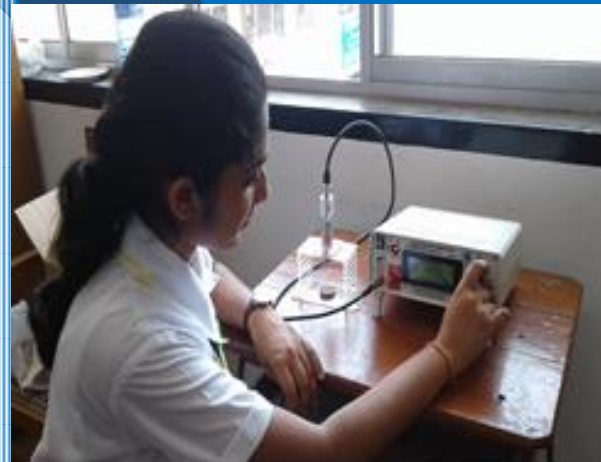




SRI LANKA ATOMIC ENERGY BOARD



ANNUAL REPORT
2016

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ABOUT US

Sri Lanka Atomic Energy Board (SLAEB) is a Government institution which promotes the peaceful applications of Nuclear Science and Technology in Sri Lanka. It establishes necessary infrastructure and maintains existing facilities in the country. SLAEB provides a wide variety of services to the nation using that technology. In addition, protection of general public and the environment against unwarranted exposure to ionizing radiation is also undertaken by SLAEB.

VISION

Sustainable Development of the Nation through Nuclear Science and Technology.

MISSION

Promote and encourage peaceful applications of nuclear science and technology and utilize its benefits for socio-economic development of the country while ensuring safety, security and quality, and

Provide radiation protection services to facilitate protection of workers, the public and the environment from exposure to unwarranted ionizing radiation.

OUR PRINCIPLES AND CORE VALUES

Staff of the SLAEB is committed to high standards of professionalism, safety/security and ethical behaviour in the peaceful use of nuclear technologies for the benefit of the nation. These core values are fundamental in all activities and underpin the way in which the strategic directions of the programmes will be delivered.

- **Safety, Security and Sustainability:** *ensuring safety, security and environment when utilizing nuclear science and technology, and contributing to sustainable development;*
- **Honesty, Openness and Integrity:** *building trust and respect within the institution with all other stakeholders through effective communication;*
- **Collaboration and Responsiveness:** *understanding stakeholders' needs, fostering cooperation and teamwork, embracing new ideas and recognising new trends;*
- **Competence and Professionalism:** *striving to improve standards of expertise and delivery to our stakeholders.*

BOARD OF MANAGEMENT

The Sri Lanka Atomic Energy Board (SLAEB) is managed by a Board of Management appointed by the Minister of the line ministry in terms of Section 6 of the Sri Lanka Atomic Energy Act No. 40 of 2014. The Members of the Board of Management of SLAEB from January to December 2016 were:

Name	Title
Mr. Lakshitha Jayawardhana Chairman,	Sri Lanka Atomic Energy Board Attorney-at-Law
Prof. S.R.D. Rosa Member	Professor of Physics Head, Department of Physics, University of Colombo
Dr. J.M.C. Udugama Member	Consultant Medical Doctor in Nuclear Medicine
Mr. Chanuka Wattegama Member	Consultant Senior Lecture, NIBM
Mr. Sampath Chandrasena Member	Assistant Network Manager University Grant Commission
Mr. A.P. Kurumbalapitiya Member	Director, Department of State Accounts Ministry of Finance
Mr. G.L.R. Prasanga Member	Research Assistant University of Sri Jayewardenepura
Mr. Cyril Kasige Non-Voting Member	Director General Sri Lanka Atomic Energy Board
Mr. H.A.K.R. Tissera Observer	Senior Assistant Secretary Ministry of Power & Renewable Energy

SENIOR MANAGEMENT

Name	Title	Qualification
Mr. C. Kasige	Director General (22.08.2015-2016.12.31)	B.Sc. Hons. (Peradeniya) M.Sc. (Colombo)
Ms. S.S. Kulatunga	Director (Sri Lanka Gamma Centre)	B.Sc. (Colombo) M.Sc.(Colombo)
Ms. M.C.S. Seneviratne	Director (Industrial Applications Division)	B.Sc. Hons (Sri J. Pura) M.Sc. (Colombo)
Mr. Vajira A. Waduge	Director (Life Sciences Division)	B.Sc. Hons (Peradeniya) M.Sc.(Colombo)
Mr. T.M.R. Tennakoon	Director (National Centre for Non- Destructive Testing)	B.Sc. Physics Special. Hons (Colombo) M.Sc.(Colombo) M.Phil (Materials Engineering - Moratuwa)
Mr. A. Jayalath	Director (General Scientific Division) Since 01.04.2016	B.Sc. (OUSL) M.Sc. (Colombo)
Mr. M.M.P. Wijsekera	Acting Director (Finance)	Certified Business Accountant (CBA) DBM (NIBM)
Mrs. W.M.A. Chandramali	Internal Auditor	Licentiate (ICASL) MPM (SLIDA)
Miss. Nilmini Neethangani	Deputy Director (Administration Division)	B.Com. (Sp.) (Sri J. Pura) MPA (PIM Sri J. Pura)
Mr. H.M.N.R. Bandara	Deputy Director (International Cooperation Division)	B.Sc.(sp) in Mgt. (Sabaragamuwa) MPM (SLIDA)

1. Chairman's Review



I am pleased to issue this message for 2016 Annual Report of the Sri Lanka Atomic Energy Board (SLAEB). This is the second Annual Report on functions of the SLAEB as well as my second message as the Chairman. However, Sri Lanka's application of nuclear science & technology for national development and her involvement in the international area as peaceful use of nuclear technology starts way back in 1950's by becoming a member state of International Atomic Energy Agency (IAEA).

After incorporation of the Sri Lanka Atomic Energy Act No. 40 of 2014, an organization which was more than four decades old the Atomic Energy Authority transformed into two distinct organizations. The Sri Lanka Atomic Energy Board as the promoter on nuclear science & technology is mandated to "the promotion and encouragement of the use of nuclear science & technology for national development purposes". Likewise, the Sri Lanka Atomic Energy Regulatory Council (SLAERC) is the regulator in this sphere.

SLAEB has five scientific divisions engaged in different aspects of nuclear science & technology and three supportive divisions to facilitate the smooth functioning of the Board. The five scientific divisions namely; Life Science Division, General Scientific Division (re designated as Radiation Protection & Technical Support Division), Industrial Application Division (re-named as Radiation Technology Applications Division), Sri Lanka Gamma Centre and National Centre for Non-Destructive Testing, provide services to both public & private sector customers; providing training and human resource development on nuclear technologies, and research & development activities related to nuclear science and technology applications.

Also, as the national focal point to IAEA, with the assistance of its technical corporation programs, several projects have been carried out either directly by SLAEB scientific staff or with the partnership of other national organizations. These projects are applying nuclear technology in the fields of; food safety, human health, water resource management, safety of the construction industry and agriculture. These activities are coordinated through the International Cooperation Division of SLAEB.

A comprehensive picture of work that has been carried out by the SLAEB during the year under review could be seen in the following pages. However it is worthwhile to note that we have achieved several targets, while some have been unsuccessful in the midst of adverse external environmental factors.

Even though, financial targets are not the only yardstick to ascertain the accomplishments of SLAEB, We could earn Rs. 77.4 million from the customer services provided in 2016 and it exceeded the target earning of Rs. 54.3 million for the year. This financial indicator can be considered as highlights to show that SLAEB is moving towards the right direction to achieve its vision.

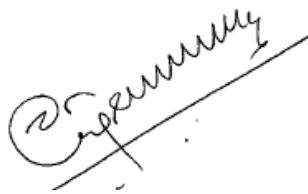
At this juncture, I would like to place on record my deep appreciation towards IAEA for the cordial relationship; the Agency has maintained with Sri Lanka throughout the past five decades.

I also like to thank Hon. Minister and Hon. Deputy Minister of Power and Renewable Energy for the leadership they are providing to our line ministry and the policy guidance given to us through the Ministry. Also, I would like to thank the Secretary to the Ministry of Power and Renewable Energy for his invaluable guidance, support and assistance provided to SLAEB to fulfill its mandate.

All the officers and staff of the Ministry have had a cordial working relationship with SLAEB and it has been definitely commendable. Without the unstinted support of my colleagues as the Board of Directors, it would have been impossible to steer SLAEB this far. Their commitment and engagement in policy making is truly praiseworthy.

I would also like to convey my appreciation for maintaining an excellent working relationship by the SLAERC as the regulator, during the year under review.

Last, but not least, I would like to appreciate the dedication and commitment of the Director General, all scientific and supportive staff of SLAEB for working hard to achieve the goals of SLAEB.



Lakshitha Jayawardhana

Attorney-at-Law

Chairman

Sri Lanka Atomic Energy Board

2. Director General's Message



Nuclear science and technology can help find solutions to many of the problems people face daily in life. When used safely and securely nuclear science and technology are effective in every aspect. Therefore, it is necessary to make available the facilities in Sri Lanka to harness the wealth of nuclear science and technology.

Since its establishment in 1969 our institute has been engaged in developing infrastructure facilities needed for implementation of nuclear science & technology in Sri Lanka and brought about significant improvements in the institutional activities as of now.

SLAEB has a board range of responsibilities with a strategic mission of providing and encouraging peaceful applications of nuclear technology and utilize its benefits for socio-economic development of the country while protecting radiation workers, the general public and the environment from harmful effects of ionizing radiation.

Herewith, I am proud to present the SLAEB's 2016 Annual Report. The report summarizes the progress of the year 2016 and its financial status. The following year for the SLAEB will be a challenging one. However, we will remain committed towards continuing to develop this organization as a high performing organization in Sri Lanka.

Overall, I believe that the SLAEB was successful in achieving its objectives for the year 2016, and we look forward to another challenging yet rewarding year of success.

A handwritten signature in dark ink, appearing to read 'Cyril Kasige', written over a light blue horizontal line.

Cyril Kasige
Director General
Sri Lanka Atomic Energy Board

3. Audit and Management Committee Review 2016

The Audit and Management Committee is constituted in accordance with the PED Circular No.55 dated 14.12.2010 issued by the Department of Public Enterprises, the Ministry of Finance and Planning.

The Audit and Management Committee of the SLAEB for the year 2016 consisted of the following members;

- Mr. A.P. Kurumbalapitiya Chairman to the Audit and Management Committee
- Prof. S.R.D. Rosa Committee Member
- Mr. Chanuka Wattagama Committee Member

The above three members are Members of the Board of Directors of Sri Lanka Atomic Energy Board and poses a wide range of experience in the areas of; Finance, Science and Administration.

A representative of the Auditor General (Mr. A.L.J. Wimalarathne/ Mr. K.D.N. Srilal) and Chief Internal Auditor of the Ministry of Power and Renewable Energy (Mr. S.K. Malawisooriya) also have attended meetings as observers.

The Internal Auditor acts as the convener and the Board Secretary / Legal Officer acts as the Secretary of the Audit and Management Committee. Mr. C. Kasige, Director General and Mr. M.M.P. Wijesekara, Acting Senior Deputy Director Finance and Administration also participate in committee meetings. Other Directors and Deputy Directors have also attended Audit Committee meetings by invitation as and when necessary.

Scope of the Committee

Having considered the objectives defined in the Public Enterprise Circular No. PED 55 dated 14.12.2010 and in the ‘Guideline for Good Governance’ of the Department of Public Enterprise, the Audit and Management Committee made maximum effort to achieve the objectives, mentioned in the above circular.

The committee fulfilled the requirements and the guidelines sent by the Department of Public Enterprises in conducting Audit and Management Committee Meetings.

Activities of the Committee during 2016

The Committee formally met four times during the year under review. The Audit and Management Committee reviewed and discussed the reports submitted by the Government Audit and Internal Audit carried out in the areas of operational and financial reviews. The Committee have reviewed these reports using their extensive experience and expertise, recommended additional controls and strategies that could be implemented where necessary to strengthen the existing internal control systems thus minimizing the possibility of occurrence and impact of fraud and errors, operational and financial risks faced by the entity.

Further Audit Committee reviewed the implementation of the recommendations made at the previous Committee meetings on a regular basis, and the Committee recommended to strengthen the Accounts Division and Internal Audit Division.

The committee also reviewed the internal audit functions with particular emphasis on the planning of the audit, scope of the audit and quality of the audit. Furthermore, the committee emphasized the importance of systems audit and recommended to carry out Systems Audit continuously.

The minutes of the Audit and Management Committee meetings are tabled at the subsequent meetings of the Board of Directors for their information and approval.

A.P. Kurumbalapitiya

Chairman to the Audit and Management Committee (Treasury Representative)

4. General Scientific Division

General Scientific Division's (GSD) responsibility was to provide required technical services to repair and maintain nuclear instrumentation, support innovations to develop nuclear instrumentation, to provide radiation protection services to meet regulatory requirements in Sri Lanka. In addition, GSD is responsible for fulfilling necessary requirements needed for ensuring safety and security systems establish with regard to radiation protection aspects.

4.1. Personnel Monitoring Service for Occupational Exposure Control (PMS)



Figure: 1
Reading a Dosimeter using
TLD Reader

The main objective of this program is to ensure the safety of radiation workers in the country. It is a mandatory requirement for all users of radioactive material and irradiating apparatus to be monitored by personal monitoring devices. The General Scientific Division provided island wide individual radiation monitoring service using Thermo Luminescence Dosimetry (TLD) badges. Approximately 900 badges have been issued per survey period for the year 2016. The GSD personal monitoring laboratory was accredited with Quality Management System in compliance with ISO 17025:2005.

4.2. Secondary Standard Dosimetry laboratory (SSDL) for Calibration of Instruments

Maintenance of Radiation Standards is essential for implementing radiation protection programme in the country. In order to ensure the safety of radiation workers, public and the environment, accurate measurements of radiation levels in workplaces where radioisotopes and radiation is used is essential. Thus, for the hospitals where radiotherapy and diagnostic radiology techniques are used, industry where radioisotopes and radiation are used, were provided with services by calibrating their radiation measurement instruments at the SSDL. Eighty two radiation monitoring instruments including in-house radiation monitoring instruments were calibrated in 2016 at the SSDL. Services were provided at subsidized rates. The total income generated from SSDL in 2016 is Rs. 234,550/=.

Other Services provided by SSDL

- i. Irradiation of TLDs for quality assurance of Personal Monitoring Service.
- ii. Arrangements were made with IAEA for verification of accuracy of therapy beam for cancer treatment at the radio therapy centers in the country.

- iii. Regular maintenance of reference and ancillary equipment and maintenance of reference radiation standards at SSDL.
- iv. Perform periodic tests to verify stability and accuracy of reference standards at SSDL.

Continual improvement of “Quality Management System” of SSDL was also carried out in 2016. Arrangements were made to obtain IAEA assistance to verify accuracy and traceability of SSDL results.

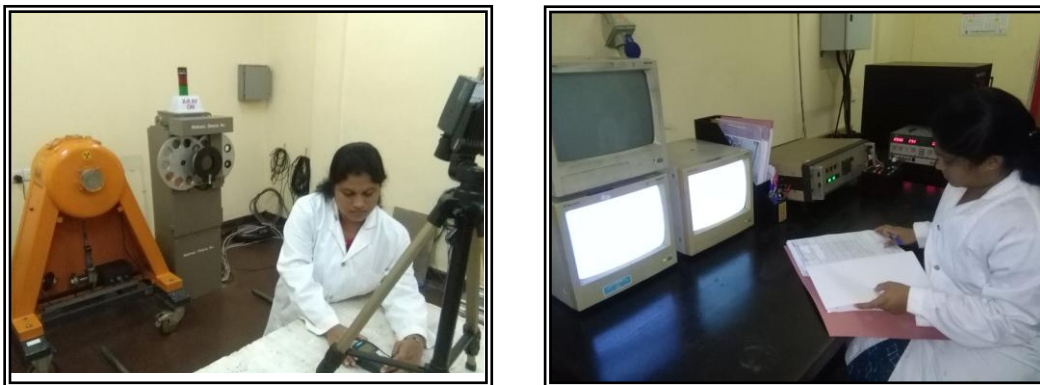


Figure 2: Attending the measurement activities at the SSDL

4.3. Preparedness and Response to Radiological and Nuclear Emergencies

SLAEB is the main organization in Sri Lanka having technical capabilities for responding to radiological and nuclear emergencies. SLAEB has been taking necessary technical steps needed to implement preparedness and response to radiological and nuclear emergencies. During the year 2016 following activities were carried out.

- i. Continuous monitoring of environmental radiation levels through the Nuclear Disaster Early Warning System. Eight stations having Nuclear Disaster Early Warning Systems were installed at KKS, Delft, Mannar, Puttalam, Colombo, Galle, Trincomalee and Kandy.
- ii. Periodic maintenance and calibration checks of the detectors at all stations were timely completed and maintained to make sure the systems are in operational condition at all times.



Figure 3: Remote monitoring Stations of Nuclear Disaster Early Warning System

4.4. Environment Monitoring Programme

The purpose of the environmental monitoring programme was to provide accurate information for emergency responders and decision makers and to provide data to the regulatory decision makers to establish national intervention levels and action levels. Under this programme following activities carried out in the year 2016.

- i. Ambient gamma radiation dose rate measurements and soil/grass sample analysis. Uploading the analysed data of soil and grass samples to the database were completed up to route number 10. (Figure: 4)
- ii. Conducting Radon gas concentration measurements at the premises of Pulmudai Mineral Sands Ltd.

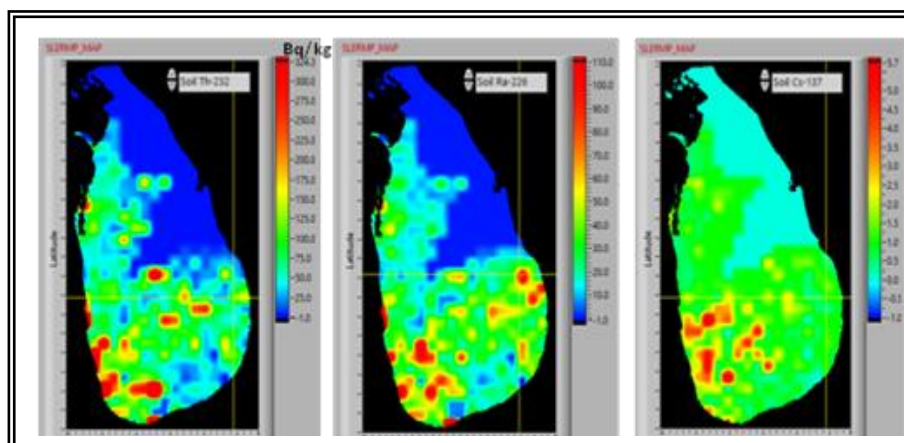


Figure 4: Distribution pattern of Thorium, Radium and Cesium nuclides in Soil

Mega port Surveillance Programme

This is a Coordinated Research Project (CRP) with the objective of the development of software for involuntary analyzing of detection alarms generated by the inspection detection systems. The advantage of this methodology is to improve the decision making procedure, avoiding or reducing unnecessary delays for secondary inspections and manual analyzing. All the countries involved in operating Mega-port programme and other countries having their own inspection detection systems have principally agreed to develop this software. Alarm generated contains data such as radiation dose levels, gamma spectrum, commodity types etc. Under this CRP 400 data sets were submitted to IAEA to develop analyzing algorithms.



