

## **Head 135 - Ministry of Plantation Industries**

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### **1. Financial Statements**

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#### **1.1 Qualified Opinion**

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The audit of the financial statements of the Ministry of Plantation Industries for the year ended 31 December 2018 comprising the statement of financial position as at 31 December 2018 and the statement of financial performance, and cash flow statement for the year then ended, was carried out under my direction in pursuance of provisions in Article 154(1) of the Constitution of the Democratic Socialist Republic of Sri Lanka read in conjunction with provisions of the National Audit Act No. 19 of 2018. The Summary Report containing my comments and observations on the financial statements of the Ministry of Plantation Industries was issued to the Chief Accounting Officer on 31 May 2019 in terms of Section 11 (1) of the National Audit Act No. 19 of 2018. The Annual Detailed Management Audit Report of the Ministry was issued to the Chief Accounting Officer on 31 May 2019 in terms of Section 11 (2) of the Audit Act. This report is presented to Parliament in terms of Section 10 of the National Audit Act No. 19 of 2018 which is read in conjunction with Article 154 (6) of the Constitution of the Democratic Socialist Republic of Sri Lanka.

In my opinion, except for the effects of the matters described in Paragraph 1.6 of this report, the financial statements give a true and fair view of the Ministry of Plantation Industries as at 31 December 2018 and its financial performance and cash flow for the year then ended, in accordance with Generally Accepted Accounting Principles.

#### **1.2 Basis for Qualified Opinion**

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I conducted my audit in accordance with Sri Lanka Auditing Standards (SLAuSs). My responsibilities, under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

#### **1.3 Responsibilities of Chief Accounting Officer and Accounting Officer on Financial Statements**

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Preparation of financial statements in a manner that reflects a true and reasonable position and determines the internal control required to enable financial statements to be prepared without inadequate false statements that may result from fraud and error in accordance with Generally Accepted Accounting Principles and the provisions of Section 38 of the National Audit Act, No. 19 of 2018 is the responsibility of the Chief Accounting Officer.

As per Section 16 (1) of the National Audit Act No. 19 of 2018, the Ministry is required to maintain proper books and records of all its income, expenditure, assets and liabilities, to enable annual and periodic financial statements to be prepared.

The Chief Accounting Officer shall ensure that an effective internal control system is maintained for the financial control of the Ministry in terms of Sub-section 38 (1) (c) of the National Audit Act and it should be periodically reviewed the effectiveness of the system and make any necessary changes to keep the system running efficiently.

#### **1.4 Auditor's Responsibility on Audit of Financial Statements**

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My objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Sri Lanka Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Sri Lanka Auditing Standards, I exercise professional judgment and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- It is not intended to express an opinion on the effectiveness of internal control of the Ministry to plan appropriate audit procedures in a timely manner.
- Evaluate structure of financial statements including disclosures and content-based transactions and events the structure that the financial statements are appropriate and reasonable.
- That the transactions and events underlying the structure and content of the financial statements are appropriately and fairly when submitting financial statements as a whole.

The Chief Accounting Officer was made aware of important audit findings, key internal control deficiencies and other matters identified in my audit.

#### **1.5 Report on Other Legal Requirements**

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I declare the following matters in terms of Section 6 (d) and Section 38 of the National Audit Act No. 19 of 2018 .

- (a) As there was no need to prepare financial statements for the previous year, it was impossible declare the financial statements for the year under review were consistent with those of the previous year.

- (b) As there was no need for the Ministry of Plantation Industries to prepare financial statements for the previous year, the recommendations for the financial statements of the preceding year had not been furnished.

## 1.6 Comments on Financial Statements

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### 1.6.1 Financial Statements not complied with Circulars

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Although the financial statements had to be prepared in accordance with the State Accounts Circular No. 267/ 2018 dated 21 November 2018, the exceptions to those requirements are as follows.

