

## **Fisheries Rewards Fund - 2015.**

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The audit of financial statements of the Fisheries Reward Fund for the year ended 31 December 2015, comprising the balance sheet as at 31 December 2015 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 Part 10 of the Fisheries and Aquatic Resources Act, No. 02 of 1996.

### **1.2 Management's Responsibility for the 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 Auditing Standards of Supreme Audit Institutions (ISSAI-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 judgement, 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.

## **2. Financial Statements**

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### **2.1 Opinion**

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In my opinion, the financial statements give a true and fair view of the financial position of the Fisheries Rewards Fund as at 31 December 2015 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 Financial Statements**

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### **2.2.1 Accounting Deficiencies**

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The information obtained on the vessels and equipment in the custody of the District fisheries offices ,Courts and the Navy until the legal activities were completed after being arrested and could be identified as the contingent assets of the Fund had not been disclosed by the notes of the financial reports.

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

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The Performance Report of the Fund had not been presented along with the financial statements of the Fund in terms of paragraph 4.3 of the Public Finance Circular No. PF/423 dated 22 December 2006.

## **3. Financial Review**

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### **3.1 Financial Results**

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According to the financial statements presented, the operations of the Fund during the year under review had resulted in a surplus of Rs.1,865,239 as compared with the corresponding surplus of Rs.1,452,616 for the preceding year, thus indicating an improvement of Rs.412,623 in the financial results as compared with the preceding year.

## **4. Operating Review**

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### **4.1 Performance**

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Even though the Fisheries Rewards Fund had been established to encourage by award of rewards to the authorized officers who are involved in relation to the violation of the Orders in force made in Section 59 of the Fisheries and Aquatic Resources Act, No.2 of 1996 and its amendments and the informants , a methodology had not been prepared and implemented for awarding rewards to the informants .

Even though provisions were available to use 75 per cent of the income earned by the sale of confiscated goods, any amount whatsoever had not been spent for that purpose from the income amounting to Rs.1,452,616 earned in the preceding year. However, only a sum of Rs.357,375 had been spent for the payment of allowances for the officers out of the income of Rs.2,222,614 earned in the year under review. Accordingly, it was observed that the encouragement of the authorized officers who take action on the persons violate the Orders of the protection of aquatic resources and the informants in this connection had not been done.

### **4.2 Management Inefficiencies**

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Action had not been taken to recover even in the year under review a sums of Rs.358,230 and Rs.193,596 receivable in respect of the year 2013 and 2014 respectively on sales of fish arrested.

## **5. Accountability and Good Governance**

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### **5.1 Action Plan**

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The number of cases filed in the preceding year under various charges for the violation of the provisions in the Fisheries and Aquatic Resources Act and the Orders in force had been 268 in 11 districts and the number of cases filed in the year under review had been 348 in 14 districts. However, according to the Action Plan of the Department of Fisheries and Aquatic Resources the number of cases to be filed in the year under review had been shown as 200 which was in a very low reachable level.

### **5.2 Internal Audit**

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Action had not been taken to implement an internal audit by including programmes in respect of the Fisheries Rewards Fund in the Internal Audit Plan for the year 2015 in the Department of Fisheries and Aquatic Resources.

## **6. Systems and Controls**

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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.

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| (a) Maintenance of Books and Records   | Maintenance of the information on vessels and equipment in the custody of the Sri Lanka Navy ,District Fisheries Offices and the Courts until the legal action is completed after being arrested. |
| (b) Payment of rewards to the officers | Take prompt action to pay the rewards to the officers from the income received to the Fund.   |