Figure 5: Radiation monitoring of shipping containers at the Colombo port

4.5. Nuclear Security Program

Strengthening up of the detection capability of radioactive and nuclear material at main seaports and airports of the country is a key function of the Integrated Nuclear Security Support Plan (INSSP) introduced by IAEA.

Development of capabilities to overcome the Chemical Biological Radiation and Nuclear (CBRN) threat and response to such incident are major challenges in the modern world. SLAEB organized and conducted several CBRN Training Programmes and awareness programmes for Sri Lanka Army, Air Force, Navy, Police and Fire Brigade.



Figure 6: Conducting CBRN Training Programmes

4.6. Nuclear Instrument Development Programme

The SLAEB has launched a project to design a low-cost Geiger Muller (GM) counter kit that can be used for numerous educational purposes. During the year 2016, of 10 low-cost GM counters were fabricated.

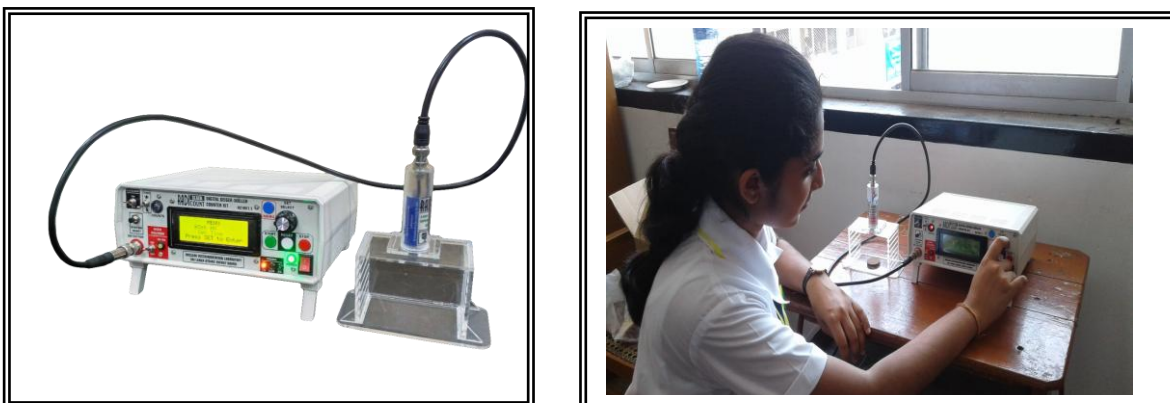


Figure 7: RAD COUNT System developed by the GSSD

4.7. ICT Applications

GSD provides IT support service for the office administration and scientific activities of the SLAEB. Office administration is a set of day-to-day activities that are related to financial planning, record keeping & billing, personnel, physical distribution and logistics, within the organization. For the implementation of scientific programmes, knowledge management and all other communication purposes computer technology and Information Technology is highly utilized by the SLAEB.

5. Industrial Application Division

5.1 Isotope Hydrology Section

Isotope Hydrology Program of the SLAEB assists water sector institutes/organisations in groundwater investigations by providing services and conducting research studies using isotope techniques in hydrology. Isotope Hydrology Section (IHS) conducted collaborative research studies with International Atomic Energy Agency (IAEA), Water Resources Board, University of Peradeniya and University of Colombo in 2016. Among them, river and lake water pollution study in River Kelani and Lake Gregory in Nuwara-Eliya and groundwater investigations in Nikawewa in Kurunegala District were supported by the IAEA. A brief description of the work done by the Isotope Hydrology Section in 2016 is as follows.

5.1.1. Isotopic Techniques in the Assessment of Deep Groundwater Resources in CKDu (Chronic Kidney Disease of unknown etiology) affected areas in Sri Lanka.

Study area:- Nikawewa; Started under the IAEA/RCA project (RAS/7/030)

The objectives of the project were to identify correlation (if any) between CKDu and groundwater sources and to find the clean drinking water sources for the community that is affected by Chronic Kidney Disease. The study is continued.

5.1.2. Isotope Investigation on Eutrophication of Rivers and Lakes under Stressed Conditions; Lake Gregory and River Kelani in Sri Lanka (IAEA CRP -F32007)

The objective of this study was to assess and improve the suite of isotopes and other chemical indicators to identify more accurately the sources of nitrogen pollution and eutrophication in River Kelani and Lake Gregory-Nuwara Eliya. The project is implemented under the IAEA-Coordinating Research Project F32007. The Central Environment Authority is the collaborating institute of this project. Two sampling sessions in each site were completed in 2016. Stable isotopes (^{18}O and ^2H) in water and chemical analysis were carried out in Isotope Hydrology Laboratory at SLAEB. Analysis of water samples for ^{15}N was done at IAEA laboratory.



Figure 8: Filtration of water samples collected for Nitrogen Isotope Analysis



Figure 9: Collecting water samples in Lake Gregory

5.1.3. IAEA/TC project to Investigate the Groundwater Sources in the Dry Zone in Sri Lanka

A project proposal was prepared and submitted to IAEA for consideration under 2018/2019 Technical Cooperation (TC) cycle of IAEA. The objective of the project was to identify the clean drinking water source in the dry zone in Sri Lanka using isotope hydrology techniques.

5.1.4. Assessment of Salinity Variation in River Kelani

This study was initiated in collaboration with Department of Nuclear Science of the University of Colombo. The objective of this study was to investigate the salinity distribution along River Kelani in different climatic conditions using isotopic tools.

5.1.5. Investigation of Sea Water Intrusion into Colombo-Negambo Aquifer System

This project was conducted with the support of Water Resources Board (WRB) and Department of Geology-University of Peradeniya. The objective of the research was to gather necessary data required for the groundwater model which expected to be developed by WRB for Colombo-Negambo aquifer system.

5.1.6. Maintaining Rain-water Collection stations for IAEA's GNIP network

Rain-water collecting stations (Colombo, Katugastota and Jaffna) established under Global Network of Isotopes in Precipitation (GNIP) programme of International Atomic Energy Agency (IAEA) were maintained in collaboration with Department of Meteorology. Under this project, rain-water was collected monthly in each station. Samples were analyzed in both SLAEB and the IAEA laboratories for stable isotope compositions. The results are continuously being provided to the GNIP database maintained by IAEA. The isotope results of rain-water in above stations are freely available in the IAEA's GNIP database and can be used for hydrological, ecological and climate change studies in local, regional and global scale.

5.2. Radiation Processing Section (RPS)

RPS functions under the Industrial Applications Division. mainly concentrates on Research and Development (R & D) activities. In 2016 RPS was engaged in two IAEA / RCA projects namely, RAS/8/109 “Radiation Degradation of Natural Polymers (Chitin/Chitosan)” and RAS/1/014 “Radiation Processing for Development of advanced Grafted Materials for Industrial Application and Environmental Preservation”.

5.2.1. Achievement under RAS/8/109 during the year 2016

Plant growth promoter/elicitor and fungicide named as CHITO POWER-01 & CHITO POWER-02 were developed under RAS/8/109 by the national project team and completed field trails. Were completed using those products.

The management of the SLAEB has decided to go-ahead with suitable private sector collaborator for commercializing the CHITO POWER product.

5.2.2. Achievement under RAS/1/014 during year 2016

A field visit was conducted to observe “test trial site” for the Super water absorbent (SWA) project of Cowpea in Regional Agriculture Research Centre (RARC), Aralaganwila on 07th November 2016.



Figure 10: SWA test trials in the RARC, Aralaganwila



Figure 11: Degradation studies of SWA in SLAEB

Super water absorbent was developed by the research team of the Radiation Processing Section using cassava starch grafted by gamma radiation. Field trials were carried out using the developed SWA product in the vegetable fields (Capsicum and Tomato) at the HORDI, Gannoruwa to observe the water retention ability in the soil. It was proved that the product has higher water retention capacity. Degradation studies were carried out for the developed SWA samples.



Figure 12: Introduction of SWA at the World Water Day

Machinery (High shear mixture, Normal Mixture, Extruder, Grinder, Pulverizer and Banana Stem cutter Machine) fabricated were installed at SLAEB premises and test runs were conducted. The instruments were used for bulk preparation of SWA and CHITOPower products.



Figure 13: Pilot scale production of SWA at SLAEB

The SWA product was introduced under the theme of “Application of SWA for water management in Agriculture” at the “World Water Day”.

5.2.3. Proposed new projects in 2016

New research project proposal titled “Development of oil adsorbent/ absorbent based on radiation grafted natural fibers and their applications in environmental remediation” was submitted to the JICA through the line Ministry.

5.2.4. Publications in 2016

The research paper titled “Development of Radiation Grafted Super Water Absorbent Polymer Material for Arid Area Agriculture in Sandy Soil” was submitted to the Open University Research Session (OURS).

Two other research papers were submitted to the International Conference on Applications of Radiation Science and Technology (ICARST) under the topics of “Determination of the radiation dose required to obtain desired viscosity average molecular mass using commercially available Chitosan and signification of this technique in its applications” and “Chemical reduction of nitrate by zerovalent iron nanoparticles adsorbed radiation grafted copolymer matrix”.

6. Life Sciences Division (LSD)

LSD is mainly responsible for establishing nuclear and associated analytical facilities at the Sri Lanka Atomic Energy Board (SLAEB) and to promote their applications for socio-economic development of the country. The LSD provides its services to the radiation protection & regulatory programmes, import & export sector, industrial sector, research and academic institutes through the utilization of nuclear and associated analytical methodologies.



Figure 14: Low level counting laboratory (left) and XRF laboratory (right)

Currently the LSD provides its analytical services through three major Nuclear Analytical Laboratories; Low Level Counting Laboratory for Gamma spectrometry X-ray Fluorescence (XRF) analytical laboratory and Alpha spectrometry laboratory.

6.1.1 Analytical Services by Gamma spectrometry

LSD has provided analytical services for import and export sector, local industries and R&D institutes by testing more than 6369 samples in 2016. The samples included milk products from importers, tea, coconut from exporters, some specific items from the industrial sector and R&D samples. The main purpose of testing such samples was to verify whether there was any contamination due to the radioactivity in those samples. The income generated through the analytical service in 2016 was Rs 27.2 million approximately. The number of samples analyzed and income generated during the past years are given in the graphs below.

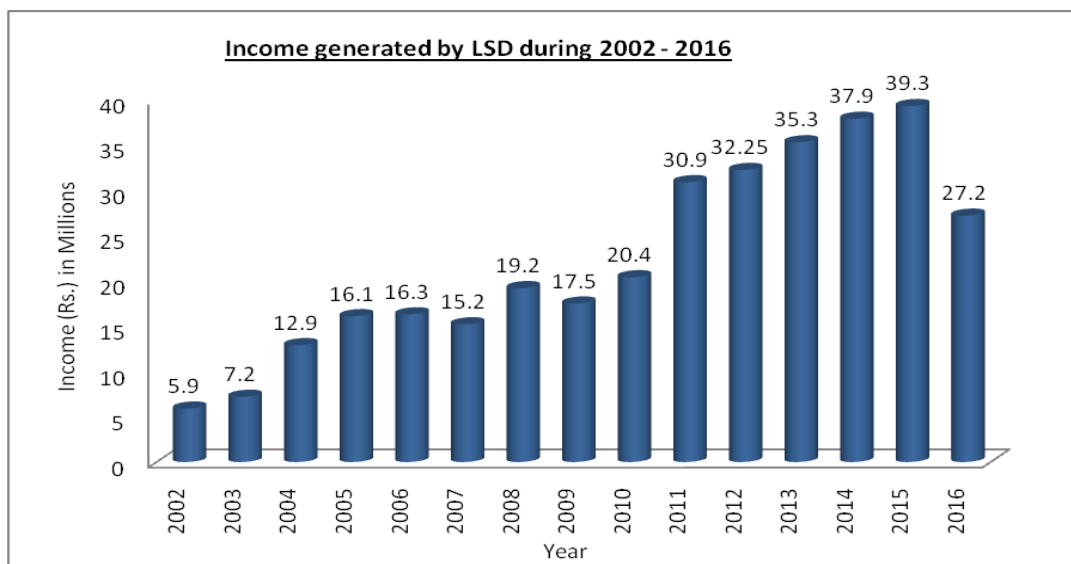


Figure 15: Income generated from Nuclear Analytical Services (2002-2016)

The testing service of imported frozen fish and canned fish samples for radio activity contamination was terminated with effect from 01st April 2016 as a consequence of the collective decision made by the Ministry of Health and Sri Lanka Atomic Energy Regulatory Council.

The main objective of the testing service was to make sure that the imported fish does not contain any harmful levels of radioactivity which was released to the sea as a result of Fukushima nuclear power plant accident occurred in 2011 in Japan.

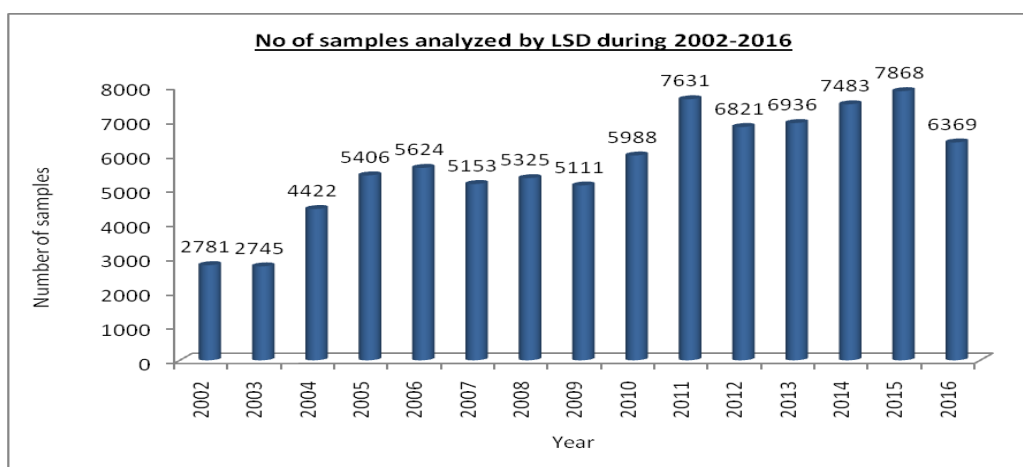


Figure 16: Number of samples analyzed in the Nuclear Analytical Services laboratories (2002-2016)

6.1.2 Research and Development Activities using Gamma Spectrometry

Monitoring of Environmental Radioactivity levels was continued in collaboration with General Scientific Division of the SLAEB. The purpose of this activity was to establish the national baseline levels for radioactivity present in the environment and to prepare a radioactivity map for Sri Lanka. In-situ radiation dose survey and collection of surface soil and plant samples were carried out during the 12 sampling routes to cover the 400 grids across the island. The samples

were prepared for gamma spectrometric measurements and more than 95% of sample analysis was completed in 2016.



Figure 17: Soil samples collected for Radioactivity monitoring programme

6.1.3 Upgrading the Marine and Coastal Environmental Radioactivity Database in Sri Lanka

The Marine and Coastal Environmental Radioactivity monitoring activity was assisted by the Marine Environment Protection Authority (MEPA), National Aquatic Resources Development Agency (NARA) and University of Ruhuna. The database was maintained regularly to monitor the Sri Lankan marine and coastal environment for the safety of general public and the environment. A comprehensive detail of the database is available on the website (Marine Radioactivity Programme under the activities of www.aeb.gov.lk).



Figure 18: Sample collection for the marine radioactivity monitoring program

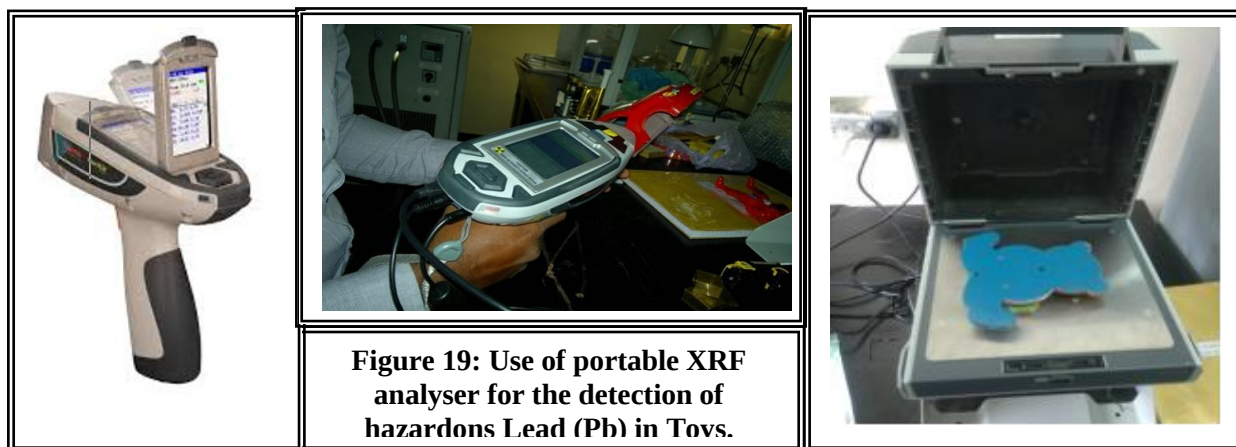
6.1.4 Continuation of analysis of Iodine-131 (Radio-Iodine, I-131) in hospital waste water

In Sri Lanka, there are few hospitals where radioactive Iodine (I-131) is used for medical diagnostic purposes and cancer treatment. As such, waste water released from such hospitals may contain I-131 in harmful levels in the environment if not regulated. Procedure for the determination of I-131 in waste water was established in 2015 and an analytical service was provided to regulatory bodies and other concern parties on requests. The results have been of great use for the regulatory bodies to implement safety standards in the country protecting the general

public and the environment from unwarranted exposure to radiation. Apart from that, this service generated an income to the SLAEB through the analytical service.

6.1.5 Introduction of Portable XRF (PXRF) Analysis System for Metal and Alloy Analysis

This particular instrument has been used to test stainless steel, alloys and metals either in the laboratory or in-situ to verify their specifications. The laboratory has mainly provided its service to Sri Lanka Customs for specification verification purposes. The same technique has been utilized to test archeological objects for recording scientific evidence that may be useful in future.



6.2 R & D Projects

6.2.1 IAEA/RAS/7/029; Assessing the Impact of Urban Air Particulate Matter on Air Quality

Air pollution monitoring programme was continued in collaboration with Central Province Office of Central Environmental Authority. The overall objective of the project is to assess the impact of urban particulate matter on the air quality.

6.2.2 IAEA/ RAS/5/062. Building Technological Capability for Food Traceability and Food Safety Control Systems Through the Use of Nuclear Analytical Techniques

The capability to certify origin of food or authenticity is of significant economic importance to many stakeholders in developing countries. Producing safe and high quality food is a prerequisite to ensure consumer health and successful domestic and international trade, and is critical to the sustainable development of national agricultural resources. In addition, traceability systems play a key role in assuring food safety across the globe. The intention of this project was to build the technical capacity so that Sri Lanka will be able to implement food traceability systems based on nuclear techniques. The stable isotope technique was applied to rice and tea as an initial step. The preliminary study carried out on “Ceylon Tea” has given an encouraging result making it possible to authenticate/differentiate samples collected from geographically different areas.