Audit Observation	Recommendation	Comments Given by the Chief Accounting Officer
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<p>(a) As a result of the balance of Advances to Public Officers Account was shown as Rs. 15,440,833 in the Treasury Computer Printouts and that balance had reflected in the Financial Performance Statement as Rs. 15,279,148, the balance had been understated in Financial Statements by Rs. 161,685.</p>	<p>The balance of the Advances to Public Officers Account should be stated in the Financial Statements as per the balance stated in the Treasury Computer Printout in terms of the State Accounts Circular.</p>	<p>Agreed. Measures will be taken not to bring about such a situation in future years.</p>
<p>(b) Even though an Imprest Adjustment Account should be prepared in order to reconciliation of the imprest account balance in terms of Paragraph 07 (vi) of the Circular, that comparison had not been carried out accurately by the Imprest Adjustment Account furnished to the audit.</p>	<p>An accurate Imprest Adjustment Account should be prepared in order to reconcile the imprest balance as per the State Accounts Circular.</p>	<p>The sub-rental income amounted to Rs. 2,073,007 and a sum of Rs. 4,906,676,987 that had not included in the Monthly Account Summaries and Departmental Books are not applicable to the Imprest Account. The relevant adjustments in respect of understatement of deposit receipts and payments and the understated cash amounts received from public officers' advances are to be made in the year 2019 .</p>

### 1.6.2 Statement of Financial Performance

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The following observations are made.

<b>Audit Observation</b>	<b>Recommendation</b>	<b>Comments Given by the Chief Accounting Officer</b>
(a) Even though the revenue collection for the Ministry of Plantation Industries had been a sum of Rs. 873,390,089 as per the Treasury Computer Table 70, that revenue had been shown as Rs. 871,317,082 in the statement of financial performance furnished for the year under review. Accordingly, the income collected had been understated by Rs. 2,073,007 in the statement of financial performance.	The total income collected in the Treasury Computer Table 70, should be included in the revenue account as per the Circular.	A sum of Rs. 873,390,089 was shown as the lease rental income in the computer printouts and the lease rental income of the Regional Plantation Companies in the year 2018 was Rs. 871,317,082 . The difference of Rs. 2,073,007 was the 20 per cent charged by the Government in order to sub-lease of lands to a third party by Regional Plantation Companies .
(b) A sum of Rs. 4,906,676,987 that had not included in the Monthly Accounts Summaries submitted to the audit and the Departmental Books, had been shown as the other receivables in the Statement of Financial Performance.	Actions should be taken to comply with the Circular provisions or should be consulted by the Treasury.	The total of the Financing of Small Holder Tea and Rubber Revitalization Project 12 amounted to Rs. 713,599,987 and the receiving of Rs. 4,193,077,000 for the institutions under the Ministry was Rs. 4,906,676,987 .

### 1.6.3 Statement of Financial Position

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The following observations are made.

<b>Audit Observation</b>	<b>Recommendation</b>	<b>Comments Given by the Chief Accounting Officer</b>
(a) Since instead of recording a sum of Rs. 41,017,827 which was the balance of the Treasury Printout, recording of the balance of the Departmental Books amounted to Rs. 41,038,327 whilst the Deposit Balances	The balance in the deposit account should be the balance in the Treasury Printouts whilst preparation of financial statements in accordance with the State Accounts Circular	Agreed. Actions are being taken to correct the difference between these balances.

of the financial statements No. 267/2018 .  
 taking in to accounts as at 31  
 December 2018 the balance  
 amounting to Rs. 20,500 had  
 been overstated .

(b) Even though Three vehicles worth of Rs. 16,850,000 had been auctioned during the year under review, because of those values were not taken out from the fixed assets, the value of property, plant and equipment had been overstated as at 31 December 2018 in the Statement of Financial Position.

Actions should be taken to remove the Assets disposed off, from the fixed assets. Agreed.  
 Since the activities of updating of the Register of Fixed Assets is being carried out by now, this error will not occur in future.

(b) The office equipment purchased for two projects in the Ministry of Plantation Industries valued at Rs. 188,903 had not been consisted in the Register of Fixed Assets.

All fixed assets should be recorded in a register. Agreed.  
 Since the updating activities of the Register of Fixed Assets is currently being carried out, necessary steps will be taken to include these instruments in the Register of Fixed Assets.

**1.6.4 Cash Flow Statement**

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The following observations are made.

<b>Audit Observation</b>	<b>Recommendation</b>	<b>Comments Given by the Chief Accounting Officer</b>
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(a) Although the Non-revenue receipts for the year under review were 1,249,278,798 , a sum of Rs. 7,042,541,616 was recorded as cash flow generated from operating activities in the cash flow statement, the cash generated from operating activities amounted to Rs. 5,793,262,818 had	The non-revenue receipts should be accurately identified and shown in the financial statements as per the State Accounts Circular.	Since there are shortcomings have occurred whilst preparation of the financial statements as per the revised format, arrangements have been made to avoid such shortcomings in the preparation of financial statements for the year 2019.

been overstated .

