

**Head 118 - Ministry of Agriculture and the Department under that Ministry**  
**Auditor General's Report for the Year 2013**

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This report consists of two parts.

Part 1 – Summary report on accounts of the Ministry of Agriculture and the Department under that Ministry.

Part 2 – Detailed Report relevant to each Head.

**Part 1**

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**Summary report relating to the Ministry of Agriculture and the Department under that Ministry.**

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**1. Department under the Ministry**

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<b>Head</b>	<b>Department</b>
285	Department of Agriculture

**2. Accounts**

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**2.1 Appropriation Accounts**

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**(a) Total Provision and Expenditure**

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While the total net provision made for the Ministry and the Department under the Ministry amounted to Rs.5,629,894,200 out of that a sum of Rs.4,732,234,801 had been utilized as at the end of the year under review. Accordingly, savings of the Ministry and the Department out of the net provision had been Rs.507,051,083 and Rs.390,608,316 or had been 28 per cent and 10 per cent of the net provision respectively . Details are shown below.

<b>Head</b>	<b>As at 31 December 2013</b>			<b>Savings as a Percentage of Net Provision</b>
	<b>Net Provision</b>	<b>Utilization</b>	<b>Savings</b>	
	<b>Rs.</b>	<b>Rs.</b>	<b>Rs.</b>	
118	1,829,630,000	1,322,578,917	507,051,083	28
285	3,800,264,200	3,409,655,884	390,608,316	10
<b>Total</b>	<b>5,629,894,200</b>	<b>4,732,234,801</b>	<b>897,659,399</b>	<b>16</b>
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**(b) Utilization of Provisions made available by other Ministries and Departments**

While provisions amounting to Rs.637,078,586 had been made available by other Ministries, Department and District Secretariat and particulars relating to utilization of those provisions are shown below.

<b>Ministry/ Department which Provision Obtained</b>	<b>Provision made by Ministry/ Department</b>	<b>Provision Received as at 31 December 2013</b>	<b>Utilization as at 31 December 2013</b>	<b>Savings as at 31 December 2013</b>
		<b>Rs.</b>	<b>Rs.</b>	<b>Rs.</b>
Ministry of Agriculture	Commissioner General of Samurdhi	25,741,000	25,741,000	-
Ministry of Agriculture	District Secretary - Gampha	510,000	396,977	113,023
Ministry of Agriculture	Department of Agriculture	6,500,460	2,419,888	4,080,572
Ministry of Agriculture	Ministry of Wildlife Resources Conservation	19,420,000	21,988,317	(2,568,317)
Ministry of Agriculture	Ministry of Economic Development	410,300,000	50,697,976	359,602,024
Ministry of Agriculture	District Secretary - Hambanthota	98,997	98,997	-
Department of Agriculture	Ministry of Economic Development	97,611,577	92,710,794	4,900,783
Department of Agriculture	Ministry of Agriculture	76,827,052	60,148,963	16,678,089
Department of Agriculture	Ministry of Environment and Renewal Energy a	69,500	58,250	11,250
Department of Agriculture	Ministry of Agriculture	76,827,052	60,148,963	16,678,089
<b>Total</b>		<b>637,078,586</b>	<b>254,261,162</b>	<b>382,817,424</b>

## 2.2 Revenue Account

### Estimated and Actual Revenue

While revenue totalling to Rs.130 Million had been estimated under a Revenue Code for the year 2013 by the Department of Agriculture, revenue of Rs.167.6 Million had been collected. Accordingly, 129 per cent of the Estimated Revenue had been collected. Details are shown below.

Revenue Code	As at 31 December 2013			Excess as a Percentage of the Estimated Revenue
	Estimated Revenue	Actual Revenue	Collecting Excess Revenue	
	Rs.	Rs.	Rs.	
20:03:02:18	130,000,000	167,655,907	37,655,907	129

## 2.3 Advance Accounts

### 2.3.1 Advances to Public Officers Accounts

#### Limits Authorized by the Parliament

Limits Authorized by the Parliament on the Ministry and the Department under the Ministry relating to Advances to Public Officers Accounts and actual values are shown below.

Item No	Expenditure		Receipts		Debit Balance	
	Maximum Limit	Actual	Minimum Limit	Actual	Maximum Limit	Actual
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
11801	8,500,000	8,267,805	4,800,000	8,686,155	55,000,000	34,322,781
28501	185,000,000	97,320,669	135,000,000	149,824,944	600,000,000	349,523,047

### 2.3.2 Commercial Advance Account

Commercial Advance Account had been made by the Department under the Ministry.

#### (a) Limits Authorized by the Parliament

Limits Authorized by the Parliament on the Department under the Ministry relating to Commercial Advance Account. Details are shown below.

Head	Item No	Expenditure		Receipts		Debit Balance	
		Maximum Limits	Actual	Minimum Limits	Actual	Maximum Limits	Actual
		Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
285	28502	416,000,000	413,984,762	416,000,000	424,160,945	70,000,000	17,155,847

**(b) Financial Results**

Financial Result of the Commercial Advance Account is shown below.

