

Annual Performance Report for the year 2019
Department of Government Factory
Expenditure Head No. 310

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Chapter 01 Institutional Profile/ Implementation overview

1.1 Introduction

Government Factory has been originally established as a sub department of Public Works Department in the year 1849 on Gas Workers Street, Colombo. It has been shifted to the present location close to the petroleum complex along the Dematagoda - Kolonnawa Road in 1928.

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



With the breaking up of the Public Works Department into Highways and Buildings Departments in 1969, followed by the creation

of the Territorial Civil Engineering Organization in 1971, the Government Factory became a Class "A" Department with effect from 01/10/1971.

Once the Government Factory became a Class "A" Department, Functions of the Factory has



been operated under Advance Accounts of the General Treasury to provide mechanical engineering support services to public sector institutions.



From time to time, the Government Factory has been attached to the Ministry of Lands and Land Development, Ministry of Housing & Construction & Public Utilities, Ministry of

Housing, Construction and Estate Infrastructure Facilities, Ministry of Housing, Construction and Engineering Services and currently it is under the purview of the Ministry of Housing and Construction.

As of now, the Department of Government Factory is the market leader of the country in the fabrication and installation of water management gates. In recent times, water management gates of almost all mega irrigation projects initiated by the Irrigation Department were fabricated and installed by the Government Factory Department. Weheragala, Deduru Oya, Pe-arua and Rambaken Oya are some of the examples.

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

The Department has to earn Rs 18 million monthly from its customers for the payment of salaries of departmental officers and workers deployed for production and maintenance activities as treasury provisions are not provided for this purpose.

In line with the Sri Lanka Standards Policy, the Department secured ISO 9001:2008 international quality management system in the

year 2013. Subsequent to the efforts made by the Department to secure this certificate. Through the measures taken to secure this certificate, the efficiency of the Department of Government Factory could be enhanced and the external audit for obtaining ISO 9001:2015 international quality management systems was completed in the year 2019 and action was pursued to obtain the certificate. This also led to a growth in our consumer services delivered by the institution.



2. Vision and Mission of Department

Vision

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

Mission

“Providing Mechanical Engineering Products, Works, Services and Consultancies for Public and Private Sector Organizations. Providing In-Plant Training for Professional Engineers, Technical Officers and Trainees, in the Field of Mechanical Engineering”

3. Main subject areas of the Department

(a) Manufacturing sector

Production of metal and timber items for public and private sectors

- Manufacturing of irrigation water management equipment, hospital equipment
- Manufacturing timber items for offices, educational and judicial institutions
- Manufacturing various cast iron and non-ferrous products for highways and other constructions and machinery and accessories
- Manufacturing chevrons, stars, number tags for Police Department
- Postal franks with date, month and

(b) Construction sector (Heavy fabricating)

- Designing, fabricating and installing various types of gates and accessories for irrigation sluices and reservoirs.
- Constructing protective fences and protective roofs for historically important Buddha statues and temples.
- Fabricating timber and metal roofs of buildings
- Erecting guest shelters, stages and receiving lines for special guests attending state ceremonies.
- Constructing saluting dais for welcoming foreign heads of state.

Department of Government Factory

(c) Repairing and maintenance sector

- Repairing machinery and equipment of hospitals and ayurveda institutes
- Repairing gates and accessories of water management sluices of Irrigation Department.
- Repairing and maintaining furniture of offices of government and semi-government sectors
- Maintaining and repairing typewriters and air conditioners

(d) Mechanical engineering services

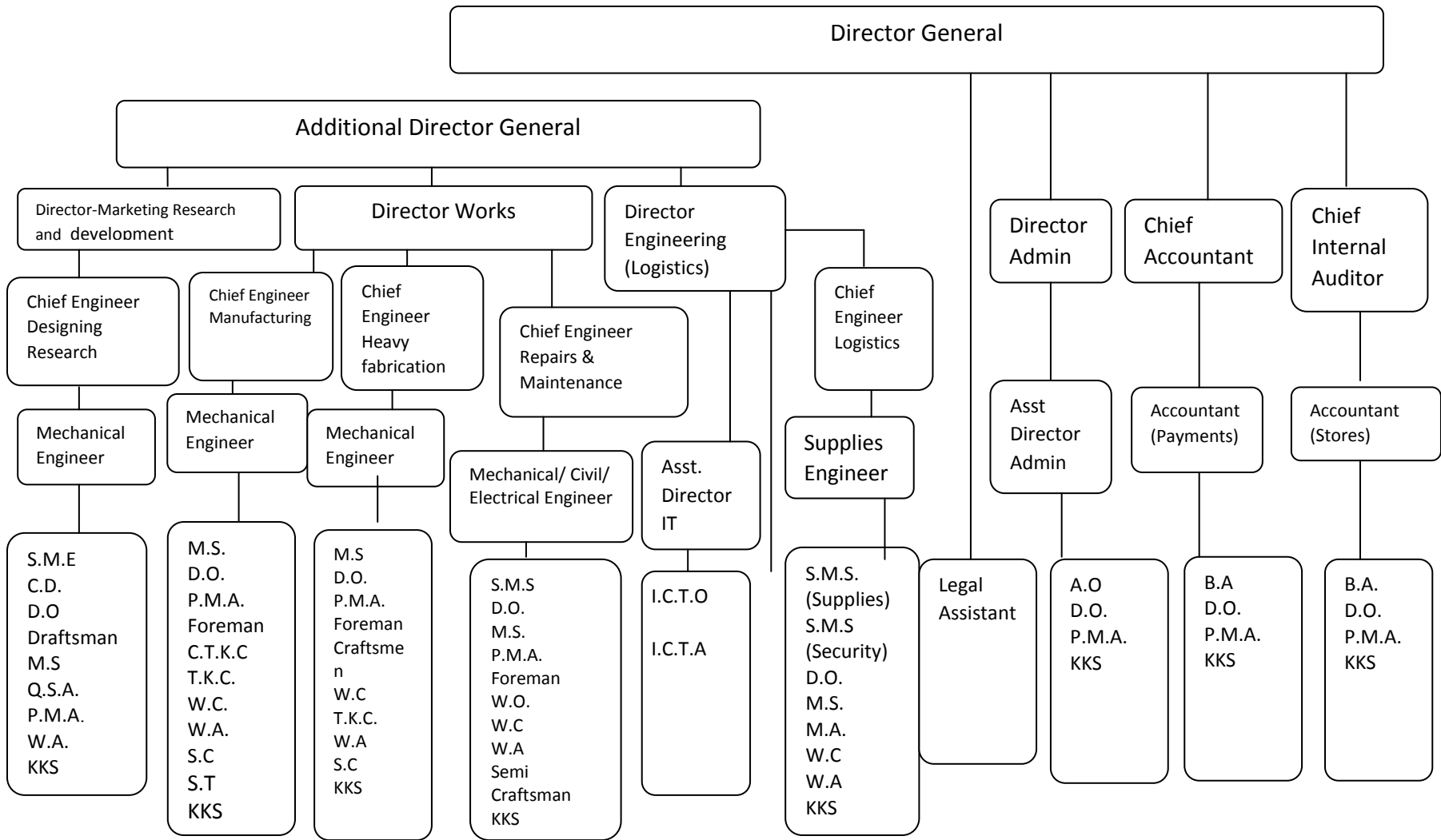
- Provision of institutional training for post engineering and engineering undergraduates and apprentices of various training institutes.
- Providing quality reports for the repaired machinery and equipment of state sector institutions.
- Participating as members of technical evaluation committees of in state sector institutions.

3.1 Main manufacturing activities carried out and services offered at present

No	Organization	Services provided
01	Department of irrigation	Cast iron, ferrous products, radial gates and other kinds of gates, water management accessories
02	Hospitals	Powder coated stainless steel products, hospital and household equipment
03	Police Department/Ministry of Defence	Chevrons, name boards, mechanical sirens, official number tags
04	Department of Posts	Postal franks with years, months and dates, household equipment and tools, iron based products
05	Department of Railways	Cast iron and ferrous products
06	Rehabilitation/ Ayurveda hospitals	Installing and maintaining machinery
07	Road Development Authority	Road barriers and signage, manhole frames and lids
08	Department of Elections	Making and repairing ballot boxes
09	Department of Moto Traffic	Engraving chassis numbers and engine numbers
10	All public sector institutions	Furniture and other wooden products
11	All public sector institutions	Screen printing, digital printing, sign boards and carving
12	All public sector institutions	Embossing, state emblems
13	All public sector institutions	Fabricating aluminium doors and windows, wall paneling (carving), partitioning (aluminium and tiber)
14	All public sector institutions	Drilling, boring, welding work and smithy work
15	All public sector institutions	Heavy fabricating work, light fabricating work and smithy work and aluminium fabricating work
16	All public sector institutions	Electromechanical work, electrical installation and repairs
17	All public sector institutions	Electroplating
18	Chartered engineering graduantds, engineering undergraduates, apprentices of technical institutions.	Provision of practical training in the mechanical engineering field.