- (b) Since the cash outflow from operational activities was Rs. 1,243,550,144 and that was stated as a sum of Rs. 2,971,633,037 in the cash flow statement as per the Monthly Account Summaries and other information furnished to audit, a difference of Rs. 1,728,082,893 was observed. The cash flow incurred for the Operating Activities should be accurately recorded in the cash flow statement . -do-
- (c) Even though the loan balances of Advances to Public Officers amounted to Rs. 16,776,127 had been recovered during the year under review, that had not been shown under the Investment Activities of the Cash Flow Statement . Recovery of loan balances of Advances to Public Officers should be made under the Investment Activities in accordance with the State Accounts Circular. -do-
- (d) Although the Investment Activities in the cash flow statement should be a sum of Rs. 22,504,771 , due to the fact that it was shown as Rs. 3,133,384,349, a difference of Rs 3,110,879,578 was observed. Steps should be taken to accurately identify the transactions that fall under each of the activities of the cash flow statement as per the State Accounts Circulars. -do-

### 1.6.5 Advance Account Balance

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The following matters were observed in respect of year ended balances in Advances to Public Officers Accounts.

Audit Observation	Recommendation	Comments Given by the Chief Accounting Officer
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(a) The total outstanding loan balance of Rs. 869,100 of 10 officers as at 31 December	It should act and settle the balances in accordance with the	Agreed.

2018 had been in arrears in National Budget Circular between 01 to 29 years and No. 118 dated 11 October those had not been settled. 2004.

(b) It was mentioned that the balance of Advances to Public Officers account at the end of the year under review as per the Treasury Books was Rs. 34,851,438, and as per the Ministry Books was Rs. 34,794,669 and actions had not been taken to identify and settle the difference of Rs. 56,769 accordingly.

Differences should be identified comparing with the Ministry Books and Treasury Books in terms of Financial Regulation 427 .

Agreed. Activities are being carried out to correct this difference .

#### 1.6.6 Imprest Balance

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The following observation is made.

<b>Audit Observation</b>	<b>Recommendation</b>	<b>Comments Given by the Chief Accounting Officer</b>
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Although the balance of the Treasury Imprest Account at the beginning of the year under review was Rs. 92,000, it had not been shown in the ACA 03 Format of the financial statement.	Actions should be taken to indicate in the ACA 03 Format if there is relevant imprest for the previous year.	Agreed. Necessary actions will be taken not to take place such errors whilst preparation of financial statements in future .

#### 1.6.7 Not maintaining Documents and Books

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The below mentioned certain documents had not been maintained by the Ministry and it was observed during the audit test checks carried out that certain documents were not maintained in an updated manner.

Audit Observation	Recommendation	Comments Given by the Chief Accounting Officer
<b>(a) Register of Security</b>		
A Register of Security had not been prepared with the details of the officers and employees who should keep security in accordance with Financial Regulation 891 (1) .	A Register of Security should be maintained in respect of officers who should keep security as per Financial Regulations.	Necessary actions will be taken to discuss the employees' security deposits with the Treasury in future.
<b>(b) Register of Losses</b>		
A Register of Losses had not been maintained in an updated manner in terms of Financial Regulation 110 .	The Register of Losses should be maintained in an updated manner in accordance with the provisions of the Format fallen under Section 110 of the Financial Regulations .	Steps will be taken to maintain the Register of Losses and Damages properly and in an updated manner.

### 1.6.8 Non-compliance with Laws, Rules and Regulations

The following observations are made.

Audit Observation	Recommendation	Comments Given by the Chief Accounting Officer
<b>References to Non-compliance Laws, Rules and Regulations</b>		
<b>Financial Regulation of the Democratic Socialist Republic of Sri Lanka</b>		
Financial Regulation 1646	Although the officers in charge of the vehicle should have sent the daily running records with an original copy of the	Agreed. Actions will be taken to submit the daily running records in January, February,



monthly summary written of the monthly March, April and May in the General Form 268 summary in terms of in 2019 to the (a) to the Auditor General Financial Regulations. Superintendent of Audit every month after the before 15 June 2019. 15th day of the following month, actions had not been so taken.

**2. Financial Review**

**2.1 Revenue Management**

The following observations are made.