Item No.	Advance Activity	Account	Financial Results			
			2013		2012	
			(Loss) Excluding Hypothetical Charge	Profit Including Hypothetical Charges	Profit Including Hypothetical Charge	Profit Including Hypothetical Charges
			Rs.	Rs.	Rs.	Rs.
28502	Advance Account of Maintenance and Sale of Agricultural Farms		(9,472,475)	7,899,390	33,108,357	49,103,017

**2.4 Imprest and General Deposits Accounts**

**2.4.1 Imprest Account**

Balance of the Imprest Account of the Ministry and the Department of under the Ministry as at 31 December 2013 was amounting Rs.11,621,248. Details are shown below.

Ministry/ Department	Imprest Account No.	Balance as at 31 December 2013 Debit
		Rs.
Ministry of Agriculture	7002/0000/00/0325/0013/000	8,898,370
Department of Agriculture	7002/0000/00/0081/0013/000	2,722,878
Total		11,621,248

#### 2.4.2 General Deposits Accounts

Total balance of the Deposits Accounts of the Ministry and the Department under the Ministry as at 31 December 2013 was Rs.66,664,436. Details are shown below.

<b>Ministry / Department</b>	<b>Deposits Account Number</b>	<b>Balance as at 31 December 2013</b>
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		<b>Rs.</b>
Ministry of Agriculture	6000/0000/00/0015/0031/000	7,751,220
Department of Agriculture	6000/0000/00/0015/0140/000	58,913,216
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<b>Total</b>		<b>66,664,436</b>
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**Part 2**  
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**Detailed Report relevant to each Head**  
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**1. Head 118 - Ministry of Agriculture**  
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**1.1 Scope of Audit**  
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The audit of the Appropriation Account including the financial records, reconciliation statements books, registers and other records of the Ministry of Agriculture for the year ended 31 December 2013 was carried out in pursuance of provisions in Article 154 (1) of the Democratic Socialist Republic of Sri Lanka. The Management Audit Report for the year under review was issued to the Secretary to the Ministry on 04 September 2014. The audit observations, comments and findings on the accounts and the reconciliation statements were based on a review of the accounts and reconciliation statements presented to audit and tests of samples of transactions. The scope and extent of such review and tests were such as to enable as wide an audit coverage as possible within the limitations of staff, other resources and time available to me.

**1.2 Responsibility of the Chief Accounting officer for the Accounts and Reconciliation statements**  
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The Chief Accounting Officer is responsible for the maintenance, preparation and fair presentation of the Appropriation Accounts and the Reconciliation Statements in accordance with the provisions in Articles 148,149,150 and 152 of the Democratic Socialist Republic of Sri Lanka, other statutory provisions and Public Financial and Administrative Regulations. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of Accounts and Reconciliations Statements that are free from material misstatements whether due to fraud or error.

**1.3 Audit Observation**  
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According to the Financial Records and books for the year ended 31 December 2013, it was observed that except for the effects of the general observations appearing at (a) and (b) and major audit findings appearing in paragraphs 1.4 to 1.10 herein, the Appropriation Account, and the reconciliation statements of the Ministry of Agriculture had been prepared satisfactorily.

**(a) Budgetary Variance**  
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Following observations are made.

- (i) The entire net provision of Rs.150,000 made under one object code had been saved.
- (ii) Due to excessive provisions made under 12 object codes, balance left after utilization of net provisions was in a range between 45 per cent and 96 per cent.

**(b) Reconciliation Statement relating to the Advances to Public Officers Account**  
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Following observations are made.

- (i) While the total of recoveries in arrears according to the Reconciliation Statement relating to Advances to Public Officer Account - Item No.11801 amounted to Rs,1,028,947, the Ministry had failed to recover those outstanding balances.
- (ii) Information relating sundry debtors amounting to Rs.23,835 included in the list of balances due from officers left on transfer was not furnished to audit.

**1.4 Good Governance and Accountability**  
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**Annual Action Plan**  
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Although provisions amounting to Rs.150 million had been made for introduction of new technology for paddy cultivation, it had not been included in the action plan prepared for the year under review.

**1.5 Assets Management**  
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Following observations are made.

**(a) Assets given to Outside Parties**  
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Ninety five Vehicles belong to the Ministry had been given to 20 outside institutions without proper handing over.

**(b) Use of Assets belong to Other Institutions**  
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Nineteen Vehicles belong to 09 other institutions had been used by the Ministry without proper taking over.

**1.6 Performance**  
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**Key Functions not Adequately Performed.**  
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Expected progress had not been reached in the main development programs of the Ministry during the year under view. Few such examples observed are shown below.

