

## Report of the Auditor General on Head 289 – Department of Export Agriculture Year 2015

The audit of the Appropriation Account and the Reconciliation Statements including the financial records, books, registers and other records of the Head 289 – Department of Export Agriculture for the year ended 31 December 2015, was carried out in pursuance of provisions of Article 154 (1) of the Constitution of the Democratic Socialist Republic of Sri Lanka. The Management Audit Report for the year under review had been issued to the Director General of the Department on 18 August 2016. The audit observations, comments and findings on accounts and 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 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 Account and the Reconciliation Statements in accordance with the provisions in Articles 148, 149, 150 and 152 of the Constitution of the Democratic Socialist Republic of Sri Lanka, other Statutory Provisions, Public Finance and Administrative Regulations. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of Accounts and Reconciliation Statements that are free from material misstatements, whether due to fraud or error.

## 2. Accounts

### 2.1 Appropriation Account

#### Total Provision and Expenditure

The total net provision made for the Department amounted to Rs.992.77 million and out of that, a sum of Rs.966.12 million had been utilized by the end of the year under review. Accordingly, savings out of the total net provisions of the Department amounted to Rs.26.65 million and represented 2.68 per cent. Particulars are given below.

Expenditure	As at 31 December 2015			Savings, as a Percentage of Net Provision
	Net Provision	Utilization	Savings	
	Rs. Millions	Rs. Millions	Rs. Millions	
Recurrent	564.67	549.55	15.12	2.67
Capital	428.10	416.57	11.53	2.69
<b>Total</b>	<b>992.77</b>	<b>966.12</b>	<b>26.65</b>	<b>2.68</b>

## 2.2 Advance Account

### Advances to Public Officers' Account

#### Limits Authorized by Parliament

The limits authorized by Parliament for the Advances to Public Officers' Account Item No.28901 relating to the Department and the actual values are given below.

<u>Expenditure</u>		<u>Receipts</u>		<u>Debit Balance</u>	
Maximum Limit	Actual	Minimum Limit	Actual	Maximum Limit	Actual
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Rs. Millions	Rs. Millions	Rs. Millions	Rs. Millions	Rs. Millions	Rs. Millions
29.76	29.07	23.76	34.35	110.00	77.83

## 2.3 Imprest Account

The balance of the Imprest Account No.7002/0000/00/0087/0015/000 under the Department as at 31 December 2015 amounted to Rs.13.32 million.

## 2.4 General Deposit Accounts

The balances of 05 Deposit Accounts under the Department as at 31 December 2015 totalled Rs.3.18 million. Details are given below.

<u>Deposit Account No.</u>	<u>Balance as at 31 December 2015</u>
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	Rs.Millions
6000/0000/00/0002/0057/000	0.23
6000/0000/00/0015/0144/000	1.12
6000/0000/00/0013/0042/000	0.03
6000/0000/00/0016/0012/000	1.56
6000/0000/00/0018/0014/000	0.24
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<b>Total</b>	<b>3.18</b>
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## 2.5 Audit Observation

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The Appropriation Account and the Reconciliation Statements for the year ended 31 December 2015 of the Department of Export Agriculture have been prepared satisfactorily, subject to the audit observations appearing in the Management Audit Reports referred to in Paragraph 1.1 above. Out of the observations included in that Management Audit Report, the material and significant audit observations appear in paragraph 3 herein.

## 3. Material and Significant Audit Observations

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### 3.1 Non-maintenance of Registers and Books

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It was observed during audit test checks that the Department had not updated the following Register of Fixed Assets while the other registers had not been maintained.

Type of Register	Relevant Regulation
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(i) Register of Fixed Assets on Computers, Accessories and Software	Treasury Circular No. IAI/2002/02 of 28 November 2002
(ii) Record of Liabilities	Financial Regulation 214
(iii) Inventory of Electrical Fittings	Financial Regulation 454(2)
(iv) Security Register	Financial Regulation 891(1)
(v) Register of Fixed Assets	Treasury Circular No.842 of 19 December 1978

### 3.2 General Deposit Account

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Action had not been taken in terms of Financial Regulation 571 with regard to a deposit totalling Rs.390,785 remained unsettled for more than 02 years.

### 3.3 Reconciliation Statement on Advances to Public Officers Account

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It was observed during the course of audit test check of the Reconciliation Statement as at 31 December 2015, on Advances to Public Officers Account Item No.28901 that the loan balances recoverable as at that date from 05 officers who were not in service for various reasons totalled Rs.624,596 and even though those loan balances had remained recoverable for a period ranging from 02 to 14 years, the Department had failed to recover those loan balances even by the end of the year under review.

### 3.4 Assets Management

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The following deficiencies were observed during the course of audit test check on the assets of the Department.

#### (a) Idle and Underutilized Assets

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It was observed during the course of audit test check that certain assets had remained idle or underutilized as classified below.

Type of Asset	No. of Units	Period of Idling or Underutilization
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(i) Lands (Hectares)	9.3	Not made available to audit
(ii) Motor vehicles	2	From 06 to 10 years

#### (b) Improper use of Assets owned by other Institutions

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The land of approximately 30 acres in extent at Wariyapolawatte in Matale where various units of the Department including the Office of the Assistant Director are located, was owned by the Land Reforms Commission and that land had not been properly vested by the Department even by 07 September 2016, the date of audit.

### 3.5 Foreign Aid Projects

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#### Idle Assets

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Even though a building had been constructed for an Agro-products Packing Project and machinery required supplied and installed by 16 November 2009 using the aid granted by the Friendship Association of the Government of Korea (COICA) in the year 2009, that building and machinery had remained idle without being made use of even by 07 September 2016.

### 3.6 Human Resources Management

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

The cadre position as at 31 December 2015 was as follows.

Category of Employees	Approved Cadre	Actual Cadre	Number of Vacancies
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(i) Senior Level	85	49	36
(ii) Tertiary Level	28	08	20
(iii) Secondary Level	800	615	185
(iv) Primary Level	484	426	58
<b>Total</b>	<b>1,397</b>	<b>1,098</b>	<b>299</b>
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