

## **National Aquaculture Development Authority of Sri Lanka – 2012**

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### **1. Financial Statements**

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#### **1.1 Qualified Opinion**

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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 Aquaculture Development Authority of Sri Lanka 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**

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##### **1.2.1 Accounting Deficiencies**

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The following observations are made.

- (a) Land and buildings in extent of 7.3749 hectares, belonging to the Authority had not been assessed and the value of such assets were not disclosed in the financial statements as well.
- (b) The value of land belonging to the Authority had been assessed at Rs.38,100,000 but this value had not been brought to the accounts.
- (c) Depreciation on equipment had been under stated by Rs.155,209 in the financial statements.

##### **1.2.2 Non – compliance with Laws, Rules, Regulations and Management Decisions**

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Although the sub-imprest obtained should be settled immediately after the purpose for which it was taken and finished, sub-imprests totalling Rs.1,970,866 issued to 42 officers

had been settled after delays ranging from 1 to 11 months after the completion of the relevant purpose.

## 2. Financial Review

### 2.1 Financial Results

According to the financial statements presented, the operation of the Authority for the year ended 31 December 2012 had resulted in a deficit of Rs.21,424,115 as compared with the deficit of Rs.25,754,103 in the preceding year. The decrease in deficit had been Rs.4,329,988 or 17 per cent, and the increase in revenue had been the main reason for it.

### 2.2 Increases in Expenditure

Out of expenditure of the Authority the following expenditure had increased as compared with the year 2011.

Expenditure Details	2012	2011	Percentage of increase in expenditure
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	Rs.	Rs.	%
Welfare expenses	1,268,398	799,444	59
postage	461,123	194,997	136
Contractual Services	3,912,558	2,260,708	73
Other supplies	1,115,976	224,390	397

## 3. Operating Review

### 3.1 Performance

Brackish Water Fish production and fresh fish production in the years 2009, 2010, 2011 and 2012 as given below.

Year	Brackish Water Fish Production	Fresh Fish Production
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	M.T	M.T
2009	293,170	46,560
2010	330,240	51,390

2011	381,260	59,560
2012	417,220	68,950

Increase in the brackish water fish production and fresh water fish production in the year 2012 as compared with the year 2011 had been 9.4 per cent and 15.8 per cent respectively.

### **3.2 Management Inefficiencies**

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The following observations are made.

- (a) Even though a sum of Rs.1.7 million had been allocated under 2012 budget proposals for the web-site on aquaculture development, action had not been initiated thereon.
- (b) In purchasing Fingaling from the private sector, to deposit free of charge, purchase had not been made by paying, according to the specified standard.
- (c) Cash requests had been made, stating that Fry had been deposited in excess of the tank capacity in ascertaining Fingalings being deposited the fry.
- (d) Recruitments for the 41 posts approved by the Department of Management Services had not been made.
- (e) Due to re-acquirement of the Polonnaruwa fresh water fisheries Centre on 24 March 2009 by the Authority which had been leased out to a private company, before the specific period, a sum of Rs.555,468 due to the Authority could not be recovered even by 31 December 2012.
- (f) The outstanding loan balance as at 31 December 2012 on loans given to obtain larvae through the Extention officers, Regional extention officers and District extention officers amounted to Rs.2,028,925. A further sum of Rs.1,675,596 was due by the end of May 2013.

**4. Accountability and Good Governance**  
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**4.1 Internal Audit**  
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Action had not been taken to deploy the necessary staff to carry out internal audit functions by recruiting the approved cadre.

**5. Systems and Controls**  
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Weaknesses in systems and controls observed in audit were brought to the notice of the Chairman from time to time. Special attention is needed in respect of the following areas of control.

- (a) Assets
- (b) Advances
- (c) Sale of fish products on credit basis
- (d) Recovery of taxes
- (e) Staff