- (a) Although provision amounting to Rs.132 million had been made by the Ministry for cultivation of soya beans to the extent of 32,575 hectares in 07 districts, according to

the progress reports, soya beans only had been cultivated to the extent of only 11,397 hectares having spent Rs.43.7 million. While soya bean seeds had been provided to farmers at a subsidized price through mediation by the Ministry and it had not been possible to achieve the expected results due to substandard quality of seeds supplied by certain firms. The quality of soya bean seeds cultivated in lands to the extent of 2,814 hectares in the Anuradhapura District had been inferior and due to that, it had not been possible to get the expected yield. However, the firms had agreed to pay compensation to farmers for unproductive seeds. While a sum of Rs. 18,012,500 had been paid to a firm by the Ministry for supply of seeds, that firm had paid a sum of Rs.15,457,209 to farmers as compensation as at 08 August 2014. It was observed that a sum of Rs.11,076,611 was to be payable further by that firm, to farmers as compensation.

- (b) While chilly cultivation had been done to the extent of 4,423.7 hectares in 15 districts for production of chilly, a sum of Rs.11.67 million had been spent for that. According to the progress reports, progress in Anuradhapura, Jaffna and Batticaloa had been low when compared with the other districts.
- (c) Although provision amounting to Rs.10.94 million had been made for red onion cultivation of 70 hectares in Ratnapura, Moneragala and Mllaitivu districts, during the year under review, procurement activities and selection of farmers only had been done and a sum of Rs.3.521 million had been spent for that. The Secretary to the Ministry informed me that due to inability in obtaining genuine seeds in the Puttalam District and lack of interest by the farmers in Moneragala District, red onion cultivation could not be done in those districts.
- (d) While a provision of Rs.30 million had been made during the year under review for environment friendly traditional cultivation, it had been planned to cultivate 8,874.6 hectares in 20 districts out of that provision. However, the physical progress had been only 4,262 hectares and the expenditure had been Rs. 20.6 million.
- (e) Provisions amounting to Rs.32.6 million and Rs.12.63 million had been made for the cultivation of big onion and green gram respectively in the Hambanthota District. Although a sum of Rs.32.35 million and Rs.9.3 million respectively, had been spent for cultivation, expected results had not been achieved. The Secretary to the Ministry informed me that expected targets could not be reached due to heavy rains and shortage of seeds.

## **1.7 Improper Transactions**

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Although agricultural inputs had been provided to 450 beneficiaries having spent a sum of Rs.62,777,800 during the year under review, under the Program for Commercial Farms, follow up action had not been taken with regard to the implementation of this program.



## 1.8 Losses and Damage

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Although a sum of Rs.4.63 million had been spent for the cultivation of 6 varieties of additional crops to the extent of 5,256.71 hectares in Batticaloa District, it had been stated that these cultivations were damaged due to floods.

## 1.9 Management Weaknesses

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Following weaknesses were observed in audit sample checks.

### (a) Production of Carbonic Fertilizer and Publicity for Usage.

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The above Project should be implemented as a pilot project in 4 districts during the 2012 Yala season and the progress should be reported to the Cabinet of Ministers in terms of the Cabinet of Ministers decision dated 29 February 12. However, that Project had been implemented only in 2 districts and progress had not been reported to the Cabinet of Ministers. Following observations were made in the sample audit checks carried out regarding this Project.

- (i) Although it had been stated in the Cabinet of Ministers decision that a suitable program should be prepared to encourage the farmers and that it should be submitted to the Cabinet of Ministers within one month, sums of Rs.73,745,836 and Rs.26,306,539 had been spent during the years 2012 and 2013 respectively to purchase equipment and material for distribution among the farmers, without preparing a program. Out of those, equipment and material valued at Rs.9,368,140 had not been distributed and kept in the Agrarian Services Centers in Anuradhapura and Polonnaruwa even as at the end of the year under review. Information relating to distribution of equipment and material valued at Rs.6,551,110 was not furnished to audit.
- (ii) Without preparing a proper procedure to ensure the quantity of fertilizer produced by the farmers, Rs.36.17 million at the rate of Rs.8.00 per k.g. had been paid to farmers during the year 2012 without an approval from the Cabinet of Ministers.

### (b) Establishment of Rice Export Zones

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While provision amounting to Rs.25 million had been made during the year 2012 to establish rice exportation zones for publicity of rice exportation, 8,523 metric tons of rice had been produced. The exports had not been made due to low demand for Sri Lankan categories of paddy in the international market and increase in cost of production of rice. However, a provision of Rs. 75 million had been made for the year 2013 too for this and a sum of 2.98 million had been spent for the purchase of

chemicals and parachute plates, field inspections, research, technical publicity etc. alone. Although it had been stated that cultivation will be commenced during 2013/2014 Maha Season, information relating to progress of this work was not furnished to audit. .

### 1.10 Human Resources Management

#### (a) Approved and the Actual Cadre

Cadre position as at 31 December 2013 was as follows.