1.5 Contended clientele of our department

No	Institution	Services provided
01	Ministry of Sports	Making wooden doorframes and doors and windows
02	Central Bank (Whaitaves and Central Point Building)	Making wooden doorframes and doors and windows
03	Treasury	Making wooden doorframes and doors and windows
04	Department of Elections	Making and repairing ballot boxes making sign boards
05	Gafoor building- Colombo 01	Making wooden doorframes and doors and windows
06	President's House (Anuradhapura/Nuwaraeliya)	Making wooden doorframes and doors and windows
07	Department of Irrigation	Designing, fabricating and repairing water control gates
08	Government hospitals	Manufacturing and repairing Hospital furniture (iron and stainless steel)
09	Department of Police	Manufacturing chevrons, household appliances (wooden and iron)
10	Department of Posts	Postal franks with years, months and dates, household equipment and tools,
11	Ministry of Justice	Wooden furniture, record room shelves, sign boards
12	Department of Archeology	Iron canopies for Avukana and Maligawila Buddha statues, sign boards, museum furniture
13	Department of Railways	Brake pads and equipment required for railway signals
14	Ministry of Foreign Affairs	Carrying out ferrous and wooden maintenance work and repairing



1.6. Organizational structure

SMS -Senior MechanicalSuperintendent
C.D. - Chief Draftsman
D.O. -Development
M.S-Mechanical Superintendent
Q.S.A.- Quantity Surveying Asst
P.M.A.- Public Management Asst
K.K.S. - Karyala Karya Sahayaka

I.C.T.A.- Information Communication Technical Assitant
W.A - Work Administrator
C.T.K.C- Chief Timekeeper Clerk
T.K.C- Timekeeper Clerk
W.C-Workshop Clerk
S.C. Semi Craftsman
W.A.-Workshop Assistant

S.M.S.Su.-Senior Mechanical Superintendent Supplies
S.M.S.Se -Senior Mechanical Superintendent Security
A.O. - Administrative Officer
B.A. - Budgetary Assistant
W.O. - Welfare Officer
I.C.T.O -Information Communication Technical Officer

1.7 Details of local and foreign subcontract funded projects

No	Name of the project	Provision of aid	Donor agency	Estimated expenditure (Rs Mn)	Project period (From 2019)	Notes
1	Rajanganaya project	Local	Department of Irrigation	222.42	1 year	Rs 10 million has been allocated for maintenance activities
2	Thondaman Aru Project	Local	Department of Irrigation	243.9	1 ½ Years	Rs 30 million has been allocated for maintenance activities
3	Alikota Ara project	Local	Department of Irrigation	112.2	1Year	
4	Deduru Oya project	Local	Department of Irrigation	50.7	1Year	
5	Beira Lake project	Local	Sri Lanka Land Reclamation and Development Corporation	19	06 Months	
6	Galamuna project	Local	Department of Irrigation	35.9	01Year	
7	Nilwala river project	Local	Department of Irrigation	40	4 Years	

1.8 Progress Report 2019

	Description	Total Estimate cost RS: MN	Actual Rs: Mn upto 2018	Target up to Month 2019		Progress 2019		Total Financial Progress Percentage upto month to the Estimate
				Physical	Finance Rs: Mn	Actual Physical (%)	Actual Rs : Mn	
1	Maintenance of Radial gates at Rajanganaya reservoir			100%	10.00	100%	7.25	7.25
2	Maintenance of barrage gates at Thondaman Aru barrage			100%	30.00	90%	20.19	20.19
3	Fabrication and installation of 03 Nos,04 Nos Sluice gates & 4 nos Fixed wheel gates Radial gates at Alikota Ara	112.20	73.9	100%	4.00	99%	3.08	76.98
4	Fabrication and Installation of cast iron gate 01 no, fixed wheel gate 01 at Uwa Kuda Oya	14.60	5.33	100%	5.00	40%	0.40	5.73
5	Installation of 03 Nos Radial gates at Gal Amuna	35.90	14.36	100%	28.00	100%	22.00	36.36
6	Design and installation of Steel building postal department			100%	70.00	2%	2.30	2.30
7	Bare wawa gate installation			100%	12.00	100%	12.11	12.11
8	Fabrication and Installation of 8 Nos Stop log for Daru Oya Reservoir			100%	30.00	100%	34.29	34.29
9	Making Tables 1700 nos for Ministry of Tourism Development wild lie			100%	36.69	100%	30.60	30.60
10	Electro Mechanical Unit			100%	45.00	69%	32.46	32.46
11	Heavy Fabrication other works			100%	44.31	91%	41.54	41.54
12	Carpentry Unit			100%	45.00	84%	39.02	39.02
13	Light Fabrication Unit			100%	40.00	93%	38.62	38.62
14	Foundry Unit			100%	20.00	93%	18.50	18.50
15	Light Engineering Unit			100%	30.00	79%	24.43	24.43
16	Vehicle Maintenance Unit			100%	20.00	86%	17.20	17.20
	Total		93.59		470.00		344.08	

1.8 Progress of development programmes implemented in 2019 and special services

1. Rajanganaya project

An order was placed at the end of the year 2016 with the Department for the fabrication and installation of 15 radial gates under this project. Accordingly, all gates were fabricated and handed over by May 2018 (15 gates) at the Rajangana work site. The total estimated expenditure of the project is Rs 222.42 million. Rs 10 million has been allocated to carry out repairs. The work has been completed during the financial year.

2. Thondamanaru Project

A dyke with 18 sluice gates have been constructed in Thondaman Aru area for rain water harvesting for agriculture and irrigation and preventing sea water mixing therewith as a solution to water problem in the Jaffna district. Under a World Bank funded project, an order was placed with the Government Factory to install new gates and 18 gates have been fabricated and installed. The estimated cost of the project is Rs. 243.9 million. Rs.30 million has been allocated for the maintenance thereof and maintenance activities were completed in the year 2019.

3. Alikota Aru Project

An order was received from the Department of Irrigation to fabricate and instal 03 radial gates, 04 sluice gates and 04 emergency gates and the above gates have been installed at the Alikota Aru reservoir constructed using water released from the Uma Oya Project. The estimated amount is Rs 112.2 million. This was completed in the year 2019.

4. Deduru Oya Project

An order has been received from the Department of Irrigation for the fabrication and installing 8 emergency gates to be used when repairs are carried out to radial gates of the Deduru Oya reservoir. The total estimate of this is Rs. 50.7 million. Eight fabricated emergency doors were handed over and due to the accumulation of waste at gate sills, they are not functioning properly. The relevant cleaning should be carried out by the Department of Irrigation.

5. Beira Lake Project

An order has been received from the Land Reclamation and Development Corporation for the fabrication of 04 water control sluice gates using noncorrosive 316L steel plates and rods. The estimated amount thereof is Rs. 19 million. These 04 gates have already been fabricated.

6. Galamuna Project

Upon an order received from the Department of Irrigation, 3 radial gates and 3 sluice gates were fabricated and installed for the Galamuna project in the Polonaruwa District at a cost of Rs. 35.9 million. These water control gates are used for release water when required for agricultural activities of the farmer community of the area.

Other activities

In addition to the above project activities, the other workshops have carried out work amounting to Rs. 242.66 million during the year 2019.

	
<p>Maintenance of barrage gates at Thondaman Aru barrage</p>	<p>Maintenance of Radial gates at Rajanganaya reservoir</p>
	
<p>Fabrication and Installation of 8 Nos Stop log for Daru Oya Reservoir</p>	<p>Fabrication and installation of 03 Nos, 04 Nos Sluice gates & 4 nos Fixed wheel gates Radial gates at Alikota Ara</p>
	
<p>Emergency Water Control Gates at Deduru Oya</p>	<p>Installation of 03 Nos Radial gates at Gal Amuna</p>

Special services

- Preparing saluting dais and special shelter for VIPs at the National Independence Day Ceremony.
- Erecting special dais at the Presidential Secretariat for receiving foreign heads of state and foreign dignitaries.
- The sub contract for designing, fabricating and installing 03 radial gates and accessories of the newly constructed Pe-Aru reservoir in the Vavuniya district by the National Water Supply and Drainage Board for the dry zone surface water resources improvement and sanitation project funded by the Asian Development Bank was finalized. Contractor: BMG/KDAW Joint Venture. The maintenance activities of this were completed in the year 2019.
- Minimizing the use of concrete columns and timber, the Government Factory is to undertake the construction of building using iron trusses. Accordingly, an order has been secured from the Postal Department to construct a three storey building using iron trusses. The total estimated cost is Rs 120 million.



Air Conditioners Repair



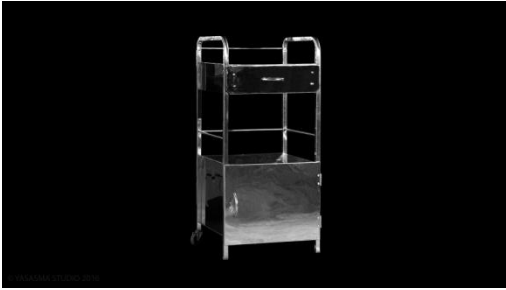
Design of Government Emblems



Foundry Products



Design of lift Systems



Hospital furniture



Sirens



Wooden furniture



Water management sluice gates



State emblem



Powder coating



Embossing seals



ICU beds

Chapter 02 – Progress and vision for future

Special achievements

- * Getting the opportunity to fabricate and install new gates for Thondamanaru and Rajanganaya projects funded by the World Bank.
- * Finalizing arrangements to obtain ISO 9001-2015 quality management certificate.
- * Veteran athlete H.A.C.P.P. Hathurusinghe, an employee of our Department brought fame to the institution winning local and international marathon competitions.