6.2.3 IAEA RAS2019; Conducting the Comprehensive Management and Recovery of Radioactive and Associated Mineral Resources

The project was initiated to carry out its planned activities in collaboration with Geological Survey and Mines Bureau (GSMB), to support in sustainable production of minerals that are found associated with radioactivity. Mineral sands from Pulmudai and Uswetakeyyawa were studied for Thorium, Uranium contents and Rear Earth Elements (REE). The preliminary study has shown the potentiality of value addition to our mineral deposits based on the REEs. The work is continued.

6.2 Quality Management Program of SLAEB

Life science division continuously assisted all other laboratories in GSD, NCNDT and SLGC to maintain their quality systems by conducting regular audits, regular assessments etc.

6.3.1 ISO Accredited Laboratory

Low Level Counting (LLC) Lab and XRF Lab of the SLAEB are accredited testing laboratories operating in compliance with ISO/IEC 17025:2005 International Standards. This standard is universally recognized as the highest level of quality attainable by a testing laboratory.



The LSD was able to further strengthen the Quality System through continuous participation in QA/QC programmes conducted locally as well as internationally. The laboratories are participating in internal and external proficiency testing exercises, quality audits, regular assessments conducted by the Sri Lanka Accreditation Board (SLAB) and IAEA. The LSD has demonstrated both the technical competency and management capabilities required to consistently deliver valid test results.

6.4 Training Programmes

- 1) An expert mission was carried out by an IAEA expert, Dr A. Karydas, in 2016 on the use of Portable XRF instrument in Cultural heritage object analysis. This programme was organized in collaboration with Department of National Museums.
- 2) Regional Training Course on “Processing of unconventional radioactive mineral resources” under IAEA RCA project RAS/2/019 was conducted in Colombo, Sri Lanka, 11-14 July 2016.
- 3) IAEA technical assistance programme was carried out by Mr. R. Saynik, Maintenance Engineer, India, to solve the failures and install the X ray tube for ED-XRF system.

- 4) Provision of training opportunities to graduate and undergraduate students. LSD Provided training opportunities to post graduate and undergraduate students of universities. Two postgraduate research projects and 05 undergraduates were supported by LSD using nuclear analytical facilities available at present.

6.5 Nuclear agriculture Programmes

Under nuclear agriculture programme SLAEB mainly engaged in following research and development projects in 2016.

1. Assessment of soil erosion and identification of sediment contribution by combination use of Fallout Radionuclide (FRN- ^{137}Cs and ^{210}Pb) and Compound Specific Stable Isotope (CSSI) fingerprinting technique in different land uses in central highland of Sri Lanka.

Under the activities of IAEA/RCA project RAS/5/055 a project has been implemented in central highlands of Sri Lanka to assess soil erosion status in selected water sheds in collaboration with Natural Recourse Management Centre (NRMC) of the Department of Agriculture during 2014-2016.

The soil erosion data generated by the project were provided to the end-user institute who are the main collaborators of the project, the NRMC and Department of Agriculture. This data was utilized by the NRMC to develop suitable soil conservation strategies.

This project is being continued to assess the soil erosion status in different land uses under the grant provided by the Sri Lanka Council for Agricultural Research Policy. The data was also included in the Asia- Pacific regional database coordinated by the IAEA.



Figure 20: Soil - Sample Collection at Eroding Sites

2. Development of the technology on the use of stable isotopes ratios and multi- elements in food authentication: Commodity of dairy milk for tracing the milk through its supply chain to avoid fraudulent practices

This project is being implemented under IAEA coordinated research program (CRP) in collaboration with the Faculty of Veterinary Medicine and Animal Science, University of Peradeniya. According to the findings of the project during 2015/16 the preliminary data revealed that combined use of multi-element analysis and isotope ratios are a promising tool for geographical origin of milk in selected dairy production systems in Sri Lanka. This may be useful for the investigations to avoid fraudulent practices for tracing the milk through its supply chain.



Figure 21: Milk Sample Collection at Up-Country Dairy Farm

6.6 Publications

- 1) The APAD and ASFID: Long-term fine and coarse ambient particulate matter and source finger print databases for the Asia-Pacific Region A. J. Atanacio, D. D. Cohen, B. A. Begum, B. Ni, G. G. Pandit, S. K. Sahu, M. Santoso, D.D.Lestiani, J. M. Lim, S. A. Rahman, M. S. Elias, D. Shagjjamba , A. Markwitz, S. Waheed, N. Siddique, P. C. Pabroa, F. L. Santos, M. C. S. Seneviratne, L. Handagiripathira, W. Wimolwattanapun, T. B. Vuong, A. Karydas. *Air Quality and Climate Change* Volume 50 No.3. August/November 2016
- 2) Characterization and source apportionment of fine particles pollution in Colombo, Sri Lanka. Shirani Seneviratne, V. A. Waduge, Lakmali Handagiripathira, S. Sanjeewani, Thilaka Attanayake, Nuwan Jayaratne, P. Hopke. *Air that We Breathe – 2016*, Sixth National Symposium on Air Resource Management in Sri Lanka. 5-6 May 2016
- 3) Quest to Identify Risk Factors Associated with Chronic Kidney Disease of Unknown Etiology (CKDu) – Laboratory Analysis and Statistical Evaluation of Multimedia Biological and Environmental Samples from CKDu-Affected Regions in Sri Lanka. Levine, K. E., Redmon, J. H., Elledge, M., Waduge, V. A., Smith, K., Munoz, B., Roshini J. Periris-John, Nalini Sathiakumar, James M. Harrington, Donna S. Womack, Wickremasinghe, R. (2016), *Environment Monitorig Assessment*, DOI 10.1007/s 10661-016-5524-8

- 4) Radilogical impact of dietary intakes of Gamma emitting radionuclides on Sri Lankan adult population, Molligoda, V., Jayasinghe, C. V.L, Waduge, V. A., & Attanayake, T.N., Undergraduate Research symposium 2016, Faculty of Livestock & Nutrition, Wayamaba Uni of Sri Lanka, Sept 2016, p37
- 5) XRF to support food traceability studies: Classification of Sri Lankan tea based on their region of origin, Rajapaksha, Dulanjalee ; Waduge, Vajira; Padilla-Alvarez, Roman; Kalpage, Maheshika; Rathnayake, Priyanga; Migliori, Alessandro; Frew, Russell; Abeysinghe, Sarath ; Abraham, Aiman. (wileyonlinelibrary.com, DOI 10.1002/xrs.2748)
- 6) Assessment of natural radioactivity in marine surface sediments of Negombo lagoon and associated radiological risk. HMNL Handagiripathira , MP Deeyamulla. 5th International Symposium on Water Quality and Human Health: CHALLENGES AHEAD. Postgraduate Institute of Science (PGIS) University of Peradeniya, Sri Lanka. 5th and 6th August 2016.
- 7) Rapid assessment to determine seasonal variation of water quality in Negombo lagoon. HMNL Handagiripathira, VA Waduge, MP Deeyamulla. iPURSE-2016, The Annual International Research Sessions Faculty of Dental Sciences University of Peradeniya, 4th and 5th November 2016.

7. National Centre for Non Destructive Testing (NCNDT)

Non Destructive Testing (NDT) is a wide group of testing techniques used in Science and Industry to evaluate properties of materials (both metallic and non metallic) or structures without causing any damage to the same. It is widely used in industries to assure products, assembly's machineries structures civil constructions etc. are free of defects and thereby to certify the quality of the same. Through the NCNDT, SLAEB is implementing NDT programme in the country for more than 30 years by now with an objective of sustain reduction of defects in local products to improve the quality of the same.

In 2016 NCNDT launched its activities in 04 main directions to achieve its objectives.

7.1 Training: Training courses, workshops, seminars, lectures, industrial training, internship training etc., qualification and personnel certification.

7.2 Inspection: Testing and inspection services.

7.3 Research: Long term and short term research activities related to academic and industrial problems.

7.4 Development: Product/technique development and industrial/infrastructure development.

7.1 Training:

Training Unit of NCNDT annually conducts certification training courses as per IAEA TECDOC 628. The qualification and certification activities were carried-out by Certification Body for NDT as per ISO 9712 which has been accredited according to ISO 17024 by Sri Lanka Accreditation Board (SLAB).

With these improvements, the IAEA is considering to accept the NCNDT as a regional resources centre.

The training programme has been able to support creating employment opportunities in Sri Lanka and abroad since the certificates issued by NCNDT have international recognition. **404** personnel participated in all above activities during 2016. Total income generated under these activities was about **Rs. 5.7 million**.

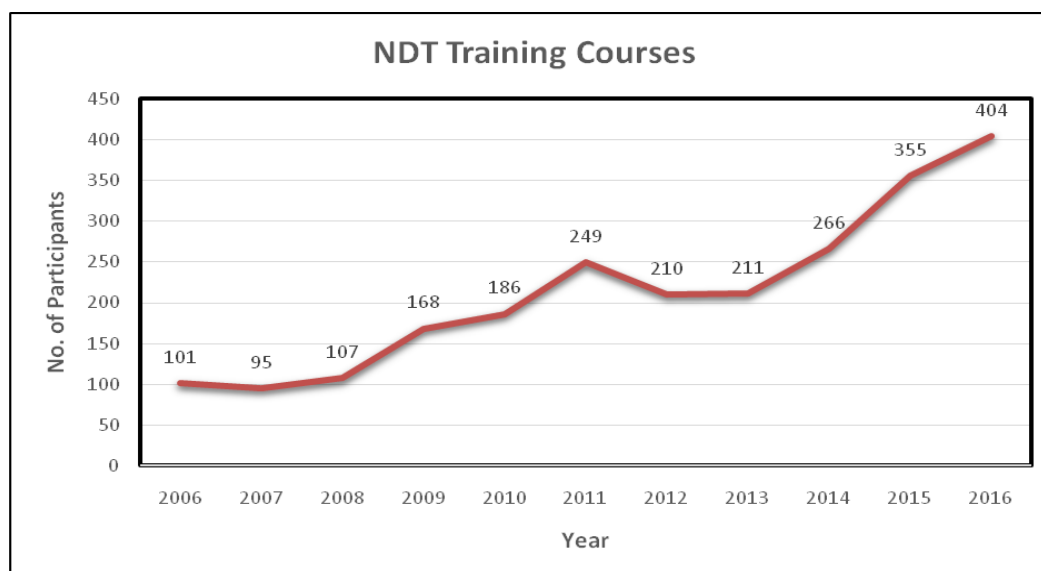


Figure 22: Number of participants vs year

7.2 Inspection Services:

NCNDT provided NDT inspection services to industry in order to detect defects in machinery and metallic components to ensure industrial safety and to improve industrial productivity.

Totally, NCNDT provided 257 NDT inspection services to government and private sector industries in 2016 and an income of about **Rs. 12 million** (approximately) was generated from the same. The target for 2016 was 200 inspection services to be provided and an income of Rs. 10 million to be generated.

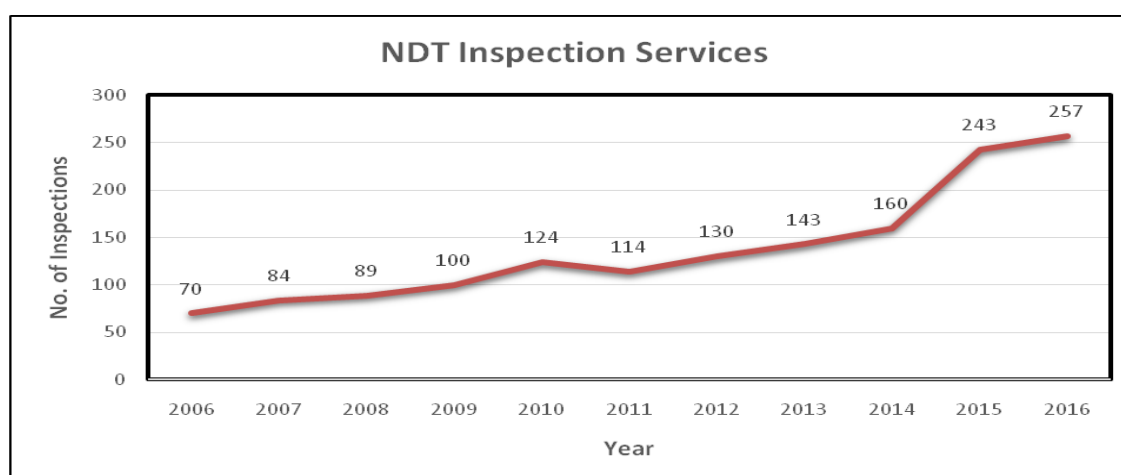


Figure 23: Number of Inspection services vs year

Targeted total income for the year 2016 from NCNDT was Rs. 15 million. where, as the income generated by NCNDT was Rs. 18.2 million.



Legend:

Figure 24 (i): NDT inspection for IGV Blades at Sojitz Kelanitissa (Pvt)

Figure 24 (ii): UT test for welded pipe at Dyraaba Dam Site, Uma oya Project

Figure 24 (iii): UT test for welded pipe at Dyraaba Dam Site, Uma oya Project

Figure 24 (iv): UPV for measuring Depth Cracks on Concrete at Mathara

Figure 24 (v): CT for failures at Rathnapura

Figure 24 (vi): CT for Existing two nos clinker Yard at Siam City Cement Lanka Pvt

7.3. Research:

This includes long term and short term research activities related to academic and industrial problems.

Under this programme following short term R & D were attended.

- I. Correlation between signal amplitude and surface crack depth using surface wave pulse echo technique.
- II. Determination of ultrasound velocity variation with the concentration of NaCl.

In addition to 328 undergraduates/school teachers/students were accepted as visitors during the year 2016 by the NCNDT laboratory facility.

7.4. Development Work

7.4.1. Maintenance of Accredited CBNDT:

Accredited Certification Body for qualification and certification of Non-destructive Testing personnel (CBNDT) conforming to requirements of the ISO 9712, “Non-destructive testing – qualification and certification of personnel” and ISO/IEC 17024, “conformity assessment – General requirements for bodies operating certification of persons” was maintained successfully throughout the year.

Based on follow-up assessment of CBNDT by Sri Lanka Accreditation Board (SLAB) following activities were carried-out.

- I. Quality management system and relevant documents were reviewed.
- II. Reviewed SOP for Granting and issuing Level 1, Level 2 and Level 3 Qualification Certificates.
- III. Reviewed SOP for Preparation of Examination Questions and Grading.
- IV. Reviewed SOP for Appointments of CBNDT Staff.
- V. Reviewed SOP for monitoring the performance of examiners and reliability of examiner's judgment.

The surveillance assessment of CBNDT by SLAB was held on 04th and 05th July 2016. Based on this assessment following activities were carried-out.

- I. Version of ISO 9712 was included in both qualification and certification certificates.
- II. Quality Management System was revised.
- III. Evidences for corrective actions were submitted.

- IV. Procedure for handling of appeals and complaints was reviewed.
- V. Procedure for monitoring the performance of examiners and reliability of examiner's judgment was prepared.

The maintenance activities related to Certification Body for NDT (CBNDT) was continued successfully as per ISO 9712 and ISO 17024 standards throughout the year.

7.4.2. Accreditation of Inspection Body of NCNDT

Based on initial assessment for the accreditation of Inspection Body (IB) of NCNDT by Sri Lanka Accreditation Board (SLAB) and witnessed by Asia Pacific Laboratory Accreditation Cooperation (APLAC), the following activities related to accreditation of Inspection Body (IB) are being taken.

7.4.3. IAEA TC Project

IAEA TC project SRL 1009 for 2016-2019 to strengthen the NDT capability of NCNDT was continued successfully throughout the year as follows.

- I. Four NCNDT staff members attended fellowship programmes.
- II. HD CR 35 System was acquired by NCNDT through IAEA project.

8. Sri Lanka Gamma Centre (SLGC)



Sri Lanka Gamma Centre could not operate until August 2016 as there was no supply of products from the main supplier. It was due to the fact that the main supplier had not received the order of supply of surgical gloves from the Ministry of Health in time. However, after receiving the award by the main supplier in the month of August, the plant was fully engaged with medical product sterilization.

It was possible to irradiate 1051 cubic meters of surgical gloves generating an income of Rs. 15,344,921 through this service. In addition, 33 cubic meters of surgical aprons was irradiated generating an income of Rs. 721,264. Further an income of Rs. 273,876 was generated through other Research & Development activities.

SLGC organized two customer awareness programmes and received two IAEA experts for one of the programme. Seventy industrialists participated in those two programmes. Two IAEA expert missions were received under IAEA TC project SRL 1008 to enhance the skills and knowledge of SLGC staff.

SLGC maintained the ISO 9001:2008 and achieved ISO 13485 standard for medical product sterilization from TUV SUD, USA.

SLGC jointly with the University of Rajarata conducted research work on “Enhancement of shelf life of fish and fishery products by gamma irradiation”.

Total of 411 students, teachers, undergraduates and STF officers visited SLGC and obtained the knowledge on industrial Gamma Processing during the year 2016.

9. International Cooperation Division

International Cooperation Division of Sri Lanka Atomic Energy Board (SLAEB) functions as the National Liaison Office to the International Atomic Energy Agency (IAEA) which is widely known as the world's "Atoms for Peace" organization within the United Nations family. The IAEA delivers its technical assistance to the Member States under various projects. International Cooperation Division mainly coordinates activities with IAEA in order to obtain technical assistance under its Technical Cooperation (TC) Programme. This Division also coordinates activities with other international organizations such as Regional Cooperative Agreement Regional Office (RCARO) located in South Korea, Institutes functioning under Ministry of Education, Culture, Sports, Science and Technology (MEXT) in Japan, International Center for Theoretical Physics (ICTP) located in Trieste Italy etc. to obtain technical assistance to enhance infrastructure facilities and human resources development needed to utilize peaceful uses of nuclear science & technology in the Country. Coordination of bilateral discussions with other countries in order to explore the possibility of obtaining technical support for Sri Lanka and coordination of Nuclear Knowledge Management (NKM) activities are other important functions rendered by this division.

9.1 IAEA Technical Cooperation (TC)

National Projects

The IAEA national TC projects were formulated in line with the Country Programme Framework (CPF) which reflects national priority areas for socio-economic development of the country where nuclear technology can be utilized. During the year 2016, 12 number of national TC projects were coordinated in Sri Lanka while coordinating other regional and inter regional projects of IAEA.

TC Cycle 2016-2017

The following five (5) national projects were approved by the IAEA to provide technical assistance during the year 2016/2017 cycle and necessary actions were taken by the International Cooperation Division to implement these projects.

Project No	Project Title	Counterpart Institute
SRL0011	Strengthening of nuclear analytical capabilities of the Atomic Energy Authority	Sri Lanka Atomic Energy Board
SRL5047	Establishment of a regional centre for research and training in medical and molecular entomology for vector-borne disease control	Molecular Medicine Unit Faculty of Medicine University of Kelaniya
SRL5046	Improving livelihoods through dairy cattle production: women farmer's empowerment in rural Sri Lanka	Faculty of Veterinary Medicine and Animal Science University of Peradeniya
SRL6035	Reducing cardio metabolic risk in Sri Lankans through addressing adolescent health and nutrition	Department of Physiology Faculty of Medicine University of Colombo
SRL1009	Continuation of the project on strengthening of Non Destructive Testing (NDT) through establishment of a national centre for NDT (NCNDT)	National Centre for NDT Sri Lanka Atomic Energy Board

The counterpart institutes of the above projects obtained IAEA technical assistance in the form of fellowships, scientific visits, expert missions and equipments during 2016 under the activities of relevant projects.

