

## **Fisheries Reward Fund - 2014.**

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The audit of financial statements of the Fisheries Reward Fund for the year ended 31 December 2014, comprising the balance sheet as at 31 December 2014 and the statement of income and expenditure, the statement of changes in equity and cash flow statement and a summary of significant accounting policies and other explanatory notes was carried out under my direction in pursuance of provisions in Article 154(3) of the Constitution of the Democratic Socialist Republic of Sri Lanka read in conjunction with Section 59 (5) of the Fisheries and Aquatic Resources Act, No. 02 of 1996.

### **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.

### **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 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 misstatements.

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 judgements, 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 control relevant to the Fund’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 Fund'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.

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 Fisheries Reward Fund as at 31 December 2014 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 the Financial Statements**

#### **2.2.1 Accounting Deficiencies**

A sum of Rs. 1,452,616 received by the sale of confiscated goods had been indicated as the income of the Fund for the year under review. However, action had not been taken to estimate or account for the relevant expenses, and the allowances payable to officers involved in the raids.

**2.3 Non-compliance with Laws, Rules, Regulations , and Management Decisions**

Performance Report had not been presented together with the financial statements of the Fund in accordance with Section 04.3 of Public Finance Circular No. PF/423 dated 22 December 2006.

**3. Financial Review**

**3.1 Financial Results**

According to the financial statements presented, the result of the operations of the Fund for the year under review amounted to a surplus of Rs.1,452,616 as compared with the corresponding surplus of Rs.81,021 for the preceding year. As compared with the preceding year, an improvement of Rs.1,371,595 in the financial result had been indicated.

**4. Operating Review**

**4.1 Performance**

Even though, 345 cases had been filed in the preceding year under miscellaneous charges on the violation of directives enforced by the Fisheries and Aquatic Resources Act, according to the information furnished to audit, the number of cases filed in the year under review with respect only to 11 districts was 268. Evidence on the violation of directives in respect of the other districts had not been revealed.

**4.2 Management Inefficiencies**

The following observations are made.

- (a) Action had not been taken to recover fish sales income amounting to Rs. 358,230 and Rs. 147,026 in respect of the preceding year and the year under review respectively through relevant Courts.
- (b) The Department had not taken steps to obtain case records related to cases filed by the Department.

**5. Systems and Controls**

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

- (a) Accounting
- (b) Management of Income