Challenges

- * As raw materials and accessories required for mechanical engineering products and services are not readily available in the market, they have to be procured from foreign countries which causes inordinate delays in the procurement of raw materials and accessories. Delays are also caused as certain accessories cannot be practically planned and ordered. (Sometimes samples have to be supplied)
- * Continuous existence of vacancies in the technical and office staff and the absence of a mechanism for the timely filling of vacancies.
- * Though proposals have been submitted to boost efficiency and production through the procurement of high-tech machinery, such proposals have not been implemented.
- * Optimizing administrative functions by installing an Enterprise Resource Planning software (ERP).
- * Absence of market standards for mechanical engineering construction services and products and absence of a regulatory institution to look into this matter.
- * Not receiving payments due from state institutions for completed work within stipulated periods.

Future targets

- * Holding negotiations to regain orders from the Department of Irrigation, Ministry of Health, Department of Police and Department of Posts which have been halted.
- * Taking necessary measures to produce tools required for the construction of highways locally without importing from foreign countries.
- * Establishing a mechanism to provide mechanical and wooden products and services required by the general public.

3.1

For the Period Ended 31st December 2019

Department of Government Factory

Rs.

Budget 2019	Note	Actual		
		2019	2018	
-	Revenue Receipts			
-	Income Tax	1	-	-
-	Taxes on Domestic Goods & Services	2	-	-
-	Taxes on International Trade	3	-	-
-	Non Tax Revenue & Others	4	-	-
-	Total Revenue Receipts (A)		-	-
-	Non Revenue Receipts			
-	Treasury Imprests		280,272,831	152,049,199
-	Deposits		50,202,615	372,086,320
-	Advance Accounts		527,004,858	773,483,872
-	Other Receipts		25,089,467	29,171,038
-	Total Non Revenue Receipts (B)		882,569,771	1,326,790,429
-	Total Revenue Receipts & Non Revenue Receipts C = (A)+(B)		882,569,771	1,326,790,429
	Less: Expenditure			
	Recurrent Expenditure			
85,500,000	Wages, Salaries & Other Employment Benefits	5	84,923,263	73,990,077
29,900,000	Other Goods & Services	6	29,884,109	25,539,111
1,500,000	Subsidies, Grants and Transfers	7	852,172	639,032
-	Interest Payments	8	-	-
-	Other Recurrent Expenditure	9	6,700	-
116,900,000	Total Recurrent Expenditure (D)		115,666,244	100,168,220
	Capital Expenditure			
47,500,000	Rehabilitation & Improvement of Capital Assets	10	40,814,526	26,741,196
124,500,000	Acquisition of Capital Assets	11	117,680,560	34,328,761
-	Capital Transfers	12	-	-
-	Acquisition of Financial Assets	13	-	-
2,000,000	Capacity Building	14	1,979,120	1,995,025
1,000,000	Other Capital Expenditure	15	684,438	667,967
175,000,000	Total Capital Expenditure (E)		161,158,644	63,732,949
	Main Ledger Expenditure			
	Deposit Payments		60,966,228	354,975,896
	Advance Payments		483,318,479	684,906,077
	Total Main Ledger Expenditure (F)		544,284,707	1,039,881,973
	Total Expenditure G = (D+E+F)		821,109,596	1,203,783,142
	Imprest Balance as at 31st December 2019 H = (C-G)		61,460,175	123,007,287

3.2

ACA(P)

**Statement of Financial Position
As At 31st December 2019
Department of Government Factory**

	Note	Actual	
		2019 Rs	2018 Rs
<u>Non Financial Assets</u>			
Property, Plant & Equipment	ACA-6	944,764,378	927,651,125
<u>Financial Assets</u>			
Advance Accounts	ACA-5/5(a)	23,358,882	67,045,261
Cash & Cash Equivalents	ACA-3	1,266,375	841,310
Total Assets		969,389,635	995,537,696
<u>Net Assets / Equity</u>			
Net Worth		(27,158,597)	5,339,103
Property, Plant & Equipment Reserve		943,498,003	926,809,815
Rent and Work Advance Reserve	ACA-5/5(b)	-	
<u>Current Liabilities</u>			
Deposits Accounts	ACA-4	51,783,854	62,547,468
Imprest Balance	ACA-3	1,266,375	841,310
Total Liabilities		969,389,635	995,537,696

Detail Accounting Statements in ACA format Nos. 1 to 6 presented in pages from to..... and Notes to accounts presented in pages from to form and integral parts of these Financial Statements. The Financial Statements have been prepared in complying with the Generally Accepted Accounting Principles whereas most appropriate Accounting Policies are used as disclosed in the Notes to the Financial Statements and hereby certify that figures in these Financial Statements, Notes to accounts and other relevant accounts were reconciled with the Treasury Books of Accounts and found to in agreement

.....
Chief Accounting Officer
Name :
Designation :
Date :

.....
Accounting Officer
Name :
Designation :
Date :

.....
Chief Financial Officer/ Chief Accountant/
Director (Finance)/ Commissioner (Finance)
Name :
Date :

K. V. A. M. Hassan
Chief Accountant
SL.ACS - I
Department of Government Factory
Kolonnawa.

3.3

ACA(C)

Statement of Cash Flows
For the Period ended 31st December 2019
Department of Government Factory

	Actual	
	2019 Rs.	2018 Rs.
<u>Cash Flows from Operating Activities</u>		
Total Tax Receipts	-	-
Fees, Fines, Penalties and Licenses	-	-
Profit	-	-
Non Revenue Receipts	25,089,467	29,171,037
Revenue Collected for the Other Heads	-	-
Imprest Received	279,431,521	152,049,199
	-	-
Total Cash generated from Operations (a)	304,520,988	181,220,236
<u>Less - Cash disbursed for:</u>		
Personal Emoluments & Operating Payments	114,429,638	100,370,499
Subsidies & Transfer Payments	852,172	639,032
Expenditure on Other Heads	39,683,362	89,271,179
Imprest Settlement to Treasury	20,894,872	32,894,797
Total Cash disbursed for Operations (b)	175,860,045	223,175,507
NET CASH FLOW FROM OPERATING ACTIVITIES(C)=(a)-(b)	128,660,943	(41,955,271)
<u>Cash Flows from Investing Activities</u>		
Interest	-	-
Dividends	-	-
Divestiture Proceeds & Sale of Physical Assets	-	-
Recoveries from On Lending	25,668,536	28,082,905
Recoveries from Advance	501,336,322	745,400,966
Total Cash generated from Investing Activities (d)	527,004,858	773,483,872
<u>Less - Cash disbursed for:</u>		
Purchase or Construction of Physical Assets & Acquisition of Other Investment	161,158,644	63,732,948
Advance Payments	483,318,479	684,906,077
Total Cash disbursed for Investing Activities (e)	644,477,123	748,639,025
NET CASH FLOW FROM INVESTING ACTIVITIES(F)=(d)-(e)	(117,472,265)	24,844,847
NET CASH FLOWS FROM OPERATING & INVESTMENT ACTIVITIES (g)=(c) + (f)	11,188,678	(17,110,424)
<u>Cash Flows from Financing Activities</u>		
Local Borrowings	-	-
Foreign Borrowings	-	-
Grants Received	-	-
Deposit Received	50,202,615	372,086,320
Total Cash generated from Financing Activities (h)	50,202,615	372,086,320
<u>Less - Cash disbursed for:</u>		
Repayment of Local Borrowings	-	-
Repayment of Foreign Borrowings	-	-
Deposit Payments	60,966,228	354,975,896
Total Cash disbursed for Financing Activities (i)	60,966,228	354,975,896

NET CASH FLOW FROM FINANCING ACTIVITIES (J)=(h)-(i)	(10,763,614)	17,110,424
Net Movement in Cash (k) = (g) -(j)	425,065	841,310
Opening Cash Balance as at 01st January	841,310	-
Closing Cash Balance as at 31st December	1,266,375	841,310

3.4

Note-(i)

Statement of Losses and Waivers
(Losses under F.R. 106 and F.R. 113)
 Expenditure Head No :310 Ministry / Department / District Secretariat :Department of Government Factory
 Programme No. & Title :2, Development Activities

(i) Statement of Losses Recovered/Written off/Waived off during the year.

	Value	No. of Cases	Total Amount (Rs.)
Below	Rs. 25,000.00		Nil
Over	Rs. 25,000.00		
Total			

Classification of the cases by nature of Losses.

	No. of Cases	Value (Rs.)
Total		

(ii) Statement of Losses being held to be Written off/Waived off or recoverable so far

	Value	No. of Cases	Total Amount (Rs.)
Below	Rs. 25,000.00		Nil
Over	Rs. 25,000.00		
Total			

Classification of the cases by Nature of Losses

	No. of Case	(Rs.)
Total		

Age Analysis per (ii)

	No. of Cases	Amount (Rs)
Less than five years		
5-10 years		
Over 10 years		

Note- Details on losses under F.R.106 and waives under F.R. 113 which were accounted under object code no 1701 are to be accounted in coming years should be included.