Category of Employee	Approved Cadre	Actual Cadre	Number of Vacancies	Number of Surplus Cadre
(i) Senior level	126	113	13	-
(ii) Tertiary Level	05	04	01	-
(iii) Secondary Level	202	159	43	-
(iv) Preliminary Level	122	65	57	-
(v) Others (Casual/ temporary/Contract)	-	04	-	04
<b>Total</b>	<b>455</b>	<b>345</b>	<b>114</b>	<b>04</b>

The Ministry had not taken action to fill 114 vacant posts by end of the year under review.

#### (b) Human Resources Improperly Released to Other Parties.

Details relating to Human Resources improperly released to other parties during the year under review by the Ministry is given below.

Category of Employees	Number	Other Party	Period Released
Secondary Level	01	Ministry of Parliament Affairs.	From 14 December 2010 to 31 August 2014
do	01	Active Service in Voluntary Force	From 24 September 2008 to 31 August 2014

**(c) Human Resources Obtained from Other Parties**  
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Three Drivers receiving salaries from Tower Hall Foundation, Southern Development Authority and Central Cultural Fund had been engaged in the Ministry service from year 2010 to 31 August 2014.

**2. Head 285 - Department of Agriculture**  
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**2.1 Scope of Audit**  
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The audit of the Appropriation Account including the financial records, reconciliation statements books, registers and other records of the Department of Agriculture for the year ended 31 December 2013 was carried out in pursuance of provisions in Article 154 (1) of the Democratic Socialist Republic of Sri Lanka. The Management Audit Report for the year under review was issued to the Head of the Department on 14 August 2014. The audit observations, comments and findings on the accounts and the reconciliation statements were based on a review of the accounts and reconciliation statements presented to audit and tests of samples of transactions. The scope and extent of such review and tests were such as to enable as wide an audit coverage as possible within the limitations of staff, other resources and time available to me.

**2.2 Responsibility of the Chief Accounting Officer and the Accounting Officer for the Accounts and Reconciliation statements**  
-----

The Chief Accounting Officer and the Accounting Officer are responsible for the maintenance, preparation and fair presentation of the Appropriation Accounts, the Revenue account and the Reconciliation Statements in accordance with the provisions in Articles 148,149,150 and 152 of the Democratic Socialist Republic of Sri Lanka, other statutory provisions and Public Financial and Administrative Regulations. This responsibility includes, designing, implementing and maintaining internal control relevant to the preparation and fair presentation of Accounts and Reconciliations Statements that are free from material misstatements whether due to fraud or error.

**2.3 Audit Observation**  
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According to the Financial Records and books for the year ended 31 December 2013, it was observed that except for the effects of the general observations appearing at (a) to (g) and major audit findings appearing in paragraphs 2.4 to 2.10 herein, The Appropriation Account, the Revenue Account and the reconciliation statements of the Department of Agriculture had been prepared satisfactorily.

**(a) Replies to Audit Queries**  
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Replies had not been furnished to 04 audit queries issued to the Department during the year under review and 03 audit queries issued during the previous years even as at 31 March 2014.

**(b) Budgetary Variance**  
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Following observations are made.

- (i) The savings of provisions under 25 object items after utilization, ranged between 19 per cent and 53 per cent due to excess provisions made carelessly, delay in commencement of work and failure to make payment after timely obtained imprest.
- (ii) Commitments amounting to Rs.1,045,689 had been made exceeding the savings available after utilization of provisions under 05 object items.

**(c) Imprest Accounts**  
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Unsettled total of imprest balances by the Department to the Treasury as at 30 April 2014 amounted to Rs.1,024,796.

**(d) Revenue Account**  
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Following observations are made on the Revenue Account of the Department relating to Revenue Code 20.03.02.18.

- (i) An Analysis had not been furnished with regard to the total net revenue of Rs.167,655,907 collected during the year under review.
- (ii) Revenue amounting to Rs.3,115,080 relevant to the year under review, however, remitted to the Head Office during the previous year by the regional offices and units had been omitted from the revenue for the year under review.

**(e) Reconciliation Statement relating to the Advances to Public Officers account**  
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Following observations are made.

- (i) While the total of recoveries in arrears according to the Reconciliation statement relating to Advances to Public Officer Account - Item No.28501 amounted to Rs.18,701,065, the Department had failed to recover those outstanding balances.

- (ii) Deeds of land relating to Property Loan balances totaling to Rs.300,205, granted to two employees were not in the custody of the Department.

**(f) Commercial Advances Account**  
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Following observations are made with regard to the Maintenance and Sale of Agricultural Farms Advance Account – Item No. 28502.

