

National Science Foundation

1. Financial Statements

1:1 Qualified Opinion

In my opinion, except for the effects of the matters described in paragraph 1:2 of this report, the financial statements give a true and fair view of the financial position of the National Science Foundation as at 31 December 2012 and its financial performance and cash flows for the year then ended in accordance with Generally Accepted Accounting Principles.

1:2 Comments on Financial Statements

1:2:1 Accounting Deficiencies

The accounting for the gratuity provision had been understated by a sum of Rs.997,731.

1:2:2 Unreconciled Control Accounts

Even though the value of the books, notices and cassettes included in the balance stock according to the statement of financial position amounted to Rs.2,973,545 according to the stock book that amounted to Rs.8,424,493.

1:2:3 Lack of Evidence for Audit

The evidence indicated against the following items of account had not been furnished.

Item -----	Value -----	Evidence not made available -----
	Rs.	
Lands	370,000,000	Title Deed for the Land
Fixed Assets (excluding buildings)	91,889,626	Board of Survey Reports
Science and Research Stocks	4,263,546	- do -
Equipment Grants	5,004,103	Schedules

1:2:4 Money Receivable

Advances amounting to Rs.859,201 granted for researches projects had not been settled for over one year.

1:2:5 Non-compliance with Laws, Rules, Regulations and Management Decisions

Contrary to the Public Finance Circular No. 449 dated 21 February 2011 of the Ministry of Finance and Planning, 03 retired officers over the age of 60 years had been deployed in consultancy services and paid a sum of Rs.1,088,998 as salaries and transport allowances.

2. Financial Review

2:1 Financial Results

According to the financial statements presented, the working of the Foundation for the year ended 31 December 2012 had resulted in a deficit of Rs.8,247,108 as compared with the corresponding deficit of Rs.4,658,685 for the preceding year. The deterioration of Rs.3,588,423 in the year under review as compared with the preceding year had been due to the increase of the total expenditure by Rs. 10 million despite the increase of the Government grant by a sum of Rs. 7 million.

3. Operating Review

3:1 Performance

A comparison of the Action Plan for the year 2012 prepared by the Foundation with the actual performance is given below.

Year	Number of Researches completed	Number sent to Technical Divisions for follow up	Researches not subjected to follow up	Researches that can be carried forward
2010	42	39	03	--
2011	37	17	20	09

An analysis of research reports referred to the Technical Division for follow up during the past several years is given below.

Year	Completed Researches used as a Publication	Researches eligible for Patent Application	Researches that can be developed as a Commercial Project	Researches that can be referred for further research	Projects that can be developed based on the original format	Patents obtained
2008	15	01	--	10	--	--
2009	16	02	01	05	02	--
2010	02	02	03	02	05	02
2011	01	01	--	13	08	--

3:2 Identified Losses

The following observations are made.

- (a) A stock of 797 Mihimadala (earth) compact discs valued at Rs.83,800 produced in the year 2008 remained idle in the stores.
- (b) A stock of 12,394 non-moving books valued at Rs.8.424,493 remained idle in the stores due to printing of books without identifying the requirements.

3:3 Delayed Projects

The following observations are made.

- (a) National Science Foundation had entered into an agreement with the University of Colombo School of Computing for a sum of Rs.2,999,000 on 15 February 2011 for the establishment of a Management Information System. That work had not been completed even by 31 March 2013.
- (b) Provision amounting to Rs. 70 million had been made for the Multi Research Project organized by the World Health Organization for the identification of the reasons for the acute renal disease prevalent in the North Central, Uva and Eastern Provinces and the results of those researches had not been released even by 31 March 2013.
- (c) The Internal and External Audit Reports on the utilization of the funds of the Multi Research Project had not been furnished to the Science Foundation and the National Science Foundation had not identified the information on the External Auditor.

3:4 Resources of the Foundation given to other Government Institutions

The following observations are made.

- (a) Two female officers recruited to the posts of Management Assistants of the National Science Foundation had been released to the Senior Minister's Office.
- (b) National Science Foundation had paid a sum of Rs.675,395 as the salaries from 01 May 2011 to an Assistant Teacher deployed in the service of the Ministry of Technical Research and Atomic Energy.

4. Systems and Controls

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

- (a) Research Grants
- (b) Stock Control