 Chief Financial Officer /Chief Accountant/Director (Finance)/Commissioner (Finance)
 Date :

K. V. A. M. Hassan
 Chief Accountant
 Sl AcS - 1
 Department of Government Factory
 K. onnawa.

Note-(ii)

Statement of write off from books

Expenditure Head No :310 Ministry / Department / District Secretariat : Department of Government Factory
 Programme No. & Title :2, Development Activities

1 Statement of losses and waivers under F.R. 109 during the year

	Value	No. of Cases	Value (Rs.)
(i)	Below Rs. 25,000.00	Nil
(ii)	Over Rs. 25,000.00	Nil
Total			

2 Statement of write off from the book and recoveries under F.R. 109 during the year

Nature of Loss	Opening balance which was not written off	Value of loss	Recoveries	Value written off from the book	Balance carried forward which was not written off	Reference No. of Approval for write off from the book
	Rs.	Rs.	Rs.	Rs.	Rs.	
1						
2						
3		Nil				↔
4						
5						
6						
Total						

Note - Excluding losses and waivers to be accounted in Note(i), only any other losses and waivers under F.R. 109 should be included in this format.



Chief Financial Officer / Chief Accountant/Director (Finance)/Commissioner (Finance)

Date :

K. V. A. M. Hassan
 Chief Accountant
 SI, ACS - I
 Department of Government Factory
 Kollonawa.

Note (iii)


Statement of Liabilities and Commitments

Ministry / Department / District Secretariat : Department of Government Factory

Expenditure Head No : 310
 Programme No. & Title : 2, Development Activities

Name of the Person/Institution	Commitment No	Month	Date	Head	Programme	Project	Sub Project	Object Code	Finance Code	Item	Commitment Balance	Liability Date	Liability Amount	Paid Liability	Liability Balance
1. Ministries/Government Department DS, Town & Gravets										Nil					
Total															
2. State Corporations/Statutory Boards										Nil					
Total															
Others (Private Parties)										Nil					
Total															
Grand Total															

Liabilities are transactions of which payments have not been made to the relevant parties, although goods, services or assets and services pertaining to construction contracts have been received during the respective accounting year. Commitments are contracts or written agreements which have been entered in to with the external parties in order to obtain goods and services during the respective accounting year, although the relevant assets or services have not been received.


 Chief Financial Officer / Chief Accountant/Director (Finance)
 Commissioner (Finance)
 Date :

K. V. A. M. Hassan
 Chief Accountant
 SI ACS - I
 Department of Government Factory
 K. Annawa.

Note (iv)

**Statement of Liabilities - (i)
Statement of Commitments in terms of FR 94 (2) and (3)**

Name of Ministry / Department / District Secretariat: Department of Government Factory
 Expenditure Head No: 310
 Programme No. & Title : 2, Development Activities

Name of the Person/Institution	Description of Commitments	Project	Sub Project	Object Code	Financing Code	Amount (Rs.)
1. Ministries/Government Department						
Total						
2. State Corporations/Statutory Boards		Nil				
Total						
3. Others (Private Parties)						
Total						
Grand Total						



.....
 Chief Financial Officer/Chief Accountant/Director(Finance)/Commissioner(Finance)

Date :

K. V. A. M. Hassan
 Chief Accountant
 SLAcS - I
 Department of Government Factory
 Kolonnavegga

Note(v)

Statement of Liabilities - (ii)
Provision Transferred to the Deposit Account in terms of FR 215 (3) (b) & (c)

Name of Ministry / Department / District Secretariat: Department of Government Factory

Expenditure Head No: 310

Programme No. & Title : 2, Development Activities

Name of the Person/Institution (To be identified at the time of Transferring the Provision to Deposit Accounts.) *	Description of Liability	L/C No.	Particular of Vote details from which Provisions were Transferred			Deposit Account No.	Amount Transferred (Rs.)
			Project	Sub Project	Object Code		
1. Ministries/Government Department							
Total							
2. State Corporations/Statutory Boards				Nil			
Total							
3. Others (Private Parties)							
Total							
Grand Total							


 Chief Financial Officer/Chief Accountant/Director(Finance)/Commissioner(Finance)
 Date :
K. V. A. M. Hassan
 Chief Accountant
 SL.ACS - I
 Department of Government Factory
 Kelonnawa.

Note-(vi)

Statement of Claims under Reimbursable Foreign Aid

Ministry / Department / District Secretariat :Department of Government Factory
 Programme No. & Title :02, Development Activities

	Rs.
(1) Provision in Estimates - 2019 under Reimbursable Foreign Aid including Supplementary provisions	
(2) Total Expenditure disbursed during the year 2019, against (1) above	
(3) Total of Reimbursement Claims outstanding as at 1st January 2019	
(4) Total of Reimbursement Claims made during the year 2019, in respect of years 2018 & prior years (if any)	
(5) Total of Reimbursement Claims made during the year 2019, in respect of year 2019	
(6) Total of Claims disallowed by the Donor, during 2019 (if any), in respect of Claims 2018 or prior years (if any)	
(7) Total of Claims disallowed by the Donor, during 2019 (if any), in respect of Claims 2019	
(8) Total of Reimbursements received during the year 2019, in respect of years 2018 or prior years	
(9) Total of Reimbursements received during the year 2019, in respect of years 2019	
(10) Total of reimbursement Claims outstanding as at 31st December 2019	
	[(3+4+5) - (6+7)] - (8+9)
(11) Total of Reimbursement Claims made after 31/12/2019 in respect of 2019 up to the finalisation of the Appropriation Account.	
(12) Total of Reimbursement received after 31/12/2019 up to the finalisation of the Appropriation Account	
(13) Total of Reimbursement Claims outstanding as at the date of presenting the Appropriation Account	
	(10 + 11 - 12)

NIL



Chief Financial Officer/Chief Accountant/Director(Finance)/Commissioner(Finance)

Date :

K. V. A. M. Hassan
 Chief Accountant
 SLACS - I
 Department of Government Factory
 Kollonawa.

Note-(vii)

Statement of Missing Vouchers

Ministry / Department / District Secretariat : Department of Government Factory
 Expenditure Head No : 310
 Programme No. & Title : 2, Development Activities

Date	Voucher No.	Name of Payee	Nature of Payment	Amount (Rs.)
		Nil		



 Chief Financial Officer /Chief Accountant/Director (Finance)/Commissioner (Finance)
 Date :
K. V. A. M. Hassan
 Chief Accountant
 SLAcS - I
 Department of Government Factory
 Kolonnawa.

3.5 Notes to the Financial Statements

3.6 Performance of the Revenue collection

Rs ,000

Revenue code	Details of revenue code	Revenue estimate		Revenue collected	
		Original estimate	Final estimate	Amount (Rs)	Final income as a % of the Department
2002.01.01 R	Rent of a government building		3,991	3,991	100%
2002.02.99	Other		3,100	3,100	100%
2003.99.00	Examination and other fees		3	3	100%
2003.99.00	Other expenses		5,037	5,037	100%
2004.01.00	Social security contribution		10,833	10,833	100%
2006.02.01	Other		2,125	2,125	100%

3.6 Performance on the utilization of allocated provisions

Rs ,000

Types of provisions	Provisions allocated		Actual expenditure	Provisions utilized as a % of final utilized provisions
	Original provision	Final Provision		
Recurrent	117,000	117,000	115,666	99%
Capital	195,000	195,000	161,159	83%

3.7 Progress of reporting non-financial assets

Rs ,000

Asset code	Details of code	Balance as at 31.12.2019 according to the board of survey	Balance as at 31.12.2019 according to the statement of financial position	To be accounted in future	Reporting as progress
9151	Buildings and structures	406,636	406,636		
9152	Machinery	225,929	225,929		
	Vehicles	72,200	72,200		
9153	Lands	240,000	240,000		

3.8 Performance of the Reporting of Non-Financial assets

Rs, 000

Assets Code	Code Description	Balance as per board of survey report as at 31.12.2019	Balance as per financial position Report as at 31.12.2019	Yet to be accounted	Reporting Progress as a %
9151	Building and Stricture	406,636	406,636		
9152	Machinery and Equipment	225,929	225,929		
	Vehicle	72,200	72,200		
9153	Land	240,000	240,000		

3.9 Auditor General's Report

Head 310 – Department of Government Factory

1. Financial Statements

1.1 Qualified Opinion

The audit of the financial statements of the Department of Government Factory for the year ended 31 December 2018 comprising the statement of financial position as at 31 December 2018 and the statement of financial performance, and cash flow statement for the year then ended, was carried out under my direction in pursuance of provisions in Article 154 (1) of the Constitution of the Democratic Socialist Republic of Sri Lanka read in conjunction with provisions of the National Audit Act No. 19 of 2018. The Summary Report containing my comments and observations on the financial statements of the Department of Government Factory was issued to the Accounting Officer on 31 May 2019 in terms of Section 11 (1) of the National Audit Act No. 19 of 2018. The Annual Detailed Management Audit Report of the Department was issued to the Accounting Officer on 06 June 2019 in terms of Section 11 (2) of the Audit Act. This report is presented to Parliament in terms of Section 10 of the National Audit Act No. 19 of 2018 which is read in conjunction with Article 154 (6) of the Constitution of the Democratic Socialist Republic of Sri Lanka.