- (i) A qualified audit opinion had been made on the accounts for the year under review and the preceding year.
- (ii) While the total of balances in arrears relating to the Advance Account amounted to Rs.919,036, the Department had failed to recover those outstanding balances.
- (iii) Value of unsettled advances during the period ranging from 22 to 31 years amounted to Rs.515,736 as at 31 December of the year under review.
- (iv) Following accounting deficiencies were observed in the accounts for the year under review.
- Value of consumable paddy stock amounting to Rs.1,109,463 at Polonnaruwa Government Seeds Production Farm, shown as at 31 December of the year under review included the value of shortage of consumable paddy valued at Rs. 19,344 outstanding from a period prior to 1999. Due to this, value of stock and profit had been overstated.
  - Value of growing cultivation amounting to Rs.2,240,606 at Pidurutalagala Government Seeds Production Farm, had been shown as Rs.2,895,812 resulting an overstatement of value in a sum of Rs.655,206.
  - Value of depreciation of tractors and trailers relevant to the year, amounting to Rs.5,549,995 determined on the basis of diminishing balance had been shown as Rs.5,453,015. Due to this, depreciation value had been understated in a sum of Rs.96,980 in the Advance Account.
- (v) Following observations are made with regard to the operation of Advance Account activities.
- Although the extent of land that could be utilized for cultivation for the 19 farms operated under Advance Account activities is 1,000 hectares, 361.5 or 36 per cent during 2012/2013 Maha Season and 435.5 hectares or 43 percent during Yala Season had not been utilized during the years 2012/2013.
  - When profits and losses of each farm during the year under review, compared with those for the preceding 04 years, two farms had incurred losses during the entire period. While 01 farm had continuously incurred

losses for three years, another farm had incurred losses during the year under review and the preceding year. Details are shown below.

Farm	Profit obtained (Loss)				
	2013	2012	2011	2010	2009
	Rs.	Rs.	Rs.	Rs.	Rs.
(i) Aluththarama	(15,532,215)	(6,201,412)	8,208,945	2,114,171	12,349,061
(ii) Bataatha	(6,467,064)	(22,298,516)	(16,984,214)	(11,259,851)	(17,743,539)
(iii) Middeniya	(6,752,696)	(10,931,573)	(7,443,305)	(7,359,607)	(2,161,240)
(iv) Seethaeliya	(1,938,689)	(2,645,657)	(14,725,873)	4,149,887	(10,660,468)

- While a shortage of 65 Bushels of nine varieties of paddy was observed at the examination of paddy store of Deputy Director of Agriculture's Office at Mahailuppallama on 22 November 2013, value of that shortage had not been ascertained output.
- While the coconut yield of Government Seeds Production Farms at Mahailuppallama and Polonnaruwa farms was at a low level, annual average yield per tree was in a range of 12 nuts and 08 to 24 nuts.
- While an income of Rs. 1,208,482 had been obtained incurring a loss of Rs. 10,199,011 during the year under review after spending a sum of Rs.11,407,493 for cultivation of 30 additional varieties of seeds during 2012/2013 Maha Season and 2013 Yala Season at Mahailuppallama Government Seeds Production Farm.
- Six condemned tractors had been parked during a period of about 10 years in the yard of the Mahailuppallama Government Seeds Production Farm, without taking proper action.
- A variety of 18 posts required for carrying out work properly, at Polonnaruwa Government Seeds Production Farm had been vacant.
- 13 Tractors not used by the farm and condemned during a period ranging from 01 month to 15 years and 04 Machinery equipment not used and condemned during a period ranging from 07 years to 20 years had been kept in the office premises and stores without taking action for some use or proper action for disposal.

**(g) Winding up Advance Accounts**

Following observations are made.

- (a) The total of accumulated working losses relating to 04 Winding up Advance Accounts that had not been approved was Rs.65,654,747.
- (ii) Action had not been taken either to recover or settle the Balances recoverable amounting to Rs.6,916,657 outstanding during a period ranging from 14 years to

33 years and balances amounting to Rs. 5,688,982 to be settled during a period ranging from 15 years to 25 years relating to Winding up Advance Account.

## 2.4 Assets Management

Following observations are made.

### (i) Idle and Underutilized assets.

Following lapses were observed in the sample audit examination carried out relating to assets.

- (i) It was observed in audit sample checks that certain assets had been lying idle or underutilized as analyzed below.

Type of Assets	No. of Units	Idle or Underutilized Period	
		More than one year and less than 3 years	More than 3 years
(i) Land (Hectares)	116.8	--	116.8
(ii) Buildings	63	02	61
(iii) Motor Vehicles	125	15	110
(iv) Machinery	935	173	762
(v) Other Assets	502	304	198

- (ii) A variety of vehicles condemned over a period ranging from 04 years to 24 years, a variety of 6 units of 5 items of vehicle spare parts over a period ranging from 15 years to 34 years and 22 units of 6 items of sundry assets had been retained in the stores of Pulses and Grain Research and Development Centre at Angunakolapelassa.
- (iii). Circuit Bungalow No.2 belongs to Pulses and Grain Research and Development Centre at Angunakolapelassa was in a badly damaged condition and had not been used for more than a period of 10 years.
- (iv). While a Defender Jeep belongs to Socio Economic Planning Centre had been parked without being repaired since 08 September 2008, spare parts valued at Rs.331,050 purchased for repairs had been kept in the stores.
- (v). 38 units of 10 unserviceable items had been retained in the stores of Socio Economic Planning Centre over a period ranging from 02 years to 05 years without taking proper action for disposal.
- (vi). Three Vehicles, two motor cycles and seven sundry stores items belong to Kilinochchi Regional Agricultural Research and Development Centre, and

removed from Vavunia Agricultural Utilities Research Centre had been kept over a period ranging 08 months to 10 years at the Research Centre without taking proper action for disposal.