International Cooperation Division coordinated with local organizations and submitted six new project proposals to the IAEA for due consideration in the TC 2018/19 cycle.

9.2 Regional Cooperative Agreement (RCA) Projects

The Regional Cooperative Agreement to promote, coordinate and implement cooperative research, development and training projects in the peaceful application of nuclear science and technology for Asia and the Pacific (RCA) is an intergovernmental agreement among the IAEA Member States that are located in South Asia, South East Asia, the Pacific, and the Far East.

During the year 2016 a total of twenty four (24) RCA projects were managed by the Division. These projects were mainly for; human resource development by providing opportunities for local scientists and other officers to attend trainings, meetings and workshops at the institutions of excellence in the fields of industry, medicine and agriculture in Member States of the IAEA where radiation technology is used and secondarily for providing expert services.

Non-Agreement Regional Projects

The number of projects implemented during 2016 which belong to this category are 40 in total. Non-Agreement Regional Projects out of the RCA are formulated to address regional issues by enhancing HR development.

Inter Regional projects

Two inter regional projects were implemented during the year 2016. These projects planned to address prevailing issues that are not only relevant to this region but also to other regions. In addition to activities of above mentioned project categories, IAEA provides opportunities for its MS's officers who are working in the field of Nuclear Science & Technology to obtain international exposure by attending training, workshop, meeting, symposia and conferences.

9.3 International Cooperation obtained from other Foreign Institutes

In addition to the technical assistance received from IAEA, SLAEB has received several foreign training opportunities from the following; Ministry of Education, Culture, Sports, Science & Technology (MEXT) in Japan, Korea International Cooperation Agency (KOICA) and Regional Cooperative Agreement Regional Office (RCARO) in South Korea, and the International Centre for Theoretical Physics in Italy (ICTP) etc.

Statistics of the International Cooperation Division

No.	Type of Activity	SLAEB	Other
01	Fellowships & Scientific Visits	09	14
02	Short term overseas training/ meetings/ conferences/ workshops/ symposia and inspections	58	102
03	International events hosted in Sri Lanka	05	01
04	Expert missions received	24	08

Hosting of IAEA Events in Sri Lanka

The International Cooperation Division facilitated administrative and logistic support for project counterparts/counterpart institute to host five (05) IAEA events in Sri Lanka during the year 2016 and details are given below.

Project No	Event	Duration
	Technical visit for new and prospective participants in the coordinated research project (CRP) on alarm assessment	25 - 28 April 2016
RAS/2/019	IAEA regional training course on “Processing of unconventional radioactive material resources”	11 - 14 July 2016
	Expert mission standard operating procedure (SOP) development workshop and exercise for airport detection operations	08 - 12 August 2016
	First research coordination meeting on improved assessment of initial alarms from radiation detection instruments	17 - 21 October 2016
RAS/1/020	IAEA/RCA regional training course (RTC) on X-ray and Gamma ray based DIR for specialized NDT requirement in industry, NCNDT, Kelaniya, Sri Lanka	19 - 23 September 2016

Coordination of Bilateral Discussion with the IAEA Member States

The International Cooperation Division coordinated bilateral discussions with Pakistan and India to obtain technical assistance in order to develop nuclear science and technology applications in Sri Lanka.

9.4. Knowledge Dissemination

Information on Nuclear Science and Technology was provided to scientists of the SLAEB and other institutes, engineers, graduate student, general public and school children using the available resources in the library and information centre. Awareness programmes launched in three directions are as follows.

9.4.1. Lectures

The SLAEB carried out training programmes for trainee Engineering Mechanic Sailors under the Environmental and Educational Excursion at the Naval and Maritime Academy.



Figure 25: Conducting lecture programmes for trainee engineering mechanic sailors

9.4.2. Exhibitions

SLAEB participated in “Wasa visa nathi ratak” exhibition organized by the Department of Agriculture and held on 6, 7 and 8 of March 2016 at BMICH. Introduced CHITO POWER-01 & CHITO POWER-02 products to the stakeholders at the above Exhibition.



Figure 26: Knowledge dissemination programmes conducted in schools



Figure 27: Introduction of CHITOPower & SWA products at Exhibitions

9.4.3. Programme on the Introduction of Nuclear Science & Technology for Secondary School Students

It has become a growing need to address the misconceptions of public perception related to nuclear sciences and technologies through transparent, balanced, and focused educational activities. It is also essential to support and mentor young students to be aspiring scientists and other professionals

in the field in order to develop Nuclear Science & Technology (NST) in Sri Lanka. IAEA has initiated the project RAS/0/065 “Supporting Sustainability and Networking of National Nuclear Institutions in Asia and the Pacific Region” for this purpose.

Workshops for Zonal Level Officers of Ministry of Education on Introducing NST for Secondary Schools were organized with the objective of providing awareness on Nuclear Science and Technology to secondary schools. Provincial Coordinators, Assistant Directors, In Service Advisers, Teachers and Field Center Managers representing Ministry of Education were among participants in those programmes.



Figure 28: Event at Workshops conducted for Secondary Schools Teachers

10. Administration and Human Resource

Administration Division is responsible for administering of SLAEB for the best interest of the country and the government, in full compliance with the law under which it is instituted and other applicable legal requirements and regulations of the government. Efficient management of the office and office systems, general administration are the main areas that come under the purview of the division. This division is also responsible for preparation and submission of annual administrative reports, assisting in preparation of specific documents / reports requested by higher authorities, establishing efficient information and communication systems, management of procurement process, management of utility services, and other supporting services requested by scientific and non-scientific divisions of SLAEB.

Financial Statement

Sri Lanka Atomic Energy Board

SRI LANKA ATOMIC ENERGY BOARD
STATEMENT OF FINANCIAL POSITION
AS AT 31- DECEMBER -2016

(All amounts are in Sri Lankan Rupees)

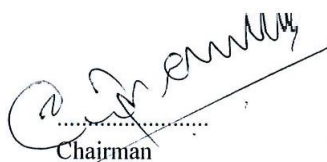
	Notes	2016		2015	
- ASSETS					
- Current Assets					
Cash and Cash equivalent	3	25,438,494		128,451,736	
Savings Account	4	130,220,485			
Receivables	5	10,605,191		16,645,992	
Inventories	6	7,566,139		4,728,677	
Prepayments	7	2,177,216		2,223,496	
Other Current Assets	8	16,577,412		15,366,459	
Differed Expenditure on Cobalt 60	9	0	192,584,937	10,044,000	177,460,360
Non - Current Assets					
Work In Progress	10	188,990,108		183,484,766	
R & D On-Going Projects	11	312,431		352,431	
Property, Plant & Equipment	12	630,234,725		544,668,281	
Land & Building	12.1	986,822,945		1,048,205,915	
Unusable Items	13	729,243	1,807,089,452	55,196	1,776,766,589
Total Assets			1,999,674,389		1,954,226,949
- LIABILITIES					
Current Liabilities					
Payable	14	58,648,480		70,174,809	
Non Current Liabilities					
Retirement Benefit Obligations	15	24,106,143		19,645,011	89,819,820
Total Liabilities		82,754,623	82,754,623		
Total Net Assets			<u>1,916,919,766</u>	-	<u>1,864,407,129</u>
NET ASSETS /EQUITY					
Capital & Reserves					
Government Grant - Capital	16	1,906,896,046		1,965,212,755	
Capital Gain	17	0		5,095,160	
Accumulated Fund	18	113,828,953		67,021,695	
Deficit	19	(103,805,233)		(172,922,481)	1,864,407,129
Total Net Assets/Equity		1,916,919,766	<u>1,916,919,766</u>	-	<u>1,864,407,129</u>

The notes to the Financial Statement from page 1 to 33 form an integral part of these Financial Statements. These Financial Statements have given a true and fair view of the state of activities of the Sri Lanka Atomic Energy Board as at 31st December 2016 and its Financial Performance for the year then end.



Actg. Director- Finance

The Board of Directors is responsible for the preparation and presentation of theses Financial Statements, the Accounting Policies and notes, integral part of these Financial Statements. Approved and signed for and on behalf of the Board of Directors of Sri Lanka Atomic Energy Board



Chairman



Board Member (1)



Board Member (2)

SRI LANKA ATOMIC ENERGY BOARD
STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 31-DECEMBER -2016

(All amounts are in Sri Lankan Rupees)

	Notes	2016	2015
Revenue	20	246,844,104	220,267,951
Other Revenue	21	35,810,664	9,652,452
Total Revenue		282,654,768	229,920,403
Wages, Salaries and Employee Benefits	22	(96,146,663)	(90,908,517)
Supplies & Consumable Used	23	(32,368,605)	(26,441,769)
Depreciation & Amortization Expenditure	24	(69,983,122)	(64,633,504)
Impairment of property, plant & equipment	25	(5,956,297)	(4,801,392)
Other Recurrent Expenditure	26	(74,258,563)	(64,075,767)
Finance cost	27	(76,544)	(45,225)
Total Expenditure		(278,789,794)	(250,906,177)
Surplus / Deficit for the year		3,864,974	(20,985,774)

SRI LANKA ATOMIC ENERGY BOARD
Statement of Changes in Net Assets /Equity
For the year ended 31- December - 2016

(All amounts are in Sri Lankan Rupees)

	Capital Grant	Capital Gain	Accumulated Fund	Accumulated Surp/Deficit	Total
Balance at 01-01-2015	903,676,072	1,187,150	78,877,912	(119,537,507)	864,203,627
Received for the Year	1,109,388,733	3,908,010	4,826,752		1,118,123,495
Adjustments Made	(47,852,050)		(16,682,969)	(32,399,202)	(96,934,221)
Surplus/ Deficit for the Year				(20,985,772)	(20,985,772)
Balance at 31-12-2015	1,965,212,755	5,095,160	67,021,695	(172,922,481)	1,864,407,129
Adjustments made for O/B	(6,842,005)		32,315,764	50,195,960	75,669,718
Restated Balance	1,958,370,750	5,095,160	99,337,459	(122,726,521)	1,940,076,847
Received for the Year	35,211,544		21,245,807		56,457,351
Adjustments Made -	(86,686,248)	(5,095,160)	(6,754,313)	15,056,314	(83,479,407)
Surplus/ Deficit for the Year	-----	-----	-----	3,864,974	3,864,974
Balance at 31- December 2016	1,906,896,046	-	113,828,953	(103,805,233)	1,916,919,766

SRI LANKA ATOMIC ENERGY BOARD
Cash Flow statement for the Year Ended 31st December 2016
(All amounts are in Sri Lankan Rupees)

	2016		2015	
<u>CASH FLOW FROM OPERATING ACTIVITIES</u>				
<u>Receipts</u>	-	-	-	
Sales of goods and services	82,247,884		110,483,099	
Receipt of Recurrent Grant	103,350,000		49,000,000	
Receipts of Loan Interest	218,563		209,705	
Other	36,183,726	222,000,173	32,611,011	192,303,815
<u>Payments</u>	-	-		
Cash paid to Suppliers	(52,049,233)		(55,961,719)	
Cash paid to employees	(101,500,404)		(92,376,401)	
Other Payments	(55,672,520)	(209,222,157)	(43,677,714)	(192,015,834)
Net Cash Flow from Operating Activities		12,778,016		287,981
<u>CASH FLOW FROM INVESTING ACTIVITIES</u>				
<u>Payments</u>	-	-		
Acquisition of Plant, Machinery & Equipment	(25,363,063)		(232,509,866)	
Transferred to Savings Account- People's Bank	(125,000,000)	(150,363,063)		(232,509,866)
Net Cash Flow from Investing Activities		150,363,063		(232,509,866)
<u>CASH FLOW FROM FINANCIAL ACTIVITIES</u>				
<u>Receipts</u>	-	-		
Receipt of Capital Grant	33,318,000		353,236,000	
Recovery of Loans	3,604,733	36,922,733	2,806,193	356,042,193
<u>Payments</u>				
Payment of Loan	(2,350,927)	(2,350,928)	(3,668,507)	(3,668,507)
Net Cash Flow from Financial Activities		34,571,805		352,373,686
Net Increase/Decrease in Cash & Cash equivalent		(103,013,242)		120,151,801
Cash & Cash equivalent at the beginning of the year		128,451,736		8,299,935
Cash at Bank		128,451,729		8,298,735
Stamp Stock		7		1,200
Cash & Cash equivalent at the end of the year		25,438,494		128,451,736
Cash at Bank		25,373,728		28,451,729
Cash in hand		23,696		
Stamp Stock		41,070		7

Significant Accounting Policies

1. General Accounting Policies

1.1 Reporting Entity

The Atomic Energy Authority (AEA) which was established by Atomic Energy Authority Act No.19 of 1969 has been repealed by the Sri Lanka Atomic Energy Act No.40 of 2014 and established a new institution as Sri Lanka Atomic Energy Board (SLAEB) with effect from 1st January 2015. The new Act was published as a supplementary to the part ii of Gazette of the Democratic Socialist Republic of Sri Lanka on 04th November 2014 for the promotion and encouragement of the use of nuclear science and technology for national development purposes.

As per the Part IV, chapter XIV sub no. 90 of the Act No. 40 of 2014 all the staff belonged to AEA, all movable and immovable property, all contracts and agreements entered into, all accumulated funds and grants, all permits and memorandum of understandings, all the court cases pending and proceeding, all judgments and orders made favorable or against, all interests, rights, assets, obligations, debts and liabilities which relevant to Sri Lanka Atomic Energy Board have been transferred with effect from 01-01-2015 from Atomic Energy Authority to Sri Lanka Atomic Energy Board.

1.1.2 Basis of Preparation

(a) Statement of Compliance

The Financial statements comprise the Statement of Financial Position, Statement of Financial Performance, and Statement of Changes in net assets/equity, Cash Flow Statement, Statement of comparison figures of budget and the actual amounts and Notes to the Financial Statements.

These statements have been prepared in accordance with Sri Lanka Public Sector Accounting Standards (SLPSAS) and adopted suitable policies for the items which are not covered by the SLPSAS.

The financial statements have been prepared on a going concern basis and accounting policies have been applied consistently throughout the period and, prepared considering the accrual basis of accounting except for cash flow. Setout recognition, measurement, presentation and disclosure requirement dealing with transaction and events in general purpose of financial statements.

(b) Basis of Measurement

The Financial Statements have been prepared on historical basis except where appropriate disclosures are made with regard to the fair value certified by relevant notes.

(c) Comparative Information

The accounting policies applied by the SLAEB are consistent with those used in the previous year. Previous year figures and phrases have been arranged, whenever necessary, to confirm to the current year's presentation.

(d) Going Concern

When preparing financial statements, management has made assessment of the liability of the constituents of the SLAEB to continue as a going concern, taking into account all available information about the future.

(e) Functional and Presentation Currency

The functional statements are presented in Sri Lankan Rupees, which is the functional and presentation currency of the SLAEB. All functional information presented in Sri Lankan Rupees has been given to the nearest thousand, unless stated otherwise.

Information about significant areas of estimates, uncertainty, and critical judgments in applying accounting policies that have the most significant effects on the amounts recognized in the financial statements are included in the notes to the financial statements.

(f) Foreign Currency Transactions

All non-monitory items received as donations are reported at the rates prevailing at the time the transactions were occurred.

(g) Events Occurring after the Balance Sheet Date

All material events occurred after the Balance Sheet date has been considered and where appropriate adjustments or disclosures have been made in the financial statements.

(h) Taxes

Turnover based taxed include Value Added Tax (VAT), Income Tax and Nation Building Tax are paid to the Department of Inland Revenue (DIR) in compliance with the respective statues

The estimation of income tax liability includes interpretation of Tax Law. The estimation process by the SLAEB seeking expert advice where appropriate and the payment of the income tax liability is on self-assessment basis.

SLAEB has been registered for VAT and SVAT as a service provider in the Department of Inland Revenue (DIR) and collected VAT is remitted to DIR as per the instructions of the DIR. The computation of VAT is done considering output and input VAT, the allowable input tax component is calculated based on the ratio between internally generated income and the grants received from the Treasury.

Pay as You Earn (PAYE) tax is deducted from relevant Officials from monthly earnings as per the respective circulars and remitted to DIR.

1.2 ASSETS AND BASIS OF THEIR VALUATION

Assets classified as current assets and non-current assets in the Statement of Financial Position. Assets which are expected to be realized in or, consumption in the normal operating cycle within one year from the Financial Position dates are considered as current assets. And, assets other than the current assets (non-current assets) are those which the SLAEB intends to hold beyond a period of one year from the date of Statement of Financial Position.

1.2.1 Infrastructure, Property, Plant & Equipment

The Infrastructure, Property, Plant & Equipment are recorded at cost or revaluation less accumulated and any accumulated impairment in value. Cost of tangible Property, Plant & Equipment is shown at cost of acquisition or construction together with any incidental expenditure incurred in bringing the asset to its working condition for its intended use.

Where items of infrastructure, property, plant & equipment are subsequently revalued, the entire class of such assets is revalued at fair value. When an asset is revalued, any increase in carrying amount is credited directly to a revaluation reserve, except to the extent that it reserves a revaluation decrease of the same asset previously recognized in the statement of financial performance, in which case the increase is recognized in the financial performance statement.

Any revaluation deficit that offsets a previous surplus in the same asset is directly offset against the surplus in the revaluation reserve and any excess recognized as an expense. Upon disposal, any revaluation reserve relating to the asset sold is transferred to retained earnings.

Items of infrastructure, property, plant & equipment are de-recognized upon replacement, disposal or when no future economic benefits are expected from its use. Any gain or loss arising on de-recognition of the asset is included in the financial performance statement in the year the asset is de-recognized.

When assets are rehabilitated using the capital funds individual assets are considered for revaluation at the time of rehabilitation is done.

1.2.2 Funding and Depreciation/Amortization

The Government grant related to assets including non monetary grants at fair value has been shown in the Statement of financial position and Statement of financial performance as deferred income and deducting the grant in arriving at the carrying amount of the asset. In determining the gross carrying amount of asset we have considered, the delivered to site value inclusive of CIF, clearing, transport & other local charges incurred for bringing to the condition at present. Assets are depreciated at the following rates on straight-line method and write-off such amount over the estimated useful economic life of such assets.

The SLAEB applies the following rates of depreciation per annum for its non-current assets.

Item	Expected life time	Annual depreciation rate
Buildings -SLAEB	Over 5 years	20%
Buildings –SLGC & NCNDT	Over 50 years	2%
Boundary Wall	Over 25 years	4%
Off. Equipment, Furniture & Fittings	Over 13.3 years	7.5%
Electronic Equipment	Over 10 years	10%
Computers, Software & Accessories	Over 10 years	10%
Motor Vehicles	Over 10 years	10%
Scientific Equipment	Over 20 years	5%
Library Books	Over 20 years	5%

1.2.3. Differed Income

Differed income is ascertained from the depreciation of assets purchased out of government funds.