In my opinion, except for the effects of the matters described in Paragraph 1.6 of this report, the financial statements give a true and fair view of the Department of Government Factory as at 31 December 2018 and its financial performance and cash flow for the year then ended, in accordance with Generally Accepted Accounting Principles.

1.2 Basis for Qualified Opinion

I conducted my audit in accordance with Sri Lanka Auditing Standards (SLAuSs). My responsibilities, under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

1.3 Responsibilities of Chief Accounting Officer and the Accounting Officer on Financial Statements

The Accounting Officer is responsible for preparation of financial statements in a manner that reflects a true and reasonable position and determines the internal control required to enable financial statements to be prepared without inadequate false statements that may result from fraud and error in accordance with Generally Accepted Accounting Principles and the provisions of Section 38 of the National Audit Act, No. 19 of 2018.

As per Section 16 (1) of the National Audit Act No. 19 of 2018, the Department is required to maintain proper books and records of all its income, expenditure, assets and liabilities, to enable annual and periodic financial statements to be prepared.

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

1.4 Auditor's Responsibility on Audit of Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- It is not intended to express an opinion on the effectiveness of internal control of the Department to plan appropriate audit procedures in a timely manner.
- Evaluate the structure of financial statements including disclosures and content-based transactions and events the structure that the financial statements are appropriate and reasonable.
- The transactions and events underlying the structure and content of the financial statements are appropriately and fairly when submitting financial statements as a whole.

The Accounting Officer was made aware of important audit findings, key internal control deficiencies and other matters identified in my audit.

1.5 Report on other legal requirements

In terms of Section 6 (d) of the National Audit Act No 19 of 2018, I declare the following.

Since there was no need to prepare financial statements for the previous year, the financial statements for the year under review cannot be compared with the previous year. Also, the report does not make recommendations on the financial statements of the previous year.

1.6 Comments on financial statements

1.6.1 Statement of Financial Performance

The following observations are made.

Audit Observation	Recommendation	Comment of the Accounting Officer
<p>(a) Deposit Ledger for deposits amounting to Rs. 62,547,468 was not kept up to date institution did not verify the accuracy of the balances as it did not compare with the year-end balance of the Treasury Balance.</p>	<p>Deposit ledgers should be kept up to date and action should be taken to reconcile year end balances with Treasury balances.</p>	<p>I will accurately compare the year end balances with the Treasury balances from 2019 onwards.</p>
<p>(b) In the audit of the balance of assets, plant and equipment value of the year under review, amounting to Rs. 927,651,125 could not be ascertained as the fixed asset register, initial balance, acquisitions, during the year misappropriation and year end balances of the year were incomplete.</p>	<p>Taking action to keep the fixed asset register up to date.</p>	<p>Fixed Assets Acquisitions for the year are included in the Fixed Assets Register and are listed in the Non-Financial Assets for the Financial Statement of 2018. Further, the prices of scrap related to the year 2018 are being sold and proceedings are underway.</p>
<p>(c) According to the MF / CG / 02 / (Cir) and Ministry of Finance and Mass Media Circular dated 28th June 2017, every Government Institution shall submit accurate information of all assets under its purview to the Comptroller General. According to the information furnished by the department, the value of the assets of the department under the Comptroller General is zero but the value of the assets in the account is Rs.927,651,125. Accordingly, a change of Rs. 927,651,125 is</p>	<p>According to the MF / CG / 02 / (Cir) and Ministry of Finance and Mass Media Circular dated 28th June 2017, every Government Institution should submit accurate information of all assets under its purview to the Comptroller General.</p>	<p>According to the MF / CG / 02 / (Cir) and Ministry of Finance and Mass Media circular dated 28th June 2017, all non-financial assets of our institution have been accounted and soft copies of the completed forms have been sent to the email address given in the circular. We sent a soft copy of the Sigas program to include in the Treasury Account Statement via the e-mail. But in 2019 according to computerized copies of account sheets fixed asset of out institute had accounted as zero. Necessary steps have been taken to correct the accounts summaries by May.</p>

observed.

1.6.2 Balances of Advance Account – Advance “B” Account

The following observations are made.

Audit Observation	Recommendation	Comment of the Accounting Officer
(a) There was a difference of Rs.369,570 between the Balance Sheet Summary and the Control Account Balance out of that, reasons for having a difference of Rs.299,615 were not submitted for Audit.	The sum of the individual Balance Classification Summary should be compared to the Control Account Balance.	The sum of the individual Balance Sheet Summary was a difference of Rs. 369,570.47 out of that, Rs. 69,955.35 had erroneously credited as excessive wages under the head 310011, and a balance of Rs. 299,615 will be reexamined in 2019 and will be included in final accounts in 2019.
(b) The total amount of loan balances to be recovered from the officers who have left the service is Rs.1,096,212 and the total of the loan balances of two dismissed officers are Rs. 261,150 Although there have been outstanding balance of payments for over five years, no action has been taken	Action should be taken to recover the outstanding debt balance promptly.	Legal action is being taken to recover the debts of the officers who left the service.

to recover the balance.

- | | | | |
|-----|-------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| (c) | No action had been taken to recover loan balances of total of Rs. 891,395 from the retired officers and Rs. 108,350 from the deceased officers. | Action should be taken to recover the outstanding debt balances promptly. | Recovery of debts of retired officers is in progress. |
| (d) | Due to lack of proper documentation, loan balances accumulated to Rs.32,630 had not been recovered. | According to 156 (6) of the Financial Regulations, All documents relating to accounts, books, records, documents etc. shall be kept in proper order and in good custody until properly disposed. | The total outstanding loan balances of two persons is Rs.32,630. On October 5, 2018, the Assistant Director (Administration) submitted a report on the officers responsible for the loss of credit files and the lack of sufficient information to base the determination of responsible officers. I will kindly mention that the report will be prepared as a committee report and will be and further investigations will be taken to find out the responsible officer for missing files and also to recover the associated loan balances. Further investigated and recovered by the officer responsible for missing the files. |

Stores Advance Account

The following observation is made.

Audit Observation	Recommendation	Comment of the Accounting Officer
----- Action was taken to maintain the Re-Order Level and Buffer Stock Level required for the advance accounting activity for the year under review.	----- Action should be taken to maintain the required stock levels.	----- The board has determined the level of purchase and has issued copies to the store staff.

1.6.4 Work done Advance Account

-The following observations are made.

Audit Observation	Recommendation	Comment of the Accounting Officer
----- (a) In the year under review, the surplus of the store advances account was Rs.12,171,726 and the balance had been deducted from the cost of the maintenance advances account, which had been overstated.	----- The correct balance in the Work done Advance Account should be mentioned.	----- 10 per cent of the cost of purchased stock is issued to cover the cost of storing and operating the purchased stock. Accordingly, the surplus or deficiency in the storage advances account is shown as a surplus or deficiency in the storage material purchases account, which reduces the cost of materials in the cash advance account. Accordingly, excess of the

- advance account is justified.
- (b) The debtors balance amounted to Rs. 640,594,032. According to the provided sub – documents, the debtor balance was accumulated to Rs. 555,309,139. The schedule to the debtors amounting to Rs. 85,284,893 had not been submitted to the audit. Schedule for all debtors to be submitted with financial statements. Even though the debtor balance of Rs. 85,284,890.01 Which had been stayed before and after of the year 2015 and was scheduled deduct, due to disagreement on deductions, the balance was not deducted.
- (c) Balance of debtors in 2008 and 2009 amounted to Rs. 66,578,654. But Borrower's balance was reduced by Rs. 29,637,100 even though no borrower had been recovered during the year under review. Examine the reasons for the decrease in the Balance of Borrower and the correct Balance Sheet. The balance of the debtor's balances for the years 2008 and 2009 after comparison with relevant departments, was Rs. 36,941,554 (66,578,654 - 29,637,100 = 36,941,554)
- (d) The cost of remaining work must be accounted for as unpaid stock after the factory issues an invoice for unpaid work during the accounting period. But as for the checked sample Jobs, the cost of Rs. 92,828,431 , that was Work-in-progress should be correctly calculated and to be mention in the accounts. The total amount of money receivable for all the work is charged during the accounting period, had collected but the value of the work that was not able to be completed during that year is considered as a creditor and brought

pertain to 10 work-in-progress jobs, were not accounted for remaining financial statements.

forward for the next year, because there is still work to be done. Since the invoice value issued for all purposes of the preparation of the last year's accounts has been accounted for as sales related to the accounting period, I am kindly informed that these cannot be considered as work in progress. Furthermore, relevant invoices will not be re-issued in the coming years for such purposes, with respect to unfinished work.

(e) A credit invoice invalidated on August 2, 2018 amounting to Rs. 5,265,360 had cancelled, and accounted under another sales invoice of Rs. 1,005,360. Therefore, the sales Value has increased by Rs. 4,260,000.

Details of the canceled sales invoice should be accurately entered into the account.

Debt sales invoice is listed as a cash sale and the invoice canceled is not recorded in the ledger. Accordingly, I will take steps to correct those accounts next year as that amount will be seen as sales in the last account.

1.6.5 Lack of Evidence for Audit

The following observations are made.