- (vii). 72 Units of 04 items of goods removed from Vavunia Agricultural Utilities Research Centre had been kept over a period ranging 08 months to 05 years at the Centre without taking proper action for disposal.
- (viii). While a Mitsubishi Jeep belongs to Anuradhapura Agricultural College had been removed from use and parked in the yard, estimate had not been prepared for repairs to vehicle or any other action had not been commenced.
- (ix). 17 Units of 13 items of equipment removed from use in the Anuradhapura Agricultural College had been retained in the stores without using or taking proper action for disposal over a period ranging from 01 year to 10 years.
- (x). Three Motor Cycles and 19 units of machinery and equipment removed from use in the Anuradhapura Farms Mechanical Training Centre had been retained in the stores without using or taking proper action for disposal over a period ranging from 04 years to 10 years.
- (xi). Forty three units of 20 items of sundry stores items removed from use in the office of Polonnaruwa, Director of Agriculture (Inter Provincial) had been retained in the stores without taking action for disposal over a period ranging from 01 year to 15 years.
- (xii). A Four wheel tractor and 64 units of 04 items of other equipment belong to Vavunia Agricultural College had been retained in the stores without taking action for disposal over a period ranging from 01 year to 03 years.
- (xiii). Twenty eight units of 11 items of sundry stores items removed from use in Bombuwala regional Paddy Research and Development Centre had been retained in the stores without taking suitable action over a period ranging from 08 years to 17 years.
- (xiv). Three Vehicles and three motor cycles removed from use in the Gannoruwa Horticultural Research and Development Centre had been retained in the vehicle parks and stores without taking suitable action over a period ranging from 01 year to 18 years.

**(j) Assets given to outside parties**

While certain assets had been improperly released to private parties by he Department, value of such assets and period of utilization by outside parties had not been furnished. Particulars are given below.

Type of Assets -----	Extent / Number -----
Land (Hectares)	3.5
Buildings	07



## 2.5 Non-compliance

### Non-compliance of Laws, Rules, Regulations etc.

Instances of noncompliance with laws, rules and regulations observed in audit sample checks are analyzed below.

Reference to laws, rules and regulations	Non-compliance
<p><b>(a) Financial Regulations of the Democratic Socialist Republic of Sri Lanka</b></p> <p>Financial Regulation 880</p>	<p>Officers handling cash and stores in the office of the Mahailuppallama Deputy Director of Agriculture (Seeds and Crop Material), had not furnished security.</p>
<p><b>(b) Treasury Circulars</b></p> <p>Treasury Circular No. 842 dated 19 December 1978</p>	<p>Fixed Assets Registers had not been maintained in the Vavuniya Agricultural Utilities Research Centre of the office of the Vavuniya Assistant Director of Agriculture (Seeds) and Bombuwala, Regional Paddy Research and Development Centre.</p>
<p><b>(c) Other Circulars</b></p> <p>(i) Circular No. 2003/01 dated 12 May 2003 of the Secretary to Ministry of Agriculture and Live Stocks</p> <p>(ii) Circular No. 08/2010 dated 23 September 2010 of the Director General of Agriculture</p>	<p>Economic rent had been recovered from the year 2004 for 07 government quarters belong to the Bombuwala Regional Paddy Research and Development Centre, without carrying out repairs.</p> <p>(i) Register of Research information had not been maintained at the Angunakolapelassa Pulses and Grain Research and Development Centre.</p> <p>(ii) While Field Chits had not been used in works relating harvesting , a register of crops and a register of research information had not been maintained at the Vavuniya Agricultural a Utilities Research Centre.</p> <p>(iii) Field Chits had not been used in works relating harvesting had not</p>

- been maintained at the Angunukolapellassa Agricultural College.
- (iv) A register relating to trees had not been maintained at the Angunukolapellassa Agricultural College, Mahailuppallama Field Crop Research Development Institute and the Anuradhapura Farms Mechanical Training Centre.
- (v) Registers relating to research information had not been maintained at the Mahailuppallama Field Crop Research Development Institute and the Gannoruwa Horticulture Research and Development Institute.
- (iii) Letter No. P/6/3/4/4 dated 23 March 2012 of the Director General of Agriculture Necessary steps had not been taken for removal of out dated agro chemicals amounting to Rs. 163,557 at the Mahailuppallama Government Seed Production Farm as at 31 December of the year under review.

## 2.6 Performance

Following observations are made on the sample audit examination carried out with regard to performance of the Department.