1.2.4. Lease Hold Assets

The land held under long term lease is amortized over the period. Under a 99 year lease Agreement with Urban Development Authority (UDA) a land situated at No. 60/460 Baseline Road, Orugodawatta, acquired in 1996.

This transaction has been identified as an operating lease and shown in the financial statement accordingly.

1.2.5. Inventories -Basis of Valuation

Inventoried other than produced inventories are valued at the lower of cost and net realizable value after making due provisions for obsolete and slow moving items.

The cost incurred in bringing inventories to its present location and condition are accounted and determined on the following basis.

- Materials, Consumables & Spares
At actual cost on First -In - First Out basis (FIFO)
- Finished Goods
At purchased cost and /or cost of direct material, direct labour and an appropriate proportion of production overheads based on normal operating capacity.

1.2.6. Trade & Other Receivables

Trade and other receivables are stated at the amounts they are estimated to realize, net of provisions for bad & doubtful receivables. Provisions have been made for bad & doubtful debts. SLAEB reviews the status of debtor balances periodically and make a 100% provision for bad debts outstanding over five (5) and written off the debtor balances in the following year with the approval of Board of Management.

1.2.7. Cash & Cash Equivalents

Cash flow statement has been prepared by using the direct method. Cash & Cash equivalents in the cash flow statement comprise cash at bank, in hand and stamp stock.

1.3 LIABILITIES AND PROVISIONS

All known liabilities as at the date of statement of financial position are included in the financial statements and adequate provisions are made for liabilities which are known to exist, but the amount of which cannot be determined accurately.

Obligations payable on demand or within one year of the date of statement of financial position are treated as current liabilities in the statement of financial position. Liabilities payable after one year from the date of statement of financial position are treated as non- current liabilities in the statement of financial position.

1.3.1 Retirement Benefits to Employees

Defined Benefit Plan

Contribution to EPF & ETF

Obligation for contributions to defined contribution plans are recognized as expenses in the statement of financial performance as incurred.

The Sri Lanka Atomic Energy Board contributes a sum of 15% and 3% of the gross emoluments of employees' to Employee Provident Fund (EPF) and to the Employees' Trust Fund (ETF) respectively.

Contribution to Gratuity provision

Gratuity provision is made according to the Gratuity Act No.12 of 1983. The liability for payment to an employee arises only after the completion of 5 years continued services. The gratuity liability is not externally funded but in order to meet this liability, a provision is carried forward in the statement of financial position, based on half month's salary and cost of living of the last month and of the financial year of all employees who completed one year of service and the total liability is calculated on the basis of half month initial salary + half months cost of living as at 31st December of each employee.

1.3.2. TRADE AND OTHER PAYABLES

Trade and other payable are stated at their cost including VAT.

1.3.3 Capital Commitments and Contingent Liabilities

All material capital commitments and contingent liabilities of the Board are disclosed in the respective notes in the accounts.

1.3.3.1 Provisions, contingent assets & contingent liabilities

Provisions are made for all obligations existing as at the financial position date when it is probable that such an obligation as a result of a past event will result in an outflow of resource and a reliable estimate can be made of the quantum of the outflow. All contingent liabilities are disclosed as a note to the financial statement.

1.3.4. Creditors

Trade creditors are recognized at the time of receiving goods to the SLAEB.

1.4 INCOME

1.4.1. Grant and Donations

Grant and Donations are credited to the statement of financial performance over the periods necessary to match them with related cost, which they are intended to be compensated in a systematic basis. Grants related to Property Plant & Equipment, including non-monitory grants at fair value is differed in the statement of financial position and credited to the statement of financial performance over the useful life of the related assets and their remaining lease period as per the internally accepted policy.

1.4.2. Government Grant

Government grant for recurrent & capital has been identified separately. Recurrent grant is the major income source & credited to the income & and Expenditure statement while grant for capital

expenditure is taken to accumulated fund with due adjustment for depreciation component of fixed assets Capital grant received from other sources are shown as differed income under non-current liability.

1.5 STATEMENT OF FINANCIAL PERFORMANCE

Accounts are prepared in accrual basis.

1.5.1 Revenue and Expenditure Recognition

Major source of revenue is internally generated income from the services.

1.5.1.1 Revenue

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the SLAEB, and the revenue received from operating activities was comprised with net income of Irradiator Service, Radiation Processing services, NDT Inspections & Training, Nuclear Instrumentation & Calibrations, Interest on Loans, Non Refundable deposits, Sundry income, disposal income, Gain on disposal of assets based on accrual concept & excluding VAT.

1.5.1.2 Expenditure

Expenses are recognized in the statement of financial performance on the basis of a direct association between the costs incurred and the earning of the specific items of income where appropriate. All operational expenditure incurred in running of the SLAEB and depreciation of the property, plant & equipment has been charged to income in calculating the income over expenditure.

1.5.2 Research & Development

For research & development activities mainly funds are provided by the General Treasury.

Costing the research projects direct material & other expenses are charged as recurrent expenditure.

Income received from outside clients is set off against the expenditure.

2. CORPORATE INFORMATION

Sri Lanka Atomic Energy Board (SLAEB) was established by the Sri Lanka Atomic Energy Act No.40 of 2014 with effect from 1st January 2015. The registered office of Sri Lanka Atomic Energy Board is located at No. 60/460, Baseline Road, Orugodawatta, Wellampitiya.

SRI LANKA ATOMIC ENERGY BOARD
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31-12-2016

		2016	2015
Note - 03	Current Assets		
	Cash at Bank		
	Ac no:071-1-001-1-3320739	25,373,728	128,451,729
	Cash in hand	23,696	
	Stamp Stock-SLAEB	14,780	7
	Stamp Stock-NCNDT	26,290	
	Balance at the end of the year	25,438,494	128,451,736
Note - 04	Savings Account		
	Savings Account 071-2-001-9-3320739	125,000,000	
	Interest on Savings Account	5,220,485	
		130,220,485	
Note - 05	Receivables	10,605,191	16,645,992
	<u>Trade & Other Receivables</u>		
5.1	Debtors		
5.1.1	Trade Debtors	5,882,869	6,010,520
5.1.2	Non Trade Debtors		4,610,165
5.1.3	Provision for Doubtful Debts	(96,367)	(49,292)
	Net Trade Debtors Amount as at 31-12-2016	5,786,502	10,571,393
5.2	<u>Staff & Non Trade Receivables</u>		
5.2.1	Staff Debtors	21,644	9,608
5.2.2	Other debtors	383,192	294,915
	Balance at the end of the year	404,836	304,523
5.3	Advances & Loans		
5.3.1	Motor Cycle Loan	-	14,999
5.3.2	Cycle Loan	113	563
5.3.3	Festival Advance	21,200	31,200
5.3.4	Distress Loan	4,108,876	5,503,650
5.3.5	EPF Arrears	514	514
5.3.6	Book Advance	64,000	
	Balance at the end of the year	4,194,703	5,550,926
5.4	Refundable Deposits (Receivable)	219,150	219,150
Note - 06	Inventories		
	Chemical Stock	603,888	487,868
	Office & Laboratory Consumable & Vehicle Spare	1,156,375	1,386,697
	IAEA Closing stocks (Donation))	2,374,283	655,140
	Closing stock -Radiation Processing Section	438,634	315,789
	Closing Stock M G I F	575,005	460,062
	Closing Stock NCNDT	2,417,954	1,423,121
	Balance at the end of the year	7,566,139	4,728,677
Note - 07	Prepayments		
	Cooling Services (PVT) Ltd.	340	50,488
	Sri Lanka Insurance Corporation	1,976,439	1,663,525
	Metropolitan Communication Ltd	8,361	8,430
	Motor Traffic Commissioner	8,799	6,499
	Johan Keels office Automation		43,831
	Metropolitan Office (Pvt) Ltd		8,795
		1,993,939	1,781,568

SRI LANKA ATOMIC ENERGY BOARD
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31-12-2016

		2016	2015
	Cont.....	1,993,939	1,781,568
	S.L.A.B		261,713
	A. Jack Office Solution		3,325
	Praseshiya Saba- Kelaniya	50	50
	National Insurance Trust Fund		55,526
	Soar Technology	85,154	80,203
	H& L Electricles		26,633
	Frostaire Cooling Service	47,301	
	SLAERC	50,199	
	Laugfs Eco Sri (Pvt) Ltd	573	
	Business Machines Co		14,478
	Balance at the end of the year	2,177,216	2,223,496
Note - 08	Other Current Assets	16,577,412	15,366,459
8.1	With holding Tax Receivable	2,786	2,785
8.2	Income Tax Advance	17,158	17,158
8.3	VAT Receivable from (Sri Lanka Accreditation Board)	79,888	477,176
8.4	I.A.E.A Receivable	3,591,200	3,591,200
8.5	Advance payment for scientific Equipment	9,184,390	9,184,390
8.6	Receivable from AERC	-	128,970
8.7	Director General of Customs	1,673,011	1,776,350
8.8	Economic Services Charges	-	87,422
8.9	Purchasing Advance		
8.9.1	Local Pursharse Balance at the beginning of the year	101,008	729,360
	Purchasing Advance for the year	6,558,396	98,718
	Settlements	(6,446,833)	(727,070)
	Local Purchase advances	212,572	101,008
	Foreign Currency Advance	1,346,408	---
	LC Charges	470,000	---
	Balance at the end of the year	2,028,980	101,008
Note -09	Differed Expenditure on Cobalt 60	-	10,044,000
Note - 10	Work-In-Progress		
	Accounting Software Package-(W-I-P)	1,257,500	820,000
	Barcode System	2,851,500	
	Goods in Transit	-	300,916
	Expenses on relocation project	2,694,850	1,363,850
	Procedure Manual of SLAEB	437,000	
	GM Counter Development Project	749,258	
	Land Malabe	181,000,000	181,000,000
	Balance at the end of the year	188,990,108	183,484,766
Note -11	Research & Development On Going Projects		
	Radiation process Natural polim. for Agri.(R A S/8/1090)	312,431	352,431
	Balance at the end of the year	312,431	352,431
Note -12	Property, Plant & Equipment		
	Property Plant & Equipment	630,234,725	544,668,281
Note -12.1	Land & Building	986,822,945	1,048,205,915
	Balance at the end of the year	1,617,057,670	1,592,874,196

Property Plant & Equipment – Note No 12**Tangible Assets Note**

Lease Hold Assets	Note- 12.1	Life of the Asset	01/01/2016	Adjustment Made	Re-stated Opening Bal.	Additions/ Transfers in	Disposal	Balance as at 31.12.2016
Cost								
Land		99	7,845,957		7,845,957			7,845,957
			7,845,957		7,845,957	-	-	7,845,957
<u>Owned Assets</u>								
<u>Land & Building</u>								
NDTC-Land			90,884,994		90,884,994			90,884,994
Office & Lab Building-HO		50	97,279,137		97,279,137			97,279,137
Office & Lab Building - NCNDT			476,229,036		476,229,036	39,627		476,268,663
Office & Lab Building-SLGC			413,276,302		413,276,302	173,418		413,449,721
			1,077,669,469	-	1,077,669,469	213,045	-	1,077,882,515
<u>Property, Plant & Equ.</u>								
SLGC Retaining wall			20,236,579		20,236,579			20,236,579
Boundary Wall		25	2,876,476		2,876,476			2,876,476
Scientific Equipment		20	256,738,284		256,738,284	10,701,517	(16,589,523)	250,850,278
Scientific Equipment donation		20	314,139,942		314,139,942	23,544,769	(2,745,372)	334,939,338
Cobalt 60			161,988,502		161,988,502			161,988,502
Office Equipmt/ Furn & Fitti.		13	56,795,043		56,795,043	715,600		57,510,643
Other Equipment		13	1,305,412		1,305,412			1,305,412
Motor Vehicle		10	32,660,217		32,660,217			32,660,217
Radiation facility		25	214,317		214,317			214,317
Library Books		20	1,874,738		1,874,738	115,520		1,990,258
Computer items & software package		10	18,061,170	725	18,061,895	2,900,562		20,962,457
Electronic Items		10	13,975,841	(161)	13,975,680	1,574,207	(49,990)	15,499,897
Security Hut & fence-		10	1,008,760		1,008,760			1,008,760
Access Bridge		10	2,864,395		2,864,395			2,864,395
NDT Fence		10						
NDT Boundary Wall		25	2,583,023		2,583,023			2,583,023
TOTAL ASSETS VALUE	Rs.		887,322,698	564	887,323,262	39,552,175	(19,384,885)	907,490,552

<u>DEPRICIATION</u>		As At		Re-stated	Additions/		As At	W D V as at
<u>Amortization/Depreciation</u>		01/01/2016		Opening Bal.	Transfers in	Disposal	31.12.16	31.12.2016
Land					98,485		98,485	7,747,472
					98,485	-	98,485	7,747,472
<u>Land & Building</u>								
NDTC-Land	g	90,884,994		90,884,994				90,884,994
Office Building	2	24,433,429	29,138,283	53,571,712	14,569,142		68,140,853	29,138,283
Office & Lab Building - NCNDT		9,524,581		9,524,581	9,524,581		19,049,162	457,219,502
Office & Lab Building-SLGC		3,351,501		3,351,501	8,265,526		11,617,027	401,832,694
		128,194,505	29,138,283	157,332,788	32,359,249	-	98,807,042	979,075,473
<u>Property,Plant & Equ.</u>								
SLGC Retaining wall		820,552	(492,331)	328,221	809,463		1,137,684	19,098,895
Boundary Wall	4	2,876,475	(1,265,648)	1,610,827	115,059		1,725,886	1,150,590
Scientific Equipment	5	121,241,793	(49,974,272)	71,267,521	11,568,770	(16,506,655)	66,329,635	184,520,643
Scientific Equipment donation	5	99,950,787	(32,315,764)	67,635,023	15,542,785	(1,206,316)	81,971,492	252,967,846
Cobalt 60 decay		45,100,800		45,100,800	14,404,018		59,504,818	102,483,684
Office Equip/ Furn & Fitti.	7.5	15,499,050	(2,048,074)	13,450,976	4,138,397		17,589,373	39,921,270
Other Equipment	7.5	1,303,196	(4,274)	1,298,922	1,882		1,300,804	4,609
Motor Vehicle	10	25,264,793		25,264,793	2,284,913		27,549,706	5,110,511
Radiation facility	5	214,315		214,315			214,315	2
Library Books	5	1,006,016	(177,844)	828,172	116,287		944,459	1,045,799
Computer items	10	15,012,677	(9,527,315)	5,485,362	1,421,052		6,906,413	14,056,043
Electronic Items	10	10,810,376	(3,135,604)	7,674,772	1,036,145	(5,670)	8,705,247	6,794,650
Security Hut	10	545,474		545,474	100,876		646,350	362,410
Access Bridge	10	1,892,067		1,892,067	286,439		2,178,506	685,888
NDT Fence	10			-			-	-
NDT Boundary Wall	25	1,116,046	(668,229)	447,817	103,321		551,139	2,031,885
TOTAL DEPRICIATION								
Rs.		342,654,417	(99,609,355)	243,045,062	51,929,407	(17,718,641)	277,255,827	630,234,725
Intangible Assets								
Accounting Software Package		1,257,500					820,000	
NET BOOK VALUES	Rs. Note	2016					2015	
Land & Building	12	979,075,473					1,040,359,958	
Lease Hold Properties		7,747,472					7,845,957	
Infrastructure,Plant & Equ.	12	630,234,725					544,668,281	
		1,617,057,670					1,592,874,196	

SRI LANKA ATOMIC ENERGY BOARD
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31-12-2016

		2016	2015
Note- 13	Unusable Items		
	Unusable Items	729,243	55,196
	Unusable laboratory chemicals	397,758	397,758
	Pro. For unusable laboratory chemicals	(397,758)	(397,758)
		729,243	55,196
Note- 14	Trade Payable	58,648,480	70,174,808
14.1	Creditors & Accruals		
	Creditors & Accruals Opening Balance	61,916,672	34,954,190
	Settlement during the year	(25,384,242)	(38,770,829)
	Provision for the year	10,962,786	65,733,311
	Balance at the end of the year	47,495,216	61,916,672
14.1.1	Vat Payable from Debtors	597,938	782,695
	SLRDC Retention	1,477,988	1,477,988
		2,075,926	2,260,683
14.1.2	Over Income	65,657	54,471
14.1.3	Advance received for CKD project	813,512	816,792
	Advance received for I A E A project		
14.1.4	No 18066	2,294,396	2,565,406
14.1.5	E PF control	1,360,159	188,429
14.1.6	Advance received for C K D U Project	45,750	45,750
14.1.7	E T F control	162,541	21,947
14.1.8	PAYE Payable	4,012	824
14.1.9	Retention -Secura Tech PVT Ltd.	500,000	500,000
14.1.10	Income Tax	778,025	291,541
14.1.11	Advance Income from LF	26,419	26,419
14.1.12	Advance Income from RP	4,428	4,428
14.1.13	Advance Income from FT	1,270	1,270
14.1.14	Sundry Creditors	19,838	19,838
14.1.15	Vat Payable	388,166	
	Advance Income from NDT		
14.1.16	Inspection	30,000	
14.1.17	Unidentify Deposit	63,634	
14.1.18	CRP Alarm Assessment	1,462,143	
	CRP Project-Isotope Hydrology		
14.1.19	Section	505,178	
14.1.20	Payable to IAEA	173,600	
14.2	Payable -AERC	0	1,198,533
14.3	Refundable deposit Payable	378,610	261,805
		378,610	261,805
Note -15	Retirement Benefit Obligations		
	Balance at the beginning of the year	19,645,011	20,042,030
	Prior Year Adjustment	(182,737)	
	Restated Opening Balance	19,462,274	
	Cash Paid	(1,305,980)	(2,432,397)
	Add : Provision for the year	5,949,849	2,035,378
	Balance at the end of the year	24,106,143	19,645,011

SRI LANKA ATOMIC ENERGY BOARD
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31-12 2016

	2016	2015
Note - 16 Capital & Reserves		
Balance at the beginning of the year	1,965,212,755	
Prior Year Adjustment	(6,842,005)	
Restated Opening Balance	1,958,370,750	
Transfer from AEA as at 01-01-2015		646,237,921
Capital Grant Received from MORT 04-08-2015		748,447,239
Transfer from AEA -(as Reserves)-as at 01-01-2015		257,438,151
Capital Grant Received for the year	33,318,000	359,031,000
Grant Received for Clearing of Donation	1,893,544	1,910,494
Adjustments made for the year - Capital & MOTR Grant	(86,686,248)	(47,852,050)
Balance at the end of the year	1,906,896,046	1,965,212,755
Note - 17 Capital Gain		
Opening Balance	5,095,160	1,187,150
Transferred to performance statement	5,095,160	3,908,010
Balance at the end of the year	-	5,095,160
Note -18 Accumulated Fund		
Opening Balance	67,021,695	78,877,912
Prior Year Adjustment	32,315,764	
Restated Opening Balance	99,337,459	
Donations Received for the Year	21,245,807	4,826,752
Adjustments made for the year	(6,754,313)	(16,682,969)
	113,828,953	67,021,695
Note -19 Deficit		
Balance at the beginning of the year	(172,922,481)	(119,537,507)
Prior Year adjustments	50,195,960	
Re stated Opening balance	(122,726,521)	
Adjustments made for the year	15,056,314	(32,399,202)
Surplus/Deficit for the year	3,864,974	(20,985,772)
Balance at the end of the year	(103,805,233)	(172,922,481)
Note -20 Revenue		
Government Grant- Recurrent	88,350,000	49,000,000
Differed Revenue	94,332,654	64,535,019
Food Testing	25,489,235	38,718,632
Food Testing (HPGE Method)	1,312,913	232,170
NDT Inspection Services	12,347,019	14,590,863
Nuclear Analytical	436,910	217,455
General Scientific Services	2,151,852	1,332,654
NDT Training Courses	5,788,589	5,064,892
Amendment Charges	10,900	16,350
Stable Isotope Analysis	-	2,080,563
N D T Qualification/certification	62,250	69,750
Income from SLGC	16,340,062	44,267,647
Radiation Processing Services	221,720	17,857
Water Board Project	-	124,099
Balance at the end of the year	246,844,104	220,267,951