Audit Observation	Recommendation	Comment of the Accounting Officer
-----	-----	-----
(a) A balance of Rs. 43,758,842 was recorded for finished work for the reviewing year but board of survey Report was not submitted to audit for reference.	Should submit board of survey reports to audit.	Rs.425,550,288 is considered direct expenditure. It is formulated by adding the cost of production to the beginning of the year and deducting the year' end product. The stock at the beginning of the year is the previous year's last stock, and the report for the year's consignment has been submitted with the account. Furthermore I hereby submit a copy of it for your attention.
(b) The asset registers for fixed assets amounting to Rs.317,940,622 were not submitted for audit.	Asset registers should be submitted for audit.	Fixed asset registers or have been up dating and updated. I hope to present it with the final account for

2019.

<p>(c) According to the bank reconciliation, unrecognized receivables of Rs. 13,665,482 and unrecognized payments Rs. 1,132,178 had been recorded, but on how these balances had identified, was not submit for Audit for reference.</p>	<p>Resolving the relevant balances.</p>	<p>Actions required to rectify the unrecognized receivables of Rs. 13,665,482 and unrecognized payments of Rs.1,132,178. Have been taken along with required cash book adjustments. Furthermore action is being taken to clear any unrecognized receivables as well as unidentified payments.</p>
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1.6.6 Certification to be made by the Chief Accounting Officer

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

Audit Observation	Recommendation	Comments given by the Accounting Officer
-----	-----	-----
<p>The Chief Accounting Officer should ensure that an effective internal control system for the financial control exists and carry out periodic reviews to monitor the effectiveness of such systems and accordingly make any alterations as required for such</p>	<p>Actions should be taken in terms of Section 38 of the National Audit Act No. 19 of 2018</p>	<p>The effective internal control system for the financial control of the Department is currently in operation and internal procedures will be submitted as a report in future.</p>

systems to be effectively carried out and even though such reviews should be made in writing and submitted a copy to the Auditor General, the statements that such reviews were made had not been furnished to audit

1.6.7 Non-compliance with Laws, Rules and Regulations

Instances of non-compliance with the Laws, Rules, and Regulations observed during the audit test checks carried out are analyzed below.

Audit Observation	Recommendation	Comment of the Accounting Officer
<p>Reference to Laws, Rules and Regulations</p>	<p>Non-compliance</p>	
	<p>Submit the required information in terms of the provisions of the circular.</p>	<p>Necessary arrangements have been made to act in accordance with the Management Audit Circular No. 01/2016.</p>

(a) Department of Management Audit No.01/2016 dated 1st January 2016 paragraph 06 (i), (ii) and 07 of the circular. During the quarter, information about new collect, including vehicle dispose, and other changes, should be sent to the Department, of management Audit but no information was sent to the Management Audit Department for review.

(b) Procurement Guidelines -2006

(i) Paragraph 4.2.1 (e)

The main procurement plan should be updated regularly over a period of not more than six months, but it was not updated.

Making necessary updates to the main procurement plan.

Only the purchases and services related to the Annual Budget Estimates are included in the main procurement plan and are revised annually. In addition, procurement schedules (PTS) for subcontractors will be prepared. Procurements are carried out according to the schedule.

(ii) Paragraph 5.4.12	<p>Details of VAT payments should be sent to the Inland Revenue Department with a copy to the Auditor General in accordance with the Procurement Guidelines, otherwise but it was not sent.</p>	<p>Actions need to take in order to comply with Section 5.4.12 of the Procurement Guidelines.</p>	<p>I am kindly informed that action will be taken in accordance with paragraph 5.4.12 of the Procurement Guidelines 2006.</p>
(iii) Paragraph 7.8.4 (i)	<p>Though the technical specifications had been changed, the rail tracks had been purchased for a sum of Rs. 8,682,500.</p>	<p>Purchase of goods should implement according to technical specifications</p>	<p>Purchasing 68 meters of 10 meters instead of 75 meters of 9 meters has not changed the specifications. Infact the total length has increased by 5 meters. This was an added advantage as the length of the rails for the purpose would be reduced as the welding connections were reduced.</p>

<p>(c) According to the Public Accounts Circular No. 248/2016, the quarterly adjusted Value Added Tax should be remitted to the Inland Revenue Department. But an Value Added Tax payable amount of Rs. 236,237,870 had been hold in the accounts.</p>	<p>Payments of Value Added Tax should be made on time.</p>	<p>The Value Added Tax account is maintained accurately even though the Value Added Tax account balance is Rs.236,237,879.63. But this balance can be attributed to a different method of calculating Value Added Tax when making Value Added Tax payments.</p>
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1.6.8 Operation of Bank Accounts

 The following observation is made.

Audit Observation

Recommendation

Comment of the Accounting Officer

 Bank reconciliation has not been prepared in respect of a single bank account in terms of Financial Regulation 395.

 Preparation of bank accounts should be done according to in terms of Financial Regulation 395.

 Bank reconciliation has not been prepared for bank account number 7042705 in terms of F.R. 395 and action will be taken to prepare the relevant bank reconciliations in due course.

2. Financial Review

2.1 Expenditure Management

The following observations are made.

Audit Observation	Recommendation	Comment of the Accounting Officer
<p>(a) Out of the estimated provision of Rs. 305,450,000 for the Department under review, Rs. 163,901,169 had been utilized, where as a percentage, it represent 54 per cent. Out of Rs. 204,500,000 of capital estimate, Rs. 1,63,901,169 had been utilized, and as a percentage it represents 80 per cent.</p>	<p>Action should be taken to utilize the capital estimate provisions for the year.</p>	<p>The financial progress was Rs. 27.22 million but the physical progress was Rs. 124.71 million (procurement) it represents a percentage of 94 per cent. There were practical problems that contributed to the failure to achieve financial progress of Rs. 124.71 million or 94 per cent of progress.</p>
<p>(b) In the preparation of estimates for the coming year, allocations were allocated in the range of 20 percent to 100 percent over the needs of the five subjects, as costs were not</p>	<p>Determination of allocation needs and making provisions.</p>	<p>There were practical problems that made it impossible to reach the expected financial and physical progress.</p>

and clearly identified.

- | | | |
|--------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| (c) Between the initial cost estimates and actual costs, savings of 20 percent to 300 percent were observed. | Taking action to prepare the expenditure estimates according to the identified need and identify the need. | FR 66 transfers were made on three occasions in 2018 with the formal approval of the General Treasury. The expenditure items that remained were allocated to required expenditures as for the FR 66 in 3 occasions. |
|--------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

3. Operational Review

3.1 Performance

following are the observations regarding the 2018 performance report.

Audit Observation	Recommendation	Comment of the Accounting Officer
-----	-----	-----
(a) Progress on Performance Report's objectives, future prospects, key performance indicators and resource utilization were not shown.	Performance Progress should be shown.	Progress on using key performance indicators and resources is indicated in the department's progress report.
(b) By the end of the year, progress had not been measured; in terms of materially and financially aspects are compared to the concerned, in the annual action plan.	Submission of physical and financial comparison according to annual action plan should be prepared.	The progress and analysis made should present in the preparation of the Annual Performance Report. Physical performance will be included in the annual performance report.

- | | | |
|------------------------------------------------------------------------------------------------------------|--------------------------------------|--------------------------------------------------------------------------------------------------------------------------|
| (c) The budget and actual expenditure analysis and the associated physical performance were not presented. | Should present physical performance. | The physical performance is given under the Department Progress. A separate report is presented as the Procurement Plan. |
|------------------------------------------------------------------------------------------------------------|--------------------------------------|--------------------------------------------------------------------------------------------------------------------------|

3.2 Assets Management

The following observation is made.

Audit Observation	Recommendation	Comment of the Accounting Officer
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-----	-----	-----
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<p>According to the Public Finance Circular No. 5/2016, the Board of survey report for the year 2018 should be sent to the Auditor General before March 17, 2019 and notified to the Director General of Public Finance before 31st March 2019. But report on Board of survey was not submitted to Auditor general.</p>	<p>Action should be taken to send the Board of survey reports to the Auditor General on due date.</p>	<p>I am looking forward to submitting all the reports to the Auditor General before June 15, 2019, as the Board of survey for 2018 is in the final stages. According to the Public Finance circular, I hope to complete the work before 31st March next year as per 5/2010.</p>
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3.3 Management inefficiencies

The following observations are made.

Audit Observation	Recommendation	Comment of the Accounting Officer
-----	-----	-----
(a) The total amount of outstanding debtors outstanding as at December 31, 2018 amounting to Rs. 640,594,032, has been accumulated over a period of 20 years.	Take action according to the age analysis of debtor balances.	Action will be taken to send reminder letters for those debtor balances and take appropriate action in the future for those who have been notified of the outstanding debts.
(b) During the audit, it was observed that from 1995 to 2018 the Ministry of Housing, Construction and Cultural Affairs had to pay Rs. 32,550,371.85 to the Department of Government Factory.	Taking action to recover debtor balances.	Information regarding these loan balances has been sent to the Ministry and I will take action to recover those funds in future.

4. Good Governance

The following observation is made.