<b>Audit Observation</b>	<b>Recommendation</b>	<b>Comments Given by the Chief Accounting Officer</b>
(a) The Lands owned to the Government totalled to 249,843 hectares in extent had been handed over on lease in the year 1992 to 23 Regional Plantation Companies for a period of 53 years. Out of those Companies, the lease rent income amounted to Rs. 511.62 million that had to be received from 11 of these Companies as at 31 December 2018 had been in arrears and actions had not been taken to recover the money as per the relevant agreements.	Actions should be taken in compliance with the provisions of the Agreements in respect of defaulting Companies.	The lease rental receivable to the Government from 11 Plantation Companies as at 31 December 2018 was Rs. 511,623,964 . All possible measures have been taken to recover the arrears of lease rent and annual lease rent during the year 2018 .
(b) Due to failure to pay the lease rent on each of the due dates for each quarter mentioned in the lease amendment agreements entered in to with Plantation Companies, receiving of those income had been delayed.	Actions should be taken to collect the lease rent for each quarter on the due dates mentioned on it.	The Lease Amendment Agreement No. 1558 dated 27 November 1995 is relevant to the Kurunegala Plantation Company. Since the Kurunegala Plantation Company is under the Government and also the Company has not completely defaulted on the lease rent payment, a lower rent is paid

as per their calculations. The advises has been claimed from the Secretary to the Ministry of Finance for the measures to be taken in this regard.

- (c) Out of the state-owned estates totalled to 617,486 acres in extent handed over to 23 Plantation Companies in the year 1992, since the annual lease rent income from one acre had ranged with a lower value from Rs. 433 to Rs. 2,780 , actions had not been taken to revise the lease rent considering the commercial value of lands at present.
- Actions should be taken to revise the lease rent.
- The annual lease rent is determined by the net asset value exists in those Companies as at 31 December 1994. However, the Treasury has been informed by this Ministry of amendments to be done in the conditions of the lease agreements signed with all Plantation Companies. Appointing a Committee comprising representatives of this Ministry and the Department of Public Enterprises, including this fact and as a whole obtaining the changes to be made in these lease agreements and the powers of the Golden Shareholder as recommendations, for higher level policy decisions and actions will be taken to furnish those recommendations in future.
- (d) When leasing state owned lands to Regional Plantation Companies, in the year 1992 the net assets value should have exceeded by Rs. 200 million to calculate the lease rent. Accordingly, it had been 26 years elapsed since 20,757 hectares of land in extent had been leased out without lease rent to 03 Plantation Companies that was less than the said value. Since, as of present, the net assets of two Companies out
- Actions should be taken to re-evaluate the net asset value of state-owned estates and to recover lease rental from the leasehold estates.
- The Treasury has been informed by this Ministry in respect of the amendments to be made in the terms of the lease agreements signed with all plantation companies as a whole.

of them had exceeded Rs. 200 million and as there is no provision available in such cases in the lease agreement regarding that manner, it had been impossible to charge the lease rent.

- (e) The Consolidated Fund had to be charged a 20 per cent fee from the lease rent income generated by sub-leasing of state lands as per the Letter No. PE/PL/RP/Gen/2017 of the Director General of the Department of Public Enterprises. Nevertheless, a revenue of Rs. 36.51 million relating to the year 2018 had received to five Plantation Companies that were sub-leased before the year 2017, steps had not been taken to recover the 20 per cent government share from those Companies.
- (f) Despite there was a possibility to take back the lands given to the Plantation Companies on requirement of the Government in terms of lease agreements, an acre in extent handed over to the Sri Lanka Air Force for a period from 31 May 2011 to 17 June 2045 by a Plantation Company for a sub lease amounted to Rs. 12.22 million per annum had been given back to a government institution itself.
- Actions should be taken to charge 20 per cent of the lease rent income generated by sub leasing to the Consolidated Fund.
- Only 03 Plantation Companies have made sub leases for the year 2018, it was done as follows. Accordingly, they have been informed by letters to get the 20 per cent portion to the Government from these Companies and sub-leasing of those Companies' lands has been stopped until that money is paid.
- Despite there was a possibility of taking back the lands given to the Plantation Companies on the requirement of the Government, arrangements should be made available to collect the revenue which is earned by leasing out those lands back to a government institution by the Plantation Company to the Government .
- Agreed.

## 2.2 Expenditure Management

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The following observations are made.