SRI LANKA ATOMIC ENERGY BOARD
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31-12-2016

		2016	2015
Note -21	Other Revenue		
	Interest on Loan	213,696	209,705
	Interest on Savings Account	5,220,485	
	Miscellaneous Income	470,295	78,199
	Rental Income - Polipto Lanka	654,000	654,000
	Polipto Electricity & Water	47,729	75,767
	Rental Income - AERC	6,609,124	4,920,032
	Consumable Received as Donation	2,113,987	
	Nuclear Technical Education programme	1,000,000	
	Funds received for IAEA Workshops	19,327,608	3,714,749
	Delay Charges of Capital Items	153,740	
	Balance at the end of the year	35,810,664	9,652,452
Note - 22	Wages, Salaries and Employee Benefits		
	Salaries	28,233,177	22,504,286
	NCNDT Salary and Employee Benefits	19,280,055	19,002,834
	Employees Provident Fund	5,365,287	4,468,999
	SLGC Salaries and Employee Benefits	13,028,036	14,623,343
	Employees Trust Fund	1,073,113	893,800
	Additional Allowances	6,989,525	5,205,583
	Interim Allowances	34,308	34,308
	Over Time& Holiday payments	892,841	863,345
	Gratuity- for the Year	6,086,227	2,127,010
	Encasement of Medical leave	1,605,350	1,780,872
	Incentive		1,950,000
	Cost of living	7,533,793	7,312,416
	Payment for unconsumed Annual Leave	17,679	97,541
	Trainee Allowance	796,750	772,000
	Fuel Allowance	1,250,730	611,444
	Research Allowance	0	193,416
	Other Allowance	2,336,336	8,179,901
	Transport Allowance	1,623,456	287,419
	Balance at the end of the year	96,146,663	90,908,517
Note - 23	Supplies & Consumable Used		
	Fuel & lubricants	1,180,304	891,310
	Office Consumables & Stationary	1,363,940	1,976,276
	Laboratory Consumables	1,229,770	1,256,424
	Laboratory Consumable Donation	610,523	963,635
	Uniforms	222,110	364,536
	Clearing charges	43,384	
	Supplies & Consumable Exp. At NCNDT	1,622,792	2,015,568
	Supplies & Consumable Exp. At SLGC	26,095,782	18,974,020
	Balance at the end of the year	32,368,605	26,441,769
Note -24	Depreciation /Amortization of Asset		
	Amortization (Lease Rent)	98,484	98,485
	Depreciation on Acquisition of Assets	54,341,853	47,852,050
	Depreciation on IAEA Donations	15,542,785	16,682,969
	Balance at the end of the year	69,983,122	64,633,504

SRI LANKA ATOMIC ENERGY BOARD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31-12-2016

		2016	2015
Note -25	Impairment of property, plant & equipment		
	Maintenance of Office Building	2,068,182	1,915,452
	Service & Repairs of Equipment	1,678,674	1,312,226
	Maintenance of Motor vehicle	2,209,441	1,573,714
	Balance at the end of the year	5,956,297	4,801,392
Note -26	Other Recurrent Expenditure		
	Remuneration for Authority Members.		394,600
	Training Programme ,Seminars	951,202	422,965
	Staff Local Training Programme	216,007	619,813
	I A E A Work Shop	18,605,969	3,749,916
	Exhibition	290,431	1,720
	Incidental Expenses for Scientist	38,280	358,839
	Entertainment	132,465	139,742
	Advertisement & publicity	340,330	475,050
	Subscript. for Newspapers	44,980	40,050
	Printing & Publications	514,195	400,660
	Welfare Services	355,747	471,689
	Audit Fees	223,400	200,000
	Miscellaneous Expenses	65,830	186,229
	Payment for Life Science Division	373,027	837,345
	Payment for General Scientific Division	-	16,127
	Payment for Radiation Processing Division	64,410	87,222
	Payment for License Fee	31,750	
	Water Board Project	-	1,625
	Stable Isotope Analysis of Water sample	-	99,137
	Research & Development Projects	1,061,054	975,161
	Stamp Duty	7,800	8,125
	Nation Building Tax	1,428,831	1,973,637
	Doubtful Debtors	86,043	74,464
	S L G C Operating Expenses	12,119,064	15,372,317
	NCNDT Operating Expenses	15,399,252	16,592,977
	Loss on disposal of unusable assets	854,002	352,330
	Office Traveling	121,507	133,418
	RCA Meeting	215,290	293,246
	IAEA General Conference	2,293,902	1,851,320
	Traveling for Authority Members	192,500	137,500
	Electricity	4,400,947	4,658,947
	Water	215,935	270,851
	Telephone	969,294	725,299
	Telex , Fax & E-Mail	504,189	388,595
	Postage	178,602	351,620
	Security	2,802,825	3,003,780
	Insurance	4,894,290	5,796,172
	Transportation	1,449,680	1,292,204
	Rates	324,000	324,000
	Surcharge	80,350	
		72,322,582	63,078,692

SRI LANKA ATOMIC ENERGY BOARD
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31-12-2016

	2016	2015
Cont.....	72,322,582	63,078,692
Legal Expenses	-	39,620
Clearing charges		73,662
Ground Rent	-	102
Y N S S Project	-	8,910
Radioactive Monitoring Programme	1,500	249,008
Developing National Capability to Respond radiological Emergencies	53,050	121,302
MIPA Project	91,752	107,013
Air Pollution Project	24,900	23,659
GNIP Project	1,440	
Agriculture Project	1,050	
IAEA Nuclear Tech. Agree.India	511,763	
Improving Soil Fertility Land Productivity	6,183	27,920
IAEA/CRP-F 32007-Isotope	0	
Isotope Hydrology Divisional	-	53,843
Broadland Hydropower Project	-	495
Income Tax	778,025	291,541
Nuclear Tech. Education - Ministry of Edu.	466,318	-
Balance at the end of the year	74,258,563	64,075,767
Note - 27 Finance cost		
Bank Charges	76,544	45,225
Balance at the end of the year	76,544	45,225

SRI LANKA GAMMA CENTER
STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 31- DECEMBER -2016

		Value in Rs.	
	Notes	2016 Rs.	2015 Rs.
Revenue	1	40,788,079	60,662,049
Total Revenue		<u>40,788,079</u>	<u>60,662,049</u>
Wages, Salaries and Employee Benefits	2	(13,028,036)	(14,623,343)
Supplies & Consumable Used	3	(26,095,782)	(18,974,020)
Other Recurrent Expenditure	4	(12,119,064)	(15,372,317)
Total Expenditure		<u>(51,242,882)</u>	<u>(48,969,680)</u>
Deficit for the year		<u>(10,454,803)</u>	<u>11,692,369</u>

Notes to the accounts as at 31-December 2016		2016 Rs.	2015 Rs.
Note 01	Revenue		
	Sales Income	16,340,061.37	44,267,647.08
	Differed Revenue -Cobolt 60	14,404,017.58	16,394,400.28
	Differed Revenue -Cobolt 60-2013	10,044,000.00	
		<u>40,788,078.95</u>	<u>60,662,047.36</u>
Note 02	Wages, Salaries and Employee Benefits		
	Salary	5,068,112.98	4,649,214.67
	Employees Trust Fund	209,106.83	197,549.27
	Employees Provident Fund	1,045,534.14	990,894.82
	Cost of Living	1,902,420.00	1,990,255.81
	Trainee Allowance		41,250.00
	Overtime	1,529,141.33	3,070,322.59
	Other Allowance	1,209,666.67	2,203,161.00
	Additional Allowance	1,689,203.40	1,056,020.03
	Medical Encashment	374,850.42	424,675.00
		<u>13,028,035.77</u>	<u>14,623,343.19</u>
Note 03	Supplies & Consumable Used		
	Fuel & lubricants	820,287.46	709,116.08
	Office Consumables & Stationary	90,110.90	99,852.24
	Laboratory Consumables	666,307.08	1,728,350.90
	Co 60 ⁰ decay Cost	14,404,017.58	16,394,400.28
	Co 60 ⁰ decay Cost - 2013	10,044,000.00	
	Uniforms	71,058.60	42,300.00
		<u>26,095,781.62</u>	<u>18,974,019.50</u>
Note 04	Other Recurrent Expenditure		
	ISO 13485 certification	389,424.56	694,518.30
	Consultancy payment-ISO 13485	210,000.00	90,000.00
	Workshop, Seminar, Symposium	25,550.51	73,282.96
	Staff Training	93,180.00	431,583.15
	Local & Foreign Mem.	1,000.00	-
	Transport	149,891.72	1,122,095.87
	Electricity	2,980,771.55	4,137,902.08
	Telex, Fax,IDD	8,733.51	6,947.35
	Telephone	320,408.60	309,689.49
	Water	113,060.72	108,825.40
	Vehicle maintenance	300,461.17	17,004.25
	Building Maintenance	1,448,425.02	915,620.39
	House Rent	450,000.00	422,500.00
	Incidental exp. visiting sci	13,470.49	14,012.14
	Security	3,180,475.28	2,907,496.53
	Man power	155,099.68	2,261,426.58
	Clearing charges		5,388.00
	Equipment Maintenance	896,111.05	1,150,028.18
	Miscellaneous expenses	135,919.13	74,088.32
	Travelling & Subsistence	13,629.95	25,277.00
	Welfare	70,713.64	32,669.00
	Insurance	1,074,054.99	369,574.47
	Advertisement	30,800.00	141,800.00
	Printing & Publication		12,000.00

Research & Development	47,988.00	39,296.12
Postage	5,750.00	9,291.00
License Fee	2,000.00	-
Entertainment	2,144.00	-
	<u>12,119,063.57</u>	<u>15,372,316.58</u>

Note: The above figures are excluding depreciation of non-current assts.

NATIONAL CENTER FOR NON DESTRUCTIVE TESTING
STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 31- DECEMBER -2016

		Value in Rs.	
	Notes	2016 Rs.	2015 Rs.
Revenue	1	18,197,859	19,725,505
Total Revenue		<u>18,197,859</u>	<u>19,725,505</u>
Wages, Salaries and Employee Benefits	2	(19,280,055)	(19,002,814)
Supplies & Consumable Used	3	(1,622,792)	(2,015,568)
Other Recurrent Expenditure	4	(15,399,252)	(16,592,947)
Total Expenditure		<u>(36,302,099)</u>	<u>(37,611,329)</u>
Deficit for the year		<u>(18,104,240)</u>	<u>(17,885,824)</u>

**Notes to the accounts
as at 31-December 2016**

	2016 Rs.	2015 Rs.
1 Revenue		
NDT Inspection	2,347,019	14,590,863
NDT Training Course	5,788,589	5,064,892
NDT Certification	62,251	69,750
	18,197,859	19,725,505
2 Wages, Salaries and Employee Benefits		
Salary	8,839,366	8,117,770
Other Allowance	1,829,378	3,389,752
Cost of Living	2,912,019	3,042,332
Employees Provident Fund	1,762,708	1,671,759
Employees Trust Fund	352,542	335,066
Additional Allowance	2,652,880	1,628,145
Overtime/Weekend payment	224,862	106,205
Medical Encashment	601,550	711,784
Trainee Allowance	104,750	-
	19,280,055	19,002,813
3 Supplies & Consumable Used		
Office Consumables & Stationary	366,091	440,528
Fuel & lubricants	32,375	-
Laboratory Consumables	1,133,548	1,551,240
Uniforms	90,778	23,800
	1,622,792	2,015,568
4 Other Recurrent Expenditure		
NDT Training Course	1,769,765	938,775
NDT Inspection	3,731,347	6,084,260
Staff Training	324,327	162,250
Transport	248,940	862,770
Electricity	2,257,752	2,576,556
Telephone	525,220	272,189
Telex, Fax, IDD	1,298	216,365
Water	81,544	111,128
Building Maintenance	1,712,301	1,998,194
Security	2,854,129	2,947,280
Training Programme	86,119	72,159
Equipment Maintenance	848,410	53,930
Staff Welfare	77,193	18,269
Travelling & Subsistence	49,828	8,155
Exhibition	4,388	2,659
Insurance	407,542	44,357
Printing & Publication	4,750	108,632
Advertisement	-	24,375

NDT Certification	42,863	50,744
Research & Development	319,198	9,170
Miscellaneous	7,694	5,685
Rates & Taxes	50	45
Postage	35,950	25,000
Incidental exp. visiting sci	2,314	-
License Fee	2,550	-
Entertainment	2,880	-
Vehicle Maintanance	900	-
	<u>15,399,252</u>	<u>16,592,947</u>

Note: The above figures are excluding depreciation of no current assts.

Disclosures to Accounts

1. Relocation of the Sri Lanka Atomic Energy Board.

Sri Lanka Atomic Energy Board (SLAEB) had paid Rs.181 mn. to the Urban Development Authority (UDA) as per the Cabinet decision 14/0277/526/002 dated 10.03.2014 for the 03 acre land allocated in Technology Park, Halbarawa, Malabe for the relocation of the SLAEB.

The relocation project is implemented under two phases. Japanese International Cooperation Agency (JICA) provides required funds for the phase 1 through the Road Development Authority (RDA) and Government of Sri Lanka (GOSL) provide necessary funds for the purchase of land and phase 2. Approval had been granted for Rs.743 mn. from the Department of National Planning for this project.

Due to the protest of the villagers the above decision was changed by the Cabinet subcommittee at its meeting held on 21.09.2016.

The following steps were also proposed by the Cabinet subcommittee in order to resolve this dispute.

1. Return back the Malabe land to the UDA in order to hand over it to the National Industrial & Apprenticeship Training Authority (NIATA).
2. Allocate the block of land to the extent 215 parcels situated adjoining to present location of the SLAEB (Orugodawatta) belonging to the NIATA to the SLAEB in lieu of Malabe land.
3. Settle the financial transactions between two institutions in this regard considering the valuation reports of the Government Valuer

Spent Sources Storage Building (SSSB) is being re constructing within the existing land of the SLAEB at Orugodawatta under phase 1. Exposure Room which is presently located at Orugodawatta will be re constructed at National Centre for Non Destructive Testing (NCNDT) under phase 2.

SLAEB is in the process of preparation of new designs, architectural plans and revised cost estimates in order to submit for the approvals of the respective authorities.

Project Management Unit (PMU) has been established mainly for obtaining necessary approvals from various authorities such as UDA, Central Environment Authority (CEA) and Urban Councils etc. and supervision and administration of the construction of the phase 2.

Engineering Consultants (Pvt.) Ltd, who are the design consultants for the phase 1 has been selected for the phase 2 also by the SLAEB.

Considering the present situation, the annual depreciation rate of the building were adjusted as 20% per annum with effect from the year 2014 which was the year of notification of the relocation project.

2. Up grading the Cobalt-60 source (Co-60) at Sri Lanka Gamma Centre (SLGC)

Rs.125 mn had been allocated in the capital budget 2015 for the procurement of 250 kCi. of Cobalt -60 source with the approval of the Board of Management and concurrence of the Treasury. Ministry Procurement Committee (MPC) approval has been granted to the Bid submitted by the Board of Radiation & Isotope Technology (BRIT) India at the discounted CIF price of Rs.122 mn. for the purchase of 250 kCi of Cobalt- 60.

During the review of the demand for irradiation of products from the existing customer it was observed that the expected up grading is not required immediately as Ministry of health (MOH) who was the main buyer for irradiated surgical gloves from the existing customer (Lalan Rubber (Pvt.) Limited) had not placed purchase orders for supply of products for the year 2016 until end of the year 2015.

As radioactivity strength of the Cobalt -60 source decreases with the time, it was advisable not to import this item without having required demand for continuous operation.

Considering the above facts it was suggested to deposit the amount received for this purpose in a separate savings account in People's Bank and use the accumulated interests for the said deposit to cover the part of expenses to be incurred as local taxes and duties of the same procurement.

As per the direction of the Treasury, the aforesaid amount of Rs.125 Mn. that was deposited in the savings account will only be used for the given purpose under vote No.1000/0119/02/0007/02/2201/011. The purchase order of the MOH had been issued to the above mentioned customer (M/s. Lalan Rubber (Pvt.) Limited) in November 2016.

Considering the commitment made by the customer as per purchase order issued by the MOH, the Director, SLGC had informed that, 125 kCi of Co – 60 is sufficient in addition to available activity to provide sterilization service requested by the Lalan Rubber (Pvt.) Limited. Revised quotation was called from the selected Bidder for 125 kCi in this regard.

During the meeting Chaired by Hon. Minister of Power & Renewable Energy on 08.11.2016 with the participation of Ministry officials, Board of Management and senior staff of the SLAEB, need to upgrading early and need to utilize allocated funds were informed and SLAEB was instructed to provide justifications for the revised activity of Co- 60 to be procured from the BRIT.

The above details were provided to the Secretary, Ministry of Power & Renewable Energy (MOPRE) and obtained the approval for the procurement of revised quantity of 125 kCi of Co – 60 sources at the negotiated price as the allocated funds should be utilized within this year and upgrading is very urgent. The above proposal was approved by the Department Procurement of the SLAEB. Up grading activities are scheduled to be commenced in March 2017. Any balance from this allocated funds will be returned to the Treasury after making payments for up grading or utilize for other capital work in 2017 with the necessary approvals..

3. Cobalt 60 decay

Value of the decay cost of Cobalt 60 (Rs.10,044,000) during the period before taking over the assets belonging to Multipurpose Gamma Irradiator Project. (which was under the Ministry of

Technology & Research) Management of SLAEB has decided to write off the same, and were fully written off from the books of accounts in 2016.

4. Un settled commitments at the end of the year 2016

Cash balance as at 31.12.2016 represent the following commitments.

Item	Reference	Amount Rs.
Arrears for EPF/ETF (app.)		9,000,000
Remittance to be made to IAEA to procure X-Ray Equipment		5,600,000
Spare Part for XRF Instrument	P O 3981	3,910,000
Manual Metal Arc Electric Welding Transformer	P O 5370	1,138,500
Payments for Jaw Crusher	P O 3968	3,090,600
Payments for Centrifuge	P O 3969	1,319,400
Oxy Acetylene Welding Cutting set with Accessories	P O 5371	165,735
Electrode Drying Oven	P O 5327	163,170
IR Thermal Imaging Camera	P O 5379	330,000
Payments for Water De-ionizer	P O 3987	820,000
Total		25,537,405

5. Pending Court Cases

Case No	Petitioners	Current status
Supreme Court Case No- FR 662/2010	This case was filled by an employee of AEA, against the salary anomalies of the Scientific Officers as a result of re-categorizing employees under MSD Circular No 30.	Judgment had been given. on 15 December 2016 as mentioned below. In view of the Board decision to place the Petitioners on MM Salary Scale with effect from 01.01.2016 the Learned Counsel for the petitioner moves to withdraw this application. Application for withdrawal is allowed.