- (a) Although financial provision of Rs.3,255,000 had been made for various activities included in the operational plan, of the Bombuwala Regional Paddy Research and Development Centre, that provision had not been utilized even as at 31 December 2013.
- (b) Three Activities estimated at a value of Rs.85,000, included in the operational plan for the year under review relating to the Angunakolapellassa Agricultural College had not been implemented even as at 31 December 2013.
- (c) Conducting the two years Agricultural Diploma Course had been given up by the Anuradhapura Agricultural College after the year 2003
- (d) Although material valued at Rs. 909,918 had been purchased for construction of 05 polythene houses of 90 square meters in extent in the seeds production farm belongs to Mahailuppallama Office of the Deputy Director of Agriculture (Seeds and Plant Material), construction works had not been completed.

- (e) While provision amounting to Rs.7, 950,000 had been made for 03 activities included in the operational plan of the Seeds and Plant Material Development Centre, a sum of Rs. 4,824,088 only had been spent. A sum of Rs. 3,125,912 or 39 per cent of the amount provided had not been utilized.
- (f) Instances of decrease in the cultivation harvest of the Agricultural Colleges and Research and Development Centers operated under the Department of Agriculture were observed. Few instances are shown below.
- (i) According to the harvest obtained from 1,063 coconut trees grown in the following Agricultural colleges and Research and Development Centers during the period from the year 2008 to the year 2013, annual harvest had had been in a low rate ranging from 02 coconuts to 93 coconuts per coconut tree. Details are shown below.

Agricultural College/ Development and Research Centre -----	No of Coconut Trees -----	Annual harvest per coconut tree during the period 2008/2013 ----- quantity of coconuts -----
Agricultural College, Vavuniya	89	23 - 51
Regional Paddy Research and Development Centre, Bombuwala	70	18 - 45
Pulses and Grain Research and Development Centre, Angunakolapelassa.	126	61 - 93
Agricultural College, Angunakolapelassa	531	02 – 16
Agricultural College, Anuradhapura	140	19 – 61
Farm Mechanical Training Centre, Anuradhapura	107	23 – 39
<b>Total</b>	<b>1,063</b> =====	

- (ii) Annual harvest of 109 mango trees grown in the following Agricultural Colleges and Research and Development Centers during the period from the year 2008 to the year 2013 had been in a low rate ranging from 0.5 kilo grams to 25 kilo grams per mango tree.

Agricultural College/ Development and Research Centre	No. of Mango trees	Annual harvest per mango tree during the period 2008/2013
Kilo grams		
Agricultural College, Vavuniya	60	0.5 – 20.0
Research and Development Centre, Angunakolapelassa	13	10 - 24
Farm Mechanical Training Centre, Anuradhapura	36	10 - 25
<b>Total</b>	<b>109</b>	

- (iii). While the cashew cultivation consist of 48 cashew trees in the land of the Agricultural College, Vavuniya had not been trimmed, annual cashew harvest had been in a low rate ranging from 60 grams to 390 grams per tree during the period from the year 2008 to the year 2013.
- (iv). While a low harvest of 817.5 bushels of paddy had been received from the cultivation of 18.25 acres of paddy at Angunakolapellassa, Research and Development Centre, during 2012/2013 Maha season, due to that a loss of Rs.28,184 had occurred.

## 2.7 Lapses in the operation of Bank accounts

### Balances to be adjusted

Analysis of the adjustments shown in the bank reconciliation statements prepared by the Department for the month of December 2013 revealed the following information.

Details relating to the adjustments	Age analysis			Total
	More than 06 months and less than 01 year	More than 01 year and less than 03 years	More than 03 years	
	Rs.	Rs.	Rs.	Rs.
(i) Unrealized Deposits	222,553	14,489	--	237,042

(ii)	Cheques issued, but not presented for payment	560,886	332,465	--	893,351
(iii)	Unidentified Debits	634,446	145,064	249,345	1,028,855
(iv)	Unidentified Credits	234,972	362,988	27,207	625,167

Following observations are made in this connection.

- (a) Action in terms of Financial Regulation 396(d) had not been taken with regard to 90 time lapsed cheques issued from 10 bank accounts, but not presented to the bank, totaling to Rs.893,351.
- (b) Total of unidentified balances for more than six months debited to 07 bank accounts in 67 instances was Rs.1,028,854.
- (c) Total of unidentified balances for more than six months credited to 07 bank accounts in 112 instances was Rs.625,167.
- (d) Although a sum of Rs.237,042 relating to 9 bank accounts had been deposited in 26 instances, those deposits were not credited in the bank accounts even after a lapse of six months. The Department had not investigated and proper action had not been taken regarding those deposits.

## 2.8 Losses and Damages

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Observations regarding losses and damages revealed in audit sample checks are shown below.