<b>Audit Observation</b>	<b>Recommendation</b>	<b>Comments Given by the Chief Accounting Officer</b>
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(a) Out of the provisions made available for the 12 Capital Expenditure Objects totalled to Rs. 2,256 million in the year under review, a total of Rs. 963 million had been saved without utilization.	The provisions should be requested during the designed timeframe to be able to utilized the provisions made available for the Capital Expenditure Objects of the year .	Non-receipt of prescribed imprests from the General Treasury had mainly attributed in order to the savings related to capital expenditure and some projects have been halted on due to government policies, and some projects have been postponed up to the year 2019 had affected the savings without utilization.
(b) Out of the provisions made available by the Supplementary Estimate Allocations amounted to Rs. 425 million for 04 Development Sub-Projects, a sum of Rs. 314.71 million had been saved without utilization.	It should be decided whether such provisions are essential prior to obtaining provisions through Supplementary Estimates.	Answers were not given..
(c) Since out of the provisions made available for 04 Expenditure Objects in the year under review, between 85 per cent and 100 per cent had been transferred to other expenditure objects through Financial Regulation 66 , making provisions through the Budget Estimates for those Expenditure Objects were ineffective.	Preparation of Budget Estimates for Expenditure Objects should be carefully prepared.	The Estimates are prepared for the expenses those are expected to be incurred while maintaining the affairs of the Ministry during the next year and sometimes there is no need to incur for those expenses. Similarly, since sometimes estimated amounts are not enough to spend, provisions remained for Expenditure Objects but not incurred are transferred to Expenditure Objects where needs through Financial Regulation 66.

### 2.3 Issuance and Settlement of Advances

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The following observation is made.

<b>Audit Observation</b>	<b>Recommendation</b>	<b>Comments Given by the Chief Accounting Officer</b>
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Although the sub imprests should be settled within 10 days of completion of the given task for that , a period between 04 and 96 days had been taken for the settlement of 19 ad hoc sub imprests totalled to Rs. 219,990 provided by the Ministry during the year 2018 .	Actions should be taken in accordance with Financial Regulation 371 .	Agreed. Ministry officials have been made aware of this and actions will be taken to prevent any delay in future.

### 3. Operating Review

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#### 3.1 Planning

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The following observation is made.

<b>Audit Observation</b>	<b>Recommendation</b>	<b>Comments Given by the Chief Accounting Officer</b>
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Even though the Ministry had prepared an Action Plan in terms of Section 3 of the Public Finance Circular No. 2014/01 dated 17 February 2014, the details of approved cadre, revenue collection action plan, imprest requirement plan etc. had not been presented in that plan.	All the requirements mentioned consisting the organizational structure should be included in the Action Plan as per the Public Finance Circular No. 01/ 2014 dated 17 February 2014 .	Agreed. Actions will be taken to include a description of approved staff and actual staff in the Revised Action Plan 2019. The Revenue Collection Action Plan will also set whilst preparation of Revised Revenue Estimates for the year 2019. According to the approved estimates, the Annual Imprest Plan is prepared and actions will be taken to include that in to the Action Plan from the year 2020 . The Annual Procurement Plan prepared by those institutions regarding the development programmess are included in the Action Plans of those institutions.

### 3.2 Not achieving the Desired Output Level

The following observation is made.

<b>Audit Observation</b>	<b>Recommendation</b>	<b>Comments Given by the Chief Accounting Officer</b>
The approval of the Cabinet of Ministers had been given to supply of 10,000 water tanks, 3,500 water pumps and 4,500 sprayers for the Tea Small Holders' by the Productivity Improvement of the Tea Small Holders Sector Project under the provision of Rs. 250 million in the year under review. However, a sum of Rs. 18 million had been provided to the Tea Small Holdings Development Authority only to purchase 1,456 sprayers out of that and the remaining proposals had not been implemented.	Procurement activities should have planned to complete within the expected time frame.	The approval had been taken to conduct the Project in the year 2019 by submission of a new Cabinet Memorandum due to the irregularity in receiving the imprests. As a result, out of a sum of Rs. 250,000,000 obtained through Supplementary Estimates for the above Project a sum of Rs. 231,966,712 had been saved and it is kindly informed that the savings of that provision was not due to deficiency in preparation of supplementary estimates.

### 3.3 Foreign Aid projects

The following observation is made.