6. Outsourcing of SLAEB Properties & Human Resources

1. The Board of Directors of the AEA has decided to rent idling space (545sft.) for the use by the Polipto Lanka (PVT) Ltd under renewable annual contract agreement. Polipto Lanka (Pvt.) Ltd. is a Company gazette under the Ministry of Power & Energy and operated under the Ministry of Petroleum and Petroleum Resources Development during the year 2016. Present agreement is valid till 15.05.2017.

Following staff members of the SLAEB held acting posts of the Polipto Lanka (Pvt.) Limited

	Name	Designation	Acting Post at Polipto Lanka Ltd	Nature of Approval
1	Mr. M.M.P. Wijesekara	Acting Director (Finance)	Acting DGM (Finance)	Board of Management of the both institutions and Secretary to the Ministry of Power & Energy
2	Mrs. Anusha Chandramali Menike	Internal Auditor	Acting Internal Auditor	

2. Excess space available at NCNDT Center (594 m²) has been leased to the Sri Lanka Atomic Energy Regulatory Council for a period of two years from April 2015.

7. Purchase of Scientific Equipment through IAEA procurement system

The International Atomic Energy Agency (IAEA) has a mechanism to assist its member States to procure scientific and consumable items for Nuclear Technology related projects and activities including radiation protection and personal monitoring services.

Approval from the Cabinet of Ministers had been granted Atomic Energy Authority to follow this procedure as per Cabinet Paper No.12/0881/516/028/TBR dated 07.07.2012 in this regard. Details of fund transfers to the IAEA and progress of procurements up to end of 2016 are given below.

Description	Amount in Rs.	Total Value in Rs.
Balance as at 01-01-2016	Rs.	12,775,509
Balance amount receivable from IAEA relevant to the Gamma Spectra Meter System.-LSD	3,591,200	
Funds remitted to IAEA in 2015 for Procurement of Isotope Ratio Mass Spectrometer.	9,184,309	
Balance as at 31-12-2016	Rs.	12,775,509

The amount contributed by the AEB is considered as the voluntary contribution is subject to charge 3% for the IAEA programme support and administrative services, which will be charged as disbursement, occur.

An arrangement made to procure TLD from IAEA by utilizing balance amount of Rs. 3,591,200 available in IAEA.

Procurement process of Isotope Ratio Mass Spectrometer is still being processed, as per the information received from IAEA.

8. IAEA Donations under Technical Cooperation

Sri Lanka Atomic Energy Board (SLAEB) functions as the focal point of Sri Lanka for the coordination and implementation of the Technical Cooperation Programmes of International Atomic Energy Agency (IAEA) in order to develop nuclear technology in the country.

The assets and consumables donated to SLAEB under various IAEA projects have been accounted in SLAEB books of accounts.

The following details are relevant to the transactions during the year 2016 for SLAEB technical cooperation programmes.

	Project No.	Project Description	Value Off. Equip. & Consumable Received Value in SLRS 2016
	SLR/1/008	Providing Technical support for smooth, safe and sustainable operation of MGIF Project	6,305,762
	SLR/7/005	Establishing a National Centre for Marine Pollution Control	3,752,172
	SLR/9/009	Developing National Capability to Respond to Radiological Emergencies.	10,078,954
		Total	20,136,888

In addition to above, SLAEB had conducted several research projects using IAEA assistance and trained SLAEB employees as well as officers of other national institutes in various fields. SLAEB officials had also participated in several meetings conducted in several countries under the above projects.

Sri Lankan Government has made the following contributions as the National Participation Cost (NPC) on behalf of receiving the above assistance from IAEA.

1. Regular Budget contribution SRLS Rs. 17.1mn. (including the arrears of Rs.5.1mn.) paid by the Ministry of Power & Renewable Energy in 2016.
2. Assessed Programme Cost (APC) and National Participation Cost (NPC) SLRS. 6 million paid from the External Resources Department (ERD) of the General Treasury.

9. Design and Fabrication of Digital Geiger-Muller Counter Kit and Portable Area Monitor for educational and experimental purposes

Sri Lanka Atomic Energy Board (SLAEB) is conducting numerous awareness programmes for school, university students and for the general public as the local governing body of nuclear sciences. For general public, *Nuclear Electronic Instrumentation Laboratory* of the *General Scientific Services Division* (GSSD) had launched a project to design a low-cost GM counter kit that can be used for numerous educational purposes. The project has been successfully continued under the supervision of senior officers of the GSSD. And at the initial stage it is designed to fabricate 10 numbers of GM Counter Kits. All expenses incurred have been accounted under Work-In-progress under the name “GM Counter Development” and cost of direct material, direct labour and an appropriate proportion of production overheads and a profit margin will be consider for costing. Complete sets of items will be available for the use by interested parties in the year 2017.

10. Liquidated Damages

SLAEB follows National Procurement Guideline for procurement, As per the instructions of the National Procurement Guideline, AEB claimed Liquidated damages from the relevant suppliers under the following manner for the delay in supplying the equipment.

Name of the Supplier	Equipment	Contract Amount	Delay	Deducted %	Amount claimed
Opening balance as at 1-1-2016					5,095,160
Bhoomi Tech (PVT) Ltd..	36 Nos. UT Probes	2,196,300	7 weeks	7%	153,741
Total Claimed Amount as at 31-12-2016					Rs. 5,248,901

Amounts recovered under this process were credited to revenue. Previous year adjustments were made through deficit account.

11. Income Tax

The Computation of Income Tax is based on the rental income and the interest incomes received for the taxable period. It is being set off against the receivable balance in the Economic Service Charge.

Income Tax Liability for the Year as at 01-01-2017 Rs. 778,025

12. Settlement of EPF/ETF Arrears of the Employees of the Atomic Energy Authority (AEA)

When the remittance of contribution for the Employees Trust Fund (ETF) was initiated in 1981, AEA had deducted 3% from employer's contribution of Employees Provident Fund (EPF) of 15% instead of paying separate 3% for the ETF. But the employee's contribution of EPF had not been changed in order to make the ratio between employer and employee contribution as 3: 2.

The Committee on Public Enterprises (COPE) at its meeting held on 26.05.2011 directed to the Secretary, Ministry of Power & Energy (MOPE) to rectify this practice which is in contrary to the provisions of the EPF Act. The Secretary MOPE has instructed to remit 15% as employer's contribution for each employee immediately and submit an application for additional funds from the Treasury.

In addition, the representative of the Auditor General of the AEA informed that the employer's contribution of EPF can be increased by using Form "O" available under EPF Act No.15 of 1958. Considering the above facts, the Board of Directors of the AEA instructed to obtain written approval from the Commissioner General of Labour to increase the EPF contribution ratio as 3:2.

The Commissioner General had granted the required approval by his letter dated 23.11.2012. This error was corrected in January 2013. In addition to above, Cost of Living Allowance (COL) had not been considered for the calculation of the EPF/ETF contributions until June 2014. This practice was also found as in contrary to the provisions of the EPF Act. It was rectified with effect from June 2014 with the approval of the Board of Management.

General Treasury provided Rs.6 mn. in 2014 and Rs.15mn. in 2016 respectively in order to settle this arrears payment.

Payable amounts were settled as following manner

Date	Nature Payment	Amount Rs.
30.12.2014	COL and 3% of EPF – May 2011 to December 2013	6,591,542.22
31.05.2016	ETF for COL - January 2014 to May 2014 – 3%	159,826.54
31.05.2016	EPF for COL – January 2014 to May 2014	1,332,642.47
31.12.2016	EPF for March 1981 to April 2011 – 3%	5,962,387.11
31.12.2016	ETF for COL March 2007 to April 2011 -	434,072.27
		14,480,470.61

Further amount of Rs.5, 427,815.49including the surcharge Rs.1, 809,271.79 to be paid with the concurrence of the Commissioner of Labour.

13. Unusable Instrument

The TXRF detector (Model: SDD, KETEK AXAS- A, S/No 00221) used in TXRF system was reported as broken. After technical assistants of SLAEB it was confirmed that the unit is no longer in operational condition. The faulty detector was send to the Manufacture KETEK Co. in Germany through DHL for repair. However, according to the Manufacture, at the time they received the item, it had been badly damaged and confirmed as irreparable. Director General of the SLAEB has decided and advised to dispose the said item under environmental safety manner in Germany as it contained highly toxic material(Beryllium) without returning to Sri Lanka.

This detector has been donated in 2008 and the value of the item is Rs. 2.37mn. (EURO 11,500) At present W.D.V. Rs. 697,393. However, disposal of this item is to be done in accordance with procedure stipulated in Financial Regulations. Until obtain the approval for disposal, the value of the damaged item was transferred to separate account as unusable asset and shown below the noncurrent assets in the statement of financial position.

14. Change of annual Rates of Depreciation/Amortization

Process of revaluation had been initiated with the participation of the Department of Valuation in the year 2012 in order to show the fair values of the Non-current assets which the book value become zero.

Department of Valuation continuously attended to this process and requested some additional information from the AEA in order to finalize this exercise.

Due to the delay in the revaluation process of the Department of Valuation, Sri Lanka Atomic Energy Board (SLAEB) has decided to revalue the all classes of assets with the help of internal committee appointed by the Director General. The committee submitted their revaluation report during the year 2016. However, Considering the practical difficulties and accuracy of the re estimated cost of assets, the Audit Committee recommended to correct the estimated life time of the Property, Plant & Equipment of the SLAEB in order to show fair value in the financial statements.

SLAEB considered the pattern of economic life time of each asset and changed the annual rate of depreciation with effect from 01.01.2016.



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கணக்காய்வாளர் தலைமை அபிபதி திணைக்களம்
AUDITOR GENERAL'S DEPARTMENT



මගේ අංකය
எனது இல.
My No.

POE/B/SLAEB/FA/2016

මගේ අංකය
உமது இல.
Your No.

දිනය
திகதி
Date

24 September 2017

The Chairman
Sri Lanka Atomic Energy Board

Report of the Auditor General on the Financial Statements of the Sri Lanka Atomic Energy Board for the year ended 31 December 2016 in terms of the Section 14(2)(c) of the Finance Act, No. 38 of 1971.

The audit of financial statements of the Sri Lanka Atomic Energy Board for the year ended 31 December 2016 comprising the statement of financial position as at 31 December 2016 and the statement of financial performance, statement of changes in equity and cash flow statement for the year then ended and a summary of significant accounting policies and other explanatory information, was carried out under my direction in pursuance of provisions in Article 154(1) of the Constitution of the Democratic Socialist Republic of Sri Lanka read in conjunction with Section 13(1) of the Finance Act, No. 38 of 1971 and Section 76(3) of the Sri Lanka Atomic Energy Act, No. 40 of 2014. My comments and observations which I consider should be published with the Annual Report of the Board in terms of Section 14(2)(c) of the Finance Act appear in this report.

1:2 Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Sri Lanka Public Sector Accounting Standards and for such internal control as the management determines is necessary to enable the preparation of financial statements that are free from material misstatements whether due to fraud or error.

අංක 306/72, පොල්දූව පාර, බත්තරමුල්ල, ශ්‍රී ලංකාව, . - இல. 306/72, பொல்தூவ வீதி, பத்தரமுல்லை, இலங்கை. - No. 306/72, Polduwa Road, Battaramulla, Sri Lanka



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1:3 Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Sri Lanka Auditing Standards consistent with International Auditing Standards of Supreme Audit Institutions (ISSAI 1000 – 1810). Those Standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material statements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatements of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the Board's preparation and fair presentation of the financial statements 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 Board's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of financial statements. Subsections (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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

1:4 Basis for Qualified Opinion

My opinion is qualified based on the matters described in paragraph 2:2 of this report.

2. Financial Statements

2:1 Qualified Opinion

In my opinion, except for the effects of the matters described in paragraph 2:2 of this report the financial statements give a true and fair view of the financial position of the Sri Lanka Atomic Energy Board as at 31 December 2016 and its financial performance and cash flows for the year then ended in accordance with Sri Lanka Public Sector Accounting Standards.

2:2 Comments on Financial Statements

2:2:1 Sri Lanka Public Sector Accounting Standards

In view of the failure to review the effective life of the non-current assets annually in terms of paragraph 65 of the Sri Lanka Public Sector Accounting Standard 07, fully depreciated 1,033 items of assets costing Rs.59,797,159 had been in further use. The action for the revision of the estimated error resulting therefrom had not been taken in terms of the Sri Lanka Public Sector Accounting Standard 03.

2:2:2 Accounting Deficiencies

The following observations are made.

- (a) Even though 02 items of assets which could not be used had been shown at the net value of Rs.729,243 as at 31 December 2016, under the non-current assets in the financial statements presented, any provision whatsoever for the impairment losses relating thereto had not been made in the financial statements.
- (b) The sum of Rs.181 million paid by the Board to the Urban Development Authority in the years 2014 and 2015 for the purchase of a land in Malambe area had been shown as work-in-progress in the financial statements instead of being shown an advances. Even though the construction works done on that land by the Road Development Authority were of no use whatsoever to the Board, a sum of Rs.2,694,850 spent thereon had been further included under the work-in-progress instead of being written off as an expenditure.

2:3 Accounting Receivable

Action had not been taken for the recovery of the debtors balances less than one year amounting to Rs.976,887 and the debtors balances old between one year to 05 years amounting to Rs.665,690 out of the trade debtors balance as at 31 December 2016 amounting to Rs.5,882,869. The confirmations relating to those balances had not been obtained.

3. Financial Review

3:1 Financial Results

According to the financial statements presented, the financial results of the Board for the year under review amounted to a surplus of Rs.3,864,974 as against the deficit of Rs.20,985,774 for the preceding year, and as compared with the preceding year, the financial results for the year under review indicated an improvement of Rs.24,850,748. Even though the income from the testing of food samples and the income of the Gamma Centre had decreased by Rs.41,156,983, the increase of the recurrent grants received from the Treasury and the deferred income by Rs.69,147,635 had been the main reasons for the above improvement.

4. Operating Review

4:1 Performance

According to the Sri Lanka Atomic Energy Act, No. 40 of 2014, the objectives of the Board are to promote and encourage the peaceful application of nuclear technology and provide services using such technology, conduct research in nuclear science, promote and support innovations, provide radiation protection services and engage in activities involving the ionizing radiation and complimentary techniques for commercial or other purposes.

4:2 Management Activities

The following observations are made.

- (a) A sum of Rs.21,005,872 had been remitted to the International Atomic Energy Agency on 14 November 2013 for the purchase of the Spectra Meter System-LSD Equipment, and the cost of the equipment supplied in June and September 2014 amounted to Rs.17,414,672 and the Board had not taken action for the recovery of the excess remittance of Rs. 3,591,200 from that institution. Even though a sum of Rs.9,184,390 (EURO 60,000) had been paid to that institution on 02 December 2015 for the purchase of Isotope Radio Mass Spectrometer

Equipment that equipment had not been supplied to the Board even by the end of the year under review. The Board had not taken adequate action in that connection as well.

- (b) The Multipurpose Gamma Irradiator Facility Centre constructed as a Board of Investment Project at a cost of Rs.746.6 million on a land obtained by the Ministry of Science and Technology on a 30 year lease had been vested in the Board in the year 2015. The matters revealed in that connection are given below.
 - (i) The Lalan Rubber Institution which supplied Surgical Gloves to the Ministry of Health had been its chief customer and 97 per cent of the income for the year 2015 had been from that source. Nevertheless, the operations of the Gamma Centre had not been carried out due to the non-award of that bid by the Ministry of Health in the year 2016. The income of the Centre had decreased rapidly due to that reason and a risk was with regard to the maintenance of its activities in the future was observed in audit. But the Board had not taken adequate courses of action in that connection. In view of that situation, as compared with the year 2015 the income of the Centre had decreased from Rs.46 million to Rs.16 million by 63 per cent.
 - (ii) The attention had not been paid for the prevention of the outflow of foreign exchange through the utilization of the resources of the Sri Lanka Gamma Institute which as the sole Irradiation Facility owned by the Government of Sri Lanka, at least by diverting the orders of the Government institution for Irradiation Facilities to this Centre.
- (c) The Board had paid a sum of Rs.181 million to the Urban Development Authority in the years 2014 and 2015 for the purchase of an alternative land for the land on which the Head Office of the Board is situated and the Road Development Authority had commenced the construction of a building similar to the current building of the Atomic Energy Board on that land in March 2015. Nevertheless all construction work had been ceased from June 2015 due to the objections raised by the residents of the area. The ownership of the land had not been vested in the Board even by 01 august 2016.

Despite the above situation remaining as it is, agreement has been reached with the Urban Development Authority to make use of a land in Orugodawatta of which the National Apprenticeship and Industrial Training Authority had entered

into a 30 year lease for the above purpose. Even though the Road Development Authority is carrying out the construction of the building at present, a final determination of the value of that land had not been reached with regard to that land as well.

4:3 Transactions of Contentious Nature

The following observations are made.

- (a) A supplier had been selected through the Procurement Process for the supply, transport and install a Cobalt Source 205 kci for the improvement of the capacity of the Sri Lanka Gamma Centre. The Department of Treasury Operations had made available a sum of Rs.125,000,000 for that purpose on 28 December 2015. But the order for the Cobalt 60 Source had not been made up to 31 December 2016 due to the cease of the orders as expected from the chief customer of the Gamma Centre. Despite the emphasis that the sum of Rs.125,000,000 given by the Treasury should be made use of only for the intended purpose, that money had been deposited in a Savings Account throughout the year 2016 based on a decision of the Board of Directors dated 08 January 2016 without the approval of the Treasury and earned an interest income of Rs.5,220,485. A sum of Rs.71,584,425 from this Account had been spent on 01 June 2017 for the purchase of the Cobalt 60 Source and the balance of the Account as at that date amounting to Rs.61,351,168 had been further retained in the Savings Account.
- (b) The leave of the employees of the Semi-Government institution named Atomic Energy Board established by the Sri Lanka Atomic Energy Board Act, No. 40 of 2014 is subject to the provision in the Shop and Office Employees Act. and they should be on duty on the Government Public Holidays which are not Mercantile Holidays. Nevertheless, according to a decision made by the Board of Directors on 26 March 2015, action had been taken to make the Government Public Holidays which are not Mercantile Holidays as Holidays of the Board. Accordingly action had been taken to consider 09 days during the period from September 2015 to the end of June 2017 which were Non-mercantile Public Holidays of the Government as holidays of the Board.



In this connection the Chairman of the Board had made the following statement. Most of the members of the Board staff had made a request to grant holidays on the Public Holidays of the Government. That request was submitted to the Board of Directors, and the approval of the Board of Directors was granted to consider Public Holidays of the Government as holidays of the Board due to the difficulties in maintaining contacts with the external institutions consisting of Banks, Ministries/ Departments as those are public holidays of such institutions and the ineffectiveness of the expenditure incurred on staff requirements such as water, electricity and air-conditioning for keeping the office open, and that even the Secretary to Ministry as well was made aware of this matter.