Audit Observation	Recommendation	Comment of the Accounting Officer
-----	-----	-----
No. 25/2018 dated 11 June 2018, Memorandum of Cabinet, Paper of Cabinet of the Ministry of Housing and Construction under the Reorganization of the Department of Factory to play a pivotal role in the development of the Construction Industry. Report of the Panel of Experts appointed by the Ministry of Finance and Mass Media No PED/INF/123/000/CM/389 dated 22 June 2018 MRI had not been submitted.	Action should be taken to obtain the report of the Expert Committee immediately and reorganization activities should be planned according to the report.	The report of the Expert Committee appointed for the reorganization of the Department of State Factories to play a special role in the development of the construction industry has not been given yet.

5. Human Resources Management

The following observation is made.

Audit Observation

There are 330 vacancies in the department and no action was taken to fill these vacancies in the year under review. Instead, four salaried officers from the State Engineering Corporation were employed from April 2017 to December 31, 2018 for the duties of the Department of Government Factory.

Recommendation

Action should be taken to fill the vacancies expeditiously or to remove any excess posts.

Comment of the Accounting Officer

Letters have been sent to the Ministry and the Director of Combined Services to fill the vacancies and some recruitment has been approved. Action is being taken accordingly.

chapter 04 - Performance indicators

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

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

Chapter 05 - Performance in achieving Sustainable Development Goals

5.1 Identified SDGs

Target / Goal	Target	Achievement indicators	Progress of accomplishing achievements up to now		
			0% - 49%	50% - 74%	75% - 100%
Pure water and sanitation	100%				√
Use of renewable energy	100%				√
Use of LED bulbs	100%			√	

5.2 Achievements and challenges in attaining SDGs

- ❖ Buildings for electricity and water audit/ installing water meters and electricity meters for workshops.
- ❖ Minimizing the use of mercury and CFL bulbs and encouraging the use of solar panels
- ❖ Waste management
- ❖ Using sun light as much possible as natural lighting during the day time
- ❖ Preparing for green building concept
- ❖ Action is being taken to fix solar powered bulbs around the wall.

06 Paragraph –Human Resources Profile

6.1 Cadre Management

Level	Approved cadre	Existing cadre	Vacancies / (Surplus)
Senior	31	21	10
Tertiary	10	04	06
Secondary	197	114	83
Primary	552	293	259
Total	790	431	360

6.2 Impact of shortage/surplus of human resources for the performance of the institution

- The approved cadre for primary grades is 552 and the number of vacancies is 259.
- Due to the shortage of officers in executive and secondary grades, several subjects have been assigned to serving officers. This has adversely affected the efficiency of functions.
- The shortage of workers is severely felt when the works of several projects are carried out simultaneously.
- Since salaries and wages of primary grade officers from the Work Done Advance Account, the financial strength thereof is taken into account in recruiting officers.

6.3 Approved cadre, vacancies and excesses

Description Position and Level	Service applicable	Approved cadre	Existing Cadre	No of vacancies
		Permanent	Permanent	-
Senior Level				
Director General	SLES	1	1 (Action)	1
Additional Director General	SLES	1	0	1
Director	SLES	3	2	1
Chief Engineer	SLES	5	2	3
Director (Admin)	SLAS.	1	0	1
Chief Accountant	SL.AcS.	1	1	0
Chief Internal Auditor	SL.AcS.	1	1	0
Deputy /Assistant Director (Admin)	SLAS	1	1	0
Deputy Director /Assistant Director	SLICTS	1	0	1
Mechanical Engineer	SLES	11	10	1
Electrical Engineer	SLES	1	0	1
Civil Engineer	SLES	1	1	0
Accountant	SL.AcS..	2	2	0
Legal Officer	Departmental	1	0	1
Senior Level Total		31	21	11
Tertiary Level				
Administrative Officer	PMAS	1	1	0
Chief Draftsman	SLTS	1	1	0
Senior Mechanical Superintendent	SLTS	7	2	5
Information & Communication Technical officer	SLICTS	1	0	1
Tertiary Level Total		10	4	6

Description Position and Level	Service applicable	Approved cadre	Existing Cadre	No of vacancies
Development Officer	DO Service	7	1	6
Legal Assistant	Associated Officer	15	10	5
Draftsman	SLTS	1	1	0
Mechanical Superintendent	SLTS	5	1	4
Electrical Superintendent	SLTS	25	12	13
Civil Superintendent	SLTS	1	0	1
Assistant Quantity Surveyor	Departmental	1	0	1
Public Management Assistant	PMAS	60	48	12
Workshop Administrator	Departmental	35	20	15
Workshop Assistant	Departmental	21	9	12
Workshop Clerk	Departmental	12	6	6
Timekeeper Clerk	Departmental	12	5	7
Secondary Level Total		197	113	84
Primary Level				
Driver	Combined Drivers Service	15	11	4
Heavy Vehicle Operator	Departmental	14	0	14
Karyala Karya Sahayaka	Office Employee Service	16	12	4
Sanitary Labourer (PL 1)	Departmental	6	2	4
Labour Craftsman (PL 3)	Departmental	250	133	117
Labour Craftsman/ Labour Semi Craftsman (PL 2)	Departmental	157	76	81
Labourer Non Craftsman (PL 1)	Departmental	88	60	28
Non Craftsman (Loader)	Departmental	06	0	06
Tertiary Level Total		552	293	259
Grand Total		790	431	360

6.4 Contribution of training programmes for the performance of the institution

No	Name of the programme	No of employees trained	Duration of the programme	Overall investment (Rs)	Type of training (Local, foreign)	Knowledge acquired after training
1.	Maintaining diesel generators	02	01 Days	29,820/=	Local	Satisfied
2.	Graphic designing course	07	20 Days	240,000/=	Local	Satisfied
3.	CNC training course	08	30 Days	204,000/=	Local	Satisfied
4.	Workshop on plumbing technology	03	01 Days	10,500/=	Local	Satisfied
5.	Workshop on safe and scientific use of vehicles	05	01 Days	25,000/=	Local	Satisfied
6.	Aluminium fabricating course	11	03 Months	358,000/=	Local	Satisfied
7.	Transport management	01	02 Days	7000/=	Local	Satisfied
8.	Project management course	03	20 Days	66,000/=	Local	Satisfied
9.	Pre-seminar workshop on structural planning of super buildings	01	03 Days	15,000/=	Local	Satisfied
10.	Government procurement process	01	10 Days	45,000/=	Local	Satisfied
11.	Training programme of contract administration	01	04 Days	15,000/=	Local	Satisfied
12.	Project Management Primavera p6	02	04 Days	40,000/=	Local	Satisfied
13.	Personal files	03	02 Days	25,500/=	Local	Satisfied

No	Name of the programme	No of employees trained	Duration of the programme	Overall investment (Rs)	Type of training (Local, foreign)	Knowledge acquired after training
14.	Training course on maintaining fixed assets on property/equipment	02	01 Days	10,000/=	Local	Satisfied
15.	Salary process	02	Days 03	36,000/=	Local	Satisfied
16.	Role and responsibilities of leave officer	03	Days 01	9000/=	Local	Satisfied
17.	Role and responsibilities of leave officer	01	Days 02	8500/=	Local	Satisfied
18.	CEEP English Certificate Course	05	Months 03	125,000/=	Local	Satisfied
19.	Training programme on recruitment procedure	01	Days 02	8,500/=	Local	Satisfied
20.	Diploma on government procurement and contract administration	01	Year 01	200,000/=	Local	Satisfied
21.	Role of the financial professional in fighting against bribery and corruption	01	Days 01	2750/=	Local	Satisfied
22.	Reading and understanding financial statements	01	Days 02	8500/=	Local	Satisfied
23	Moral responsibility of the secondary professional accountants of the state sector	01	Days 01	1500/=	Local	Satisfied
24.	Higher National Diploma on government procurement and contract administration	01	Year 01	120,000/=	Local	Satisfied
	Total	67		<u>1,610,570/=</u>		

Chapter 07- Compliance Report

No.	Applicable Requirement	Compliance Status (Complied/Not Complies)	Brief explanation for Non Compliance	Corrective actions proposed to avoid non-compliance in future
1	The following financial statements/accounts have been submitted on due date			
1.1	Annual financial statements	Compliance		
1.2	Advance to public officers account	Compliance		
1.3	Trading and Manufacturing advance Accounts (Commercial Advance Accounts)	Compliance		
1.4	Stores Advance Accounts	Compliance		
1.5	Special Advance Accounts	-		
1.6	Others	-		
2	Maintenance of books and registers (FR445)/			
2.1	Fixed assets register has been maintained and update in terms of public administration Circular 267/2018	Compliance		
2.2	Personal emoluments register/Personal emoluments cards has been maintained and update	Compliance		
2.3	Register of Audit queries has been maintained and update	Compliance		
2.4	Register of Internal Audit reports has maintained and update	Compliance		
2.5	All The monthly accounts summaries (CIGAS) are prepared and submitted to the Treasury on due date	Compliance		
2.6	Register for cheques and money orders has been maintained and update	Compliance		