- (a) Finger Print Machine valued at Rs.67,200 used for recording the arrival and departure of employees of the Agricultural College, Angunakolapellassa, had been destroyed in a fire took place on 28 June 2012.
- (b) While a jeep belongs to the Agricultural College, Angunakolapellassa had been handed over to an outside establishment for repairs on 19 August 2009, a loss amounting to Rs.183,753 identified as occurred therein had not been recovered from the parties responsible.
- (c) 144 Units of 17 categories of out dated agro chemicals amounting to Rs.79,310 and 62 kilo grams of out dated seeds relating to plant material which cannot be used and existing from the year 2006 had been Retained in the stores of the Pulses and Grain Research and Development Centre, Angunakolapellassa.
- (d) Stock shortage of Rs.17,948 reveals in the office of the Deputy Director of Agriculture (Inter Province)
- (e) While four weal Tractor belong to the Mechanical Training Centre of Anuradhapura Farm had been removed from running due to damages caused on 15 May 2006 to part of a component.

- (f) On 25 April 2012, a cab vehicle belongs to Seeds and Plant Material Development Centre had knocked against a lorry resulting a loss of Rs.272,420.
- (g) Value of losses occurred in 11 instances by the Engineering Division of the Agricultural Department during the period from year 1977 to 2004 amounted to Rs.5,161,547.
- (h) Value of losses occurred in 10 instances, relating to 07 Agricultural Instructors Offices and another 02 institutions attached to the Office of the Deputy Director of Agriculture (Inter Province), Polonnaruwa during the years 1998 and 2011 amounted to Rs.186,859.

## 2.9 Management Weaknesses

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Following weaknesses were observed in sample audit checks.

- (a) Out of lands cultivated by Pulses and Grain Research and Development Centre at Angunakolapellasa, during Maha Season, it had not been possible to cultivate about 12 hectares during Yala Season due to lack of adequate water supply. About a part of 02 kilo meters of the irrigation channel for supply of water and about a part of 05 kilo meters of water ways in land of the Centre had not been rehabilitated. In addition, new channels required to the extent of about 07 kilo meters for proper water management also had not been made.
- (b) 18 Government quarters belong to Angunakolapellasa Pulses and Grain Research and Development Centre were in dilapidated condition due lack of renovation of roofs, ceilings, pillars, drainage systems, grounds, doors and windows, latrines and water and electricity systems of those buildings over a long period.
- (c) Although technical equipment had been provided for the upkeep of agricultural information centers in operation in the area of authority of the office of the Anuradhapura Deputy Director General of Agriculture (Inter Province), those projects had not been implemented properly. Value of the equipment was not furnished to audit.
- (d) While 10 Government quarters belong to office of the Anuradhapura Deputy Director General of Agriculture (Inter Province) had not been repaired, 04 quarters out of those were in dilapidated condition.
- (e) Although 650 feet long wire net coverings of 6 feet height, and 70 iron pipes of various size had been purchased on 29 November 2010 to repair the protective fence of about 3,400 feet surrounding the Anuradhapura agricultural College, those material had been retained in the stores instead of repairing the fence. Value of those materials was not furnished to audit.
- (f) Office building, , buildings of the operation and maintenance section and work shop, 34 government quarters , protective fence and internal road network of the Anuradhapura Farm s Mechanical Training Centre had not been properly repaired.
- (g) A sum of Rs. 1,010,859 was payable to the Ceylon Fertilizer Corporation for the fertilizer supplied for the programs known as “Special Model Stretch of Fields for Increasing Paddy Harvest and Provision of Unadulterated Fertilizer on the Basis of Loans”

implemented by the Deputy Director General of Agriculture (Inter Province) during the seasons of, Yala 1997, Maha 1997/1998, Yala 1998, Maha 1998/1999 and Yala 1999. Although 11 officers in service at present, retired and under interdiction had been identified as officers responsible for these loans, any other action had not been taken in this connection.

- (h) While 16 Government quarters belong to office of the Polonnaruwa Director of Agriculture (Inter Province) had not been repaired, 04 quarters out of those were in dilapidated condition.
- (i) Arrears of rent amounting to Rs. 55,800 due for the period from January 2009 to July 2012 from an occupant of Government Quarters No. 12 belongs to the Office of the Polonnaruwa Deputy Director of Agriculture (Seeds and Plant Materials) had not been recovered. In addition to that, rent relating to the period from August 2012 to November 2013 too had not been recovered from the occupant of that house and amount of rent due for that period had also not been determined.

## 2.10 Human Resources Management

### ----- Approved and the Actual Cadre -----

Cadre position as at 31 December 2013 was as follows.

	<b>Category of Employee</b>	<b>Approved Cadre</b>	<b>Actual Cadre</b>	<b>Number of Vacancies</b>
	-----	-----	-----	-----
(i)	Senior level	675	516	159
(ii)	Tertiary Level	249	88	161
(iii)	Secondary Level	2,843	2,028	815
(iv)	Preliminary Level	3,716	2,957	759
(v)	Others (Contract)	2,876	2,876	--
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	<b>Total</b>	<b>10,359</b>	<b>8,465</b>	<b>1,894</b>
		=====	=====	=====

Out of the 1,894 posts vacant as at the end of the year under view, 320 posts had been staff grade posts.