4.4 Staff Administration

The approved staff of the Board stood at 182 as at 31 December 2016 whilst the actual number had been 140.

The following observations are made in this connection.

- (a) There were 14 vacancies in the Senior Staff Grades, one vacancy in the Tertiary Level, 18 vacancies in the Secondary Level and 09 vacancies in the Primary Level, all totaling 42 as at the end of the year under review due to reasons such as the failure to carry out timely review of the cadre in order to maintain a realistic service level, and the weaknesses in the Scheme of Recruitment.
- (b) A Director had been appointed to the Post of Working Director for which provision is not made in the Sri Lanka Atomic Energy Board Act, No. 40 of 2014 and a sum of Rs.912,166 had been spent on that post during the period from 05 April 2016 to 28 February 2017.
- (c) The Board had, at the meeting held on 28 July 2016, decided to grant an extension of services for the period from 02 August to 02 February 2017 to the Director General of the Board subject to the approval of the Cabinet of Ministers. The approval therefor had not been obtained even up to 31 July 2017 and the Board had spent a sum of Rs.739,026 for providing salaries, allowances and the transport facilities to the Director General during the period.

- (d) Even though the Director General of the Department of Management Services had, by his letter No. DMS/7777/AEB dated 7 July 2015, granted the approval for the appointment of a Project Director for the Malambe Buildings Project, the work on this Project had been completely ceased by that date due to the public disturbances. Nevertheless the services of the Project Director had been obtained for the above Project for one year from 05 August 2015. Nevertheless, the Terms of Reference containing the role and the service conditions had not been issued to him even by 31 December 2015.

The Director General of the Atomic Energy Board had, by his letter No. AEB/Ad/HR/SR dated 13 September 2016, extended the service period of the Project Director again for a further period of one year. The Board had spent a sum of Rs.2,128,402 for providing salary and allowances and transport facilities to the Project Director for the period from 03 August 2015 to February 2016.

- (e) According to Section 13.3 of Chapter II of the Establishments Code of the Democratic Socialist Republic of Sri Lanka, an acting appointment should be made as a temporary remedy until a permanent appointment is made. If the service requires a full-time officer, a permanent officer should be appointed without any delay. But an appointment which did not conform to such requirement had been made to the post of Acting Senior Deputy Director (Finance) of the Sri Lanka Atomic Energy Board on 01 March 2011 and that post had been designated as Director (Finance) with effect from 01 September 2016.

5. Accountability and Good Governance

5:1 Internal Audit

Even though an Internal Audit Programme for the year 2016 covering the areas such as Internal Control System, Financial Performance Activities, Assets, Income, Balances Receivable, Budget, Costing, Procurement, Process, Projects and Human Resources Management of the National Centre for Non-Destructive Testing and the Sri Lanka Gamma Centre that Internal Audit Programme had not been implemented.

5:2 Budgetary Control

Variances ranging from 15 per cent to 646 per cent were observed in the budgeted and the actual expenditure of 22 Expenditure Objects in the budget for the year under review and as such the budget had not been made use of as an effective instrument of management control.

6. Systems and Controls

Deficiencies in systems and controls observed during the course of audit were brought to the notice of the Chairman of the Board from time to time. Special attention is needed in respect of the following areas of control.

Areas of Systems and Controls	Observations
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(a) Accounting of Assets	Failure to carry out annual review of the effective life of property, plant and equipment.
(b) Balances Receivable	Failure to recover the receivables without delay
(c) Human Resources Management	Failure to carry out proper management of human resources to achieve the objectives of the Board.
(d) Budgetary Control	Failure to prepare the budget realistically and make use of it as an instrument of control.

H.M. Gamini Wijesinghe
Auditor General

Sgd./ H.M. GAMINI WIJESINGHE
Auditor General

**Explanation given by management for the matters indicated in Auditor General's
Report for 2016**

2. Financial Statement

2.2.1 Sri Lanka Public Sector Accounting Standards (SLPSAS)

- (a) When the fully depreciated assets are utilized for operational purpose of the Board, in such instances, no depreciation for such assets is properly reflected in accounts within their actual life time in terms of Sri Lanka Public Sector Accounting Standard No.03. Therefore, estimated life time of such assets has been adjusted within their time of use and accordingly the alteration also has been made in their depreciation for upcoming years. However, there are assets in value of Rs. 59,797,159 which should be altered in so-called manner. Necessary adjustments for it will be made in year 2017.

2.2.2 Accounting Deficiencies

- (a) Assets in value of Rs. 729,243 have been shown as unserviceable. Such assets have been shown in accounts as they stand until approval is obtained to write off from books.
- (b) Amount of Rs.181 million had been paid to Urban Development Authority for the land at Malabe will be shown as advance payment in the financial statements for the year 2017. Rs.2,694,850 which had been incurred for Malabe project will be considered as recurrent expenses in financial statements of 2017 in order to correct this matter.

2.3. Receivable Accounts

Action has been taken to recover outstanding loan balances from 1 to 5 years by sending reminders from time to time.

Letters were sent to all debtors as at 31st December 2016 in order to confirm their outstanding balances. But the balances had been confirmed only for Rs.90,800/=. Response of debtors is very poor even though letters are sent every year as stated.

3. Financial Review

3.1. Financial Results

It is agreed.

4. Operational Review

4.1. Performance

It is agreed.

4.2. Management Activities

- (a) Action is being taken to procure TLD cards using the amount of Rs.3,591,200/= receivable from International Atomic Energy Agency (IAEA).
Procurement process has been started by the IAEA with regard to IRMS Equipment. This instrument will reach us before end of March 2018. Inquires are continuously made from the IAEA on this matter.
- (b) I. Ministry of Health has again awarded the contract for the supply of sterilized surgical gloves to the major customer of the Sri Lanka Gamma Centre (SLGC). Accordingly, he has entered to an agreement with the SLAEB to obtain the irradiation facilities up to October 2017 and has signed in relevant contract. Capacity required for the Center has been increased. Audit and Management Committee is of the view that taking a decision with regard to the future sustainability of the Center by reviewing its performance.

- II. Continuous negotiations have been held with government institutions by the management of the SLAEB with assistance of Line Ministry in order to increase the number of public sector clients. There is no such entity in government sector which can deliver this sort of service.
- (c) Urban Development Authority has been informed to obtain by paying relevant valuation charges of relevant report from Government Valuation Department on valuation of the land located in Orugodawatte which had been given to National Apprentice and Industrial Training Authority now on which a building is being constructed for Sri Lanka Atomic Energy Board and the land located at Halbarawa, Malabe belonged to Urban Development Authority reserved making the payment of 181 million rupees by Sri Lanka Atomic Energy Board.
- After receiving said valuation reports, action will be taken to settle the value of those lands as per the tri-party agreement entered on 02.02.2017 among Urban Development Authority, National Apprentice Industrial Training Authority and Sri Lanka Atomic Energy Board according to said agreement.

4.3. Transactions which lead to contradiction

- (a) A Rs.125,000,000 had been received as a government grant in 2015 for procurement of radiation cobalt 60. However, as Lalan Rubber Company which is the main supplier for Gama Center who competed against the service of radiation, the procurement source of cobalt 60 was postponed up to 2017 with the approval of Board of Directors.

Whether this source of radiation of cobalt 60 utilized or not, there is depreciation for it. If it is procured within the period where no purchase order received, a loss of Rs. 33,334 per day would cause from such source. So, there had been a possibility of causing a total loss of Rs. 17,233,678 within the period where not operated (from January 2017 to May 2017). As the procurement was made delayed, it has been able to avoid such amount of loss. This source was procured by September 2017 and has been established. This source is already utilized and the said service is also being delivered.

Action is being taken to re-send the remaining funds to the General Treasury after utilizing required amount for procurement of source of cobalt.

- (b) Only mercantile holidays were considered as holidays for the employees of Sri Lanka Atomic Energy Board.

Most of the employees had made requests to grant them holiday in public holidays. Such request was referred to the Board of Directors, and it was made effect by receiving approval to obtain public holidays. Accordingly, the Ministry was informed in this regard.

4.4. Staff Administration

- (a) 14 vacancies had been in Senior Staff Grade Posts. Such posts were Director (International Cooperation) and Director (Administration). Vacancies existed in both posts have been filled in April 2017. A vacancy existed in the post of Operational Manager (01) in Mechanical Stores. Recruitment has been made for such post in November 2017.

Scientific Officers - 11

Resign from service by officers and promotion gained by officers in 2015/2016 were the reasons for the vacancies existed as at 31.12.2016 and 07 employees have already been recruited. A detailed draft report containing replies in this regard has been submitted for audit report.

Tertiary Level

Information Officer - 01

Applications were invited for this post in several occasions but suitable applicants had not applied.

Secondary Level

Technical Assistants - 15: There was a delay in filling vacancies existed in this post. Applicants those who possess qualification of NVQ Level 5 are recruited to this post. Certain Vocational and Higher Educational Institutes and Technical Colleges etc. are not issuing NVQ Level Certificates for the courses conducted by them. Therefore, it is difficult to recruit such applicants. However, 05 applicants who possess such certificates issued by above mentioned institutes had applied and all of them have been recruited on the authentication of NVQ Level 5 through Tertiary and Vocational Education Commission.

Post of Management Assistant - 03: Vacancies have existed in this post in 2016 due to retirement of employees from service/resin by them. Action is now being taken to fill the vacancies by inviting applications.

Office Aide (Primary Level) - (SLGC) - 06: Two (02) vacancies have been filled in this post. As the cadre in Sri Lanka Atomic Energy Board is being re-structured, no action was taken to fill the vacancies of remaining 04 posts.

Driver - 01 and Electric Mechanic Officer - 01

Recruitment has been made for these 02 posts.

- (b) As mentioned in the letter dated 18.08.2016 addressed to Chairman, Sri Lanka Atomic Energy Board by the Secretary to the Ministry of Power & Renewable Energy, it has been informed that it is the view of the Ministry to create an additional post which enables to coordinate and function with the Hon. Minister of Power & Renewable Energy with regard to the duties and functions of Sri Lanka Atomic Energy Board, and for that purpose, instruction has been given by the Hon. Minister to the Secretary of his Ministry to create a post of Working Director in terms of the provisions of the Act No.40 of 2014 of Sri Lanka Atomic Energy Board. Accordingly, a member of the Board of Management has been appointed to the said post of Working Director by the Secretary to the Ministry, on the recommendation of Hon. Minister. The Head of the Institution who is the department head of this Working Director's full time work place has informed that such officer cannot be released from the service, and accordingly this decision has been communicated to the Secretary to the Ministry.

Department of Public Enterprises was inquired by the Director General on the instruction of Audit and Management Committee in Sri Lanka Atomic Energy Board, with regard to the salary and other allowances relevant to the post of Working Director, and in responding, the Director General of that Department, by his letter, has informed that there is no such provision in the Act of Sri Lanka Atomic Energy Board to create such a post. Further, as Working Director, he has informed by his letter dated 14.02.2017 addressed to the Chairman of the Board that no allowance is needed from April 2017 for the duties performed by him in that post of Working Director. Salary, allowances and other facilities for the above post have been stopped based on that letter and the said instruction given by Department of Public Enterprises. This matter has been informed to the Board of Directors.

- (c) The Director General of Sri Lanka Atomic Energy Board shall be appointed in terms of the section 71(1) of Act No.40 of 2014 of Sri Lanka Atomic Energy Board with the concurrence of the Hon. Minister of Line Ministry. Accordingly, former Director General had been appointed to the post of Director General up to 02.08.2016. Duties and functions of SSDL and PMSL were carried out under the supervision and technical instruction rendered by him from the period where he was as a Director to the General Scientific Division. Such technical instruction was given by him after his appointment as Director General and he had been given authorization to sign in relevant documents. He, by indicating such facts and through his letter dated 18.01.2016 has requested the Chairman of Sri Lanka Atomic Energy Board to extend

his period of service enabling him to render required service in order to attend and maintain functions of the above laboratories even after his service as Director General. He has again made an appeal to the Hon. Minister on 26.04.2106 even with a copy to the Chairman of Atomic Energy Board requesting him to make a request, with a decision of the Board of Directors, to the Hon. Minister asking to extend his period of service considering the above facts and the necessity of service of the Board. In responding to that letter, Acting Secretary to the Ministry of Power & Renewable Energy, by the letter No: විබ/පා/6/ AEB-VOL II dated 27.05.2016 has informed the Chairman of Sri Lanka Atomic Energy Board that the Hon. Minister has granted his approval to extend the period of service of such officer by further 06 months of period even after his retirement date of 02.08.2016. Accordingly, the decision was referred to the Board of Directors on 28.07.2016 and subsequently the Board has decided to have a copy of the Cabinet approval from the Ministry of Power & Renewable Energy. Accordingly, a letter requesting the above said copy has been sent to the Ministry of Power & Renewable Energy by the Chairman of Sri Lanka Atomic Energy Board.

- (d) The period of service of this officer who served as the Project Director of Gama Center has been extended up to 31.12.2014 in order to help for performing preliminary works of the project on re-location and re-establishment of Sri Lanka Atomic Energy Board, and from August 2014 taking measures under the approval of Board of Directors, in respect of pending construction work identified within the SLGC project. The Board of Directors has grant its approval in its meeting held on 02.12.2014 to the Board Paper No. 2014-13-317. (An allowance Rs. 5000/- per day, maximum attendance of 02 days per week) has been paid from the month of August 2014 up to the month of December 2014 based on the performance of the Project Director and his attendance. No allowances were paid to the Project Director for the period from January 2015 to July 2015.

A land had been allocated in Malabe to re-locate and re-establish the Sri Lanka Atomic Energy Board. Unfortunately, people of that area had raised objections regarding that land. Therefore, the government took a decision in September 2016 to allocate a new land in Orugodawatta instead of Malabe land. However, until such decision is made, a Director has been recruited from August 2015 as project works scheduled earlier of phase I and phase II of construction project were to be carried out with parallel. The functions and duties performed by the Project Director are briefly given below. Even though, there had been a delay in entering into a relevant agreement, the relevant duties have been assigned from August 2015 by the Chairman. His relevant salary and other allowances are paid to him based on the performance with the recommendation of Director General. The letter of appointment of Project Director was issued to him on 30th of July 2015, and the contract agreement containing the details of his duties, responsibilities and service conditions etc. has been signed by 31st December 2015.

A detailed draft report containing replies in this regard has been submitted for audit report. However, extension of service of contract yearly was suspended from August 2017.

- (e) The officer presently working as Acting Director (Finance) has been recruited to Class II of the Management Level as the Head of Finance Division of Atomic Energy Board with effect from 01.09.2005. The post-graduate qualification was not considered as a qualification for promotion to Class I of the same according to the procedure for promotion and then scheme of recruitment (old).

However, a new post had been introduced at the time of re-structuring the organization structure in year 2006 in terms of the Circular No.30 of Management Services by expanding the scope of the

post of Head of the Finance Officer of this Division changing as the post of Senior Deputy Director (Finance and Administration). The recruitment scheme prepared at that time in terms of the Circular No.30 of Management Service was approved in 2011, and bases on qualification and experience staff of the Atomic Energy Authority of absorption into the posts in Cadre after such approval. The above officer was considered to be absorbed into the post of Senior Deputy Director (Finance and Administration) as he served as the Head of Finance Division, but at that time, he had not possessed post-graduate qualification, and therefore he was placed in the post of Acting Senior Deputy Director under salary group of HM 1-1. Having considered his short period of future service, necessary approval had been sought in several occasions from the Department of Management Services in order to place him in that relevant post as personal to him. However, no such approval has been received so far. When this matter was referred to the Board of Directors, it considered a short period of 2 ½ years for him in future and has given its approval to appoint him with effect from 13.12.2013 in the revised post of Director (Finance) acting basis.

The reason why administrative authorities had acted in that manner is to avoid the injustice which was to be caused to him.

5. Nature of Accounting and Good Governance

5.1. Internal Audit

There was a vacancy in the post of Internal Audit Officer in Internal Audit Division. The internal audit program prepared for 2016 by hoping to recruit to the post of Internal Audit Officer and as well as to get the assistance of a Technical Officer was approved by the both Audit and Management Committee, and the Board of Directors. However, the existing vacancy in the post of Internal Audit Officer was filled on 12th of October 2016. The said Internal Audit Officer is a novice to audit subject. Now, he is performing the duties assigned to him while he receives training on audit matters. A Technical Officer recruited in 2016 was temporarily engaged in the duties related to audit. Nevertheless, within a short period of time, she was again attached to another division based on necessity of service.

About 60% of arears included in approved audit program for 2016 have been completed with the resources available and able to release reports.

A report containing detailed replies for reasons for not covered the areas in audit program approved for 2016 has been prepared and submitted for draft audit report.

It was unable to complete overall audit program in 100% due to carrying out works of preparation of report on replies for 2014 and 2015 consulting with the Chairman and the Director General, functioning as Secretary in 2016 to the Audit and Management Committee, preparation of progress reports for 2013 and 2014 for submission to the Cabinet, conducting special inquiries, and assisting the non audit functions of the institute with limited resources.

The facts which attributed not to carry out audit activities as scheduled have been discussed very often in Audit and Management Committee meetings (even in Audit and Management Committee meetings of the Ministry). From the year 2010 to 2015 the Auditor General's reports for have indicated that the planned audit activities in audit programs were not carried out sufficiently due to adequate staff in the Audit Division. Further, this matters were taken in COPE Committee meeting held on 10th November 2014, and the Secretary to the then Line Ministry has agreed to take remedial measures in that regard. Therefore, necessary action is being taken with the approval of Board of Directors for approving necessary posts in order to strengthen the Internal Audit Division in parallel to the expansion of scope of the institution and as well as to fill the vacancies prevailing in those posts.

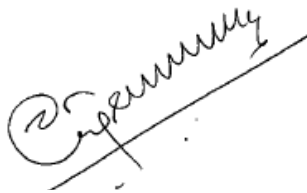
5.2. Budgetary Control

Differences have been occurred between the budget and actual expenditure due to following reasons.

- a. As reduction in operational activities in Sri Lanka Gama Center in parallel to that reduction in operational income and expenses in that center.
- b. As supply of certain chemical items used in National Center for Non-Destructive Test by particular clients and thereby reduction in expenditure for such chemicals.
- c. Reasons for increase in vehicle maintenance expenditure due to the expenses for old vehicles.
- d. Due to economical use of telephone, postal, water etc. reduction in actual expenditure than anticipated expenses, and thereby saving funds.

6. Systems Control

- (a) Depreciation for fixed assets has been adjusted according to Sri Lanka Public Sector Accounting Standards and shown in accounts.
- (b) Basic responsibility of collection of loans has been assigned to the Directors of the parties of service providers. Collection of loans is being carried out in collaboration with Finance Division. Relevant officers have been instructed to make reduction in service based on the loans.
- (c) A Work Study on the staff of Sri Lanka Atomic Energy Board has been carried out according to the instructions given in the Circular No. 01/2017 of Department of Management. Accordingly, the staff is initiating necessary work plan to achieve the objectives of its Board and to administrate the human resources according to the extent of its works.
- (d) Necessary actions have been taken to prepare budget properly, control expenditure according to provisions available, and gain the anticipated income.



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Chairman
Sri Lanka Atomic Energy Board



ANNUAL REPORT

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