<b>Audit Observation</b>	<b>Recommendation</b>	<b>Comments Given by the Chief Accounting Officer</b>
The provision amounted to Rs. 1,400 million had been made in the year 2018 for the Small Holder Tea and Rubber Revitalization Project to be implemented from the year 2016 to 2021 under the International Fund for Agricultural Development and Sri Lanka Government financial contribution. Even though 2,115 hectares of tea plantations estates, 1,000 hectares of rubber	Actions should be taken to achieve the desired goals efficiently.	Applications had been submitted to the Tea Small Holdings Development Authority for 2449.13 hectares of lands in extent and out of that licenses have been issued only for 1428.61 hectares. Out of that, only the upfront payments had been completed in order to 1344 hectares.  It had taken a long time to release and regularize of State Lands belonging to the Department of Forest Conservation , Mahaweli

estates and 31 roads are targeted to be developed, in the year 2018, due to the completion of only 1,344 hectares of tea smallholdings, 293 hectares of rubber lands and 24 number of agricultural access roads out that, it had resulted in an inefficiency in achieving the desired targets.

Development Authority and Divisional Secretariats for Rubber New Planting for the year 2018 . Since the planting had taken place up to the last month of the year, upfront payments were made only for 293 hectares of land in extent during the year 2018.

All these projects were commenced during the last quarter of the year 2018 and due to heavy rains occurred during that period, the 165 planned roads could not be completed by the end of December 2018. All these unfinished projects has been completed during the first quarter of the year 2019.

### 3.4 Public Officers Need to Keep Security

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The following observation is made.

#### Audit Observation

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Sixty one officers of the Ministry who are required to keep security had not kept security in accordance with Financial Regulations 880 and make revisions of the lists of officers who are required to keep security in terms of Financial Regulation 892, had not been submitted to the Auditor General with those reports at the end of every three years.

#### Recommendation

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Under administratively responsible or authorization, the officers who have been entrusted with such duties or those who certify vouchers that sign cheques relating to the Government Account in connection with the distribution of government money or stamps or goods, should have kept securities to carry out their duties honestly.

#### Comments Given by the Chief Accounting Officer

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Actions will be taken to make necessary steps by making discussions with the General Treasury in respect of the employees' security deposits in future.

### 3.5 Losses and Damages

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The following observations are made.

<b>Audit Observation</b>	<b>Recommendation</b>	<b>Comments Given by the Chief Accounting Officer</b>
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(a) Actions had not been taken to recover the losses and damages amounted to Rs. 5.33 million in the case of 22 incidents that took place between two to seven years after the loss occurred by 31 December 2018 .	Actions should be taken to recover or write off the losses and damages.	Five of these vehicles belonging to the Ministry of Small Plantation Entrepreneurship Development (NED) Programme implemented under the Ministry. All activities relating to vehicles as well as the vehicle maintenance have been completed by the above Project and once the Project is completed, the files have been handed over to the Ministry.  The Government has recovered a sum of Rs. 672,000 and the portion shown as other damages and losses are the deductions at the occasions of recovering from insurance money and after attending to that, actions will be taken in respect of charges and deductions in future.
(b) The inspection reports to be prepared in accordance with the Financial Regulations 104 (3) and (4) had not been prepared with regard to 07 accidents involving 5 vehicles belonging to the Small Plantation Entrepreneurship Development Programme under the Ministry.	Actions should be taken according to the Financial Regulations after the loss has occurred.	The vehicles that have not been investigated in accordance with the Financial Regulations 104 up to now in relation to accidents were observed that the vehicles belonging to the Small Plantation Entrepreneurship Development Program under the Ministry. It was noted to take further actions in respect of those accidents in future.



### 3.6 Management Weaknesses

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The following observation is made.

<b>Audit Observation</b>	<b>Recommendation</b>	<b>Comments Given by the Chief Accounting Officer</b>
----- Although out of the lands 795.96 acres in extent leased by the Government to 16 Regional Plantation Companies and 172 official residences belonging to these Estates have been taken over by unauthorized persons, no legal actions had not been taken to acquire them back.	----- Actions should be taken in accordance with the State Lands (Recovery of Possessions) Act No. 7 of 1979 .	----- Availability of various influences to the Plantation Management Supervision Division and the District Coordinating Committees have taken the decision not to evict unauthorized residents in some Districts has also caused delays in the process of evicting unauthorized occupants.

### 4. Human Resource Management

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The following observation is made.

<b>Audit Observation</b>	<b>Recommendation</b>	<b>Comment by the Accounting Officer</b>
----- The posts such as Assistant Director, Assistant Secretary, two Accountants and Internal Auditor belonging to the senior level of the Ministry had been in vacant for over a year.	----- The vacancies to be filled.	----- Although the letters have been sent to the Ministry of Public Administration / Public Administration and Disaster Management on several occasions by making requests to appoint officers for the posts of Assistant Director, Assistant Secretary, Accountant and Internal Auditor, the officers have not been assigned for this purpose.