of not less than 12 hours per year for each member of the staff has been ensured in the aforesaid Human Resource Plan.	Not complied		
19.3	Annual performance agreements have been signed for the entire staff based on the format in Annexure 01 of the aforesaid Circular.	Not compiled		
19.4	A senior officer was appointed and assigned the responsibility of preparing the human resource development plan, organizing capacity-building programs and conducting skill development programs as per paragraph No.6.5 of the aforesaid Circular.	Complied		
20	**Responses to Audit Paragraphs**			
20.1	The shortcomings pointed out in the audit paragraphs issued by the Auditor General for the previous years have been rectified	Complied		