

## **Rubber Control Fund - 2014.**

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The audit of financial statements of the Rubber Control Fund for the year ended 31 December 2014 comprising the balance sheet as at 31 December 2014 and a summary of significant accounting policies and other explanatory Information 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 39(a) (3) of the Rubber Control Act, (Cap. 436) No. 11 of 1956 amended by the Rubber Control Act (Amendment) No.45 of 1957 .My comments and observations which I consider, appear in this report.

### **1.2 Management’s Responsibility for Financial Statements**

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The 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**

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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).

**1.4 Basis for Disclaimer of Opinion**

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As a result of the matters described in paragraph 2.2 of this report I am unable to determine whether any adjustments might have been found necessary in respect of recorded or unrecorded items ,and the elements .

**2. Financial Statements**

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**2.1 Disclaimer of Opinion**

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Because of the significance of the matters described in paragraph 2.2 of this report, I have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion . Accordingly, I do not express an opinion on these financial statements.

**2.2 Comments on Financial Statements.**

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**2.2.1 Accounting Deficiencies**

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A sum of Rs.1,864,559 credited to the Consolidated Fund had been shown as a current asset instead of shown deduct from the Rubber Control Fund.

**2.2.2 Lack of Evidence for Audit**

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The following items could not be satisfactorily vouched or accepted in audit due to non-submission of documentary evidences indicated against each item.

Item -----	Value -----	Observations -----
	Rs	
(a) Fixed Assets	985,925	Even though it was informed to audit that those assets had been given for the use of the Rubber Development Department before 17 years , a Register of Assets or an evidence of physically existence of those assets had not been presented .
(b) Current Assets	635,272	<p>(i) Advances amounting to Rs.287,378 supplied for various purposes had been outstanding for over a period exceeding 17 years and details of the parties from whom they were recoverable had not been presented to audit.</p> <p>(ii) Action had not been taken to recover and settle the amount of Rs.210,010 recoverable from the Rubber Replanting Subsidy Fund controlled under the same management .</p>

- (iii) Any evidence whatsoever ensure to the balances of Rs. 137,884 actually should have been. receivable from various institutions had not been presented to audit.
- (c) Current Liabilities                      239,784
- (i) Advances payable amounting to Rs.222,031 for which the reason was not revealed for the commitment had been outstanding for over a period exceeding 17 years while the details of the parties payable thereto had not been presented to audit.
- (ii) Any documents relevant to the general deposits of Rs.5,448 brought forwarded in the accounts over a period exceeding 17 years had not been presented to audit.
- (iii) Accrued stamps and telecommunication fees of Rs.10,689 which could have been easily settled by exchanging the information with the Postal Department had been brought forwarded in the accounts over a period exceeding 17 years.

- (iv) Accrued expenditure amounting to Rs.1616 outstanding over a period exceeding 17 years for which any information was not available about the receivable parties had not been removed from books.

### **3. Financial and Operating Review**

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#### **3.1 Financial Results**

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An interest income for the fixed deposits and savings deposits belonging to the Fund as at 31 December in the preceding year had obtained and it had been the only source of income of the Fund. As the relevant 2 fixed deposits amounting to Rs.10,961,943 as at the end of the year under review and savings deposit amounting to Rs.3,599,113 had been withdrawn and credited to the Consolidated Fund, there was no operating activity of the Fund furthermore. Accordingly, Income and Expenditure Account and the Cash Flow Statement for the year under review had not been prepared.

#### **3.2 Operating Review**

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##### **3.2.1 Present Status of Activities of the Fund**

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It had been informed by the letter No.RDD/02/10/ අැවූ (නැ. ඩ) dated 04 July 2014 of the Director General of the Rubber Development Department to the Secretary to the Ministry of Plantation Industries that it was expected to complete the winding up activities of the Rubber Control Fund within 06 months period which is not in operation at present and a committee for settlement of balances had also been

appointed on 01 December 2014. On the recommendation of that Committee, only the balances of savings deposits and fixed deposits belonging to the Fund had been transferred to the Consolidated Fund in the year under review and necessary action for the settlement of existing assets and liabilities had not been taken.

#### 4. **Systems and Controls**

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The deficiencies in system 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) Fixed Assets
- (c) Receivable and Payable Balances