No.	Applicable Requirement	Compliance Status (Complied/Not Complies)	Brief explanation for Non Compliance	Corrective actions proposed to avoid non-compliance in future
2.7	Inventory register has been maintained and update	Compliance		
2.8	Stocks Register has been maintained and update	Compliance		
2.9	Register of Losses has been maintained and update	Compliance		
2.10	Commitment Register has been maintained and update	Non Compliance		Commitment register prepare to 2020 upwards & check monthly.
2.11	Register of counterfoil Books (GA-N20) has been maintained and update	Compliance		
03	Delegation of Functions for financial control (FR 135)			
3.1	The financial authority has been delegated within the institute	Compliance		
3.2	The delegation of financial authority has been communicated within the institute	Compliance		
3.3	The authority has been delegated in such manner so as to pass each transaction through two or more officers	Compliance		
3.4	The controls has been adhered to by the accountants in terms of State Account Circular 171/2004 dated 11.05.2014 in using the Government payroll Software package	Compliance		
4	Preparation of Annual Plans			
4.1	The annual action plan has been prepared	Compliance		
4.2	The annual procurement plan has been prepared	Compliance		

No.	Applicable Requirement	Compliance Status (Complied/Not Complies)	Brief explanation for Non Compliance	Corrective actions proposed to avoid non-compliance in future
4.3	The annual Internal Audit plan has been prepared	Compliance		
4.4	The annual estimate has been prepared and submitted to the NBD on due date	Compliance		
4.5	The annual cash flow has been submitted to the Treasury Operation Department on time	Compliance		
5	Audit queries			
5.1	All the audit queries has been replied within the specified time by the Auditor General	Compliance		
6	Internal Audit			
6.1	The internal audit plan has been prepared at the beginning of the year after consulting the Auditor General in terms of Financial Regulation 134(2)DMA/1-2019	Compliance		
6.2	All the internal audit reports has been replied within one month	Compliance		
6.3	Copies of all the internal audit reports has been submitted to the Management Audit Department in terms of Sub-section 40(4)of the National Audit Act No.19 of 2018	Compliance		
6.4	All the Copies of all the internal audit reports has been submitted to the Auditor General in terms of Financial Regulation 134(3)	Compliance		
7	Audit and Management Committee			
7.1	Minimum 04 meetings of the Audit and Management Committee has been held during the year as per the DMA Circular 1-2019	Compliance		

No.	Applicable Requirement	Compliance Status (Complied/Not Complies)	Brief explanation for Non Compliance	Corrective actions proposed to avoid non-compliance in future
8	Asset Management			
8.1	The information about purchases of assets and disposals was submitted to the Comptroller General's Office in terms of paragraph 07 of the asset Management Circular No.01/2017	Compliance		
8.2	A suitable liaison officer was appointed to coordinate the implementation of the provision of the circular and the details of the nominated officer was sent to the Comptroller General's Office in terms of paragraph 13 of the aforesaid circular	Compliance		
8.3	The boards of survey was conducted and the relevant reports submitted to the Auditor general on due date in terms of Public Finance Circular No.05/2016	Compliance		
8.4	The excesses and deficits that were disclosed through the board of survey and other relating recommendation, action were carried out during the period specified in the circular	Compliance		
8.5	The disposal of condemn articles had been carried out in terms of FR 772	Compliance		
9	Vehicle Management			
9.1	The daily running charts and monthly summaries of the pool vehicles had been prepared and submitted to the Audit General on due date	Compliance		
9.2	The condemned vehicle had been disposed of within a period of less than 6 months after condemning	Not Compliance		
9.3	The vehicle logbooks had been maintained and update	Compliance		
9.4	The action has been taken in terms of F.R.103,104,109 and 110 with regard to every vehicle accident	Compliance		

No.	Applicable Requirement	Compliance Status (Complied/Not Complies)	Brief explanation for Non Compliance	Corrective actions proposed to avoid non-compliance in future
9.5	The fuel consumption of vehicle has been re-tested in terms of the provision of paragraph 3.1 of the public Administration Circular No.30/2016of 29.12.2016	Compliance		
9.6	The absolute ownership of the leased vehicle log books has been transferred after the lease term	Compliance		
10	Management of Bank Accounts			
10.1	The bank reconciliation statements had been prepared, got certified and made ready for audit by the due date	Compliance		
10.2	The dormant accounts that had existed in the year under review or since previous years settled	Not Applicable		
10.3	The action had been taken in teams of financial Regulation regarding balances that had been disclosed through bank reconciliation statements and for which adjustments had to be made, and had those balances been settled within one month	Compliance		
11	Utilization of Provisions			
11.1	The provision allocated had been spent without exceeding limit	Compliance		
11.2	The liabilities not exceeding the provision that remained at the end of the year per the FR 94 (1)	Compliance		
12	Advance to Public Officers Account			
12.1	The limits had been complied with	Compliance		
12.2	A time analysis had been carried out on the loans in arrears	Compliance		

No.	Applicable Requirement	Compliance Status (Complied/Not Complies)	Brief explanation for Non Compliance	Corrective actions proposed to avoid non-compliance in future
12.3	The loan balances in arrears for over one years had been settled	Not Compliance		On 2020 onwards every month checked & get actions to settle balances.
13	General Deposit Account			
13.1	The action had been taken as per F.R.571 in relation to disposal of lapsed deposits	Compliance		
13.2	The control register for general deposits had been updated and maintained	Compliance		
14	Imprest Account			
14.1	The balance in the cash book at the end of the year under review remitted to TOD	Compliance		
14.2	The ad-hoc sub imprest issued as per F.R.371 settled within one month from the completion of the task	Compliance		
14.3	The ad-hoc sub imprests had been issued exceeding the limit approved as per F.R.371	Compliance		
14.4	The balance of the imprest -account had been reconciled with the treasury books monthly	Compliance		
15	Revenue Account			
15.1	The refunds from the revenue had been made in terms of the regulation	Compliance		
15.2	The revenue collection had been directly credited to the revenue account without credited to the deposit account	Compliance		
15.3	Returns of arrears of revenue forward to the Auditor General in terms of FR 176	Compliance		

No.	Applicable Requirement	Compliance Status (Complied/Not Complies)	Brief explanation for Non Compliance	Corrective actions proposed to avoid non-compliance in future
16	Human Recourse Management			
16.1	The staff had been paid within the approved cadre	Compliance		
16.2	All members of the staff have been issued a duty list in writing	Compliance		
16.3	All reports have been submitted to MSD in terms of their circular no.04/2017dated 20.09.2017	Compliance		
17	Provision of information to the public			
17.1	An information officer has been appointed and a proper register of information is maintained and updated in team of Right to information Act and Regulation	Compliance		
17.2	Information about the institution to the public have been provided by Website or alternative measures and has it been facilitated to appreciated/allegation to public against the public authority by this website or alternative measures	Compliance		
17.3	Bi-Annual and Annual reports have been submitted as per section 08 and 10 of the RTI Act	Compliance		
18	Implementing citizens charter			
18.1	A citizens charts/ citizens client's charts has been formulated and implemented by the institution in team of the circular number 05/2008and 05/2018(1) of ministry of public administration and Management	Compliance		
18.2	A methodology has been devised by the institution in Oder to monitor and assess the formulation and the implementation of citizens charter/ citizens client's charter as per paragraph 2.3 of the circular	Compliance		

No.	Applicable Requirement	Compliance Status (Complied/Not Complies)	Brief explanation for Non Compliance	Corrective actions proposed to avoid non-compliance in future
19	Preparation of the Human Resource Plan			
19.1	A human resource plan has been prepared in terms of the format in Annexure 02 of public Administration circular No.02/2018 dated 24.01.2018	Compliance		
19.2	A minimum training opportunity of not less than 12 hours per year for each member of the staff has been Recourse plan	Compliance		
19.3	Annual performance agreements have been signed for the entire staff based on the format in Annual 01 of the aforesaid Circular	Compliance		
19.4	A senior officer was appointed and assigned the responsibility of preparing the human recourse development plan, organizing capacity building programs and conducting skill development programs as per paragraph No.6.5. of the aforesaid Circular	Compliance		
20	Responses Audit Pares			
20.1	The shortcomings pointed out in the audit paragraphs issued by the auditor General for the previous years have been rectified	Compliance		

7.1 Internal Audit Division

Vision:

Using audit as a supportive tool for a department engaged in mechanical engineering products to move forward with financial discipline.

Objectives:

Examining whether the economic resources of the department including financial and human resources are utilized more efficient and effective manner in compliance with existing government rules, regulations and instructions for the achievement of objectives of the department and reporting to the head of the department and other related audit parties.

Evaluating the efficiency of financial administration and management activities, giving instructions and offering guidance for the achievement of expected objectives and targets of the workshop system connected with administrative and operational functions which are key functions of the department thereunder and the subunits relevant thereto which discharge administrative functions.

Key functions:

- Strengthening internal control by conducting audits in various divisions of the department.
- Conducting audit and management committee meetings thereby taking action to minimize exiting problems.
- Conducting urgent investigations
- Coordinating with the audit and management department.
- Maintaining coordination with the main internal audit division of the Ministry and the government audit division.

Annual Progress of 2019

As per the audit plan of the year 2019, twelve (12) audit programmes were planned and all of them could be conducted and finalized. In addition, 02 investigations and special audits assigned to the Division were carried out during the year. All 04 audit and management committee meetings planned for the year 2019 were conducted.

Other:

Main obstacles faced by the division were the limited number of staff in the internal audit division and the lack of personnel with engineering knowledge.