

Head 289 - Department of Export Agriculture

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1. Financial Statements

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1.1 Qualified Opinion

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The audit of the financial statement of the Department of Export Agriculture for the year ended 31 December 2019 comprising the statement of financial position as at 31 December 2019 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 including my comments and observations on the financial statements of the Department of Export Agriculture was issued to the Accounting Officer on 31 May 2020 in terms of Sub-section 11 (1) of the National Audit Act, No. 19 and the Detailed Annual Management Audit Report relating to the Department in terms of Section 11 (2) of the National Audit Act, No. 19 of 2018 was issued to the Accounting Officer on 03 June 2020. This report will be tabled in Parliament in pursuance of provisions in Article 154 (6) of the Constitution to be read in conjunction with Section 10 of the National Audit Act, No. 19 of 2018.

In my opinion, except for the effects of the matters described in the Paragraph 1.6 of this report, the accompanying financial statements prepared in accordance with State Accounts Circular, No. 271/2019 dated 03 December 2019, give a true and fair view of the financial position of the Department of Export Agriculture as at 31 December 2019, and its financial performance and cash flows 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 for the Financial Statements

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The Chief Accounting Officer and the Accounting Officer are responsible for the preparation of financial statements that give a true and fair view in accordance with Generally Accepted Accounting Principles and provisions in Section 38 of the National Audit Act, No. 19 of 2018 and for such internal control as management determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

As per Sub-section 16(1) of the National Audit Act No. 19 of 2018, the Department 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.

As per Sub-section 38 (1) (c) of the National Audit Act, the Accounting Officer shall ensure that effective internal control system for the financial control of the Department exists, and carry out periodic reviews to monitor the effectiveness of such systems and accordingly make any alterations as required for such systems to be effectively carried out.

#### 1.4 Auditor's Responsibilities for the Audit of the 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.
- Obtain an understanding of internal control relevant to the audit 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 Department's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with the Accounting Officer regarding, significant audit findings, any significant deficiencies in internal control and other matters that I identify during my audit.

## 1.5. Report on Other Legal and Regulatory Requirements

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I express the following matters in accordance with Section 6 (1) (d) and Section 38 of the National Audit Act, No. 19 of 2018.

- (a) According to the observations in Paragraph 1.6.3 (a) (iv) of this report, the financial statements are not consistent with the preceding year.
- (b) The recommendations given in my report on the financial statements presented in the preceding year relating to the observations in the Paragraphs 1.6.1, 1.6.6 (b), 1.6.8 (b) iv, 2.2 (b), 2.3 (a), 2.4 (a) (b), 3.10 (a) (c), 3.11 (c) (d), 3.12 in this report, had not been implemented.

## 1.6. Comments on Financial Statements

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### 1.6.1 Non-compliances of the Financial Statements with the Provisions of Circulars

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The financial statements should have been prepared in accordance with the State Accounts Circular, No. 271/2019 dated 03 December 2019, but that requirement had not been followed as mentioned below.

Audit Observation	Recommendation	Comment of the Accounting Officer
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An imprest adjustment account had not been prepared accurately with respect to the imprest balance of Rs. 64,099,072 shown in the statement of financial performance as at 31 December 2019.	An accurate imprest adjustment account should be prepared and presented in accordance with provisions of the State Accounts Circular.	It is informed that the imprest adjustment account was prepared and presented in accordance with the State Accounts Circular, 271/2019.

### 1.6.2 Statement of Financial Performance

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The following observations are made.

Audit Observation	Recommendation	Comment of the Accounting Officer
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(a) There existed a difference of 23,750,360 with respect to 09 items of expenditure between the values shown in	The financial statements should be prepared accurately.	It has been informed that action would be taken to query the Cigas operating division of the Treasury in that connection.

the consolidated trial balance and the balances of expenditure shown in the statement of expenditure under 2(ii) in the financial statements.

- (b) According to the consolidated trial balance, the expenses incurred by the other Departments on the Department of Export Agriculture, totaled Rs. 26,934,623. However, that sum had been overstated by Rs. 394,276 in the imprest adjustment account thus showing the sum of Rs. 27,328,899.
- Correct values should be shown in the financial statements.
- The imprest adjustment account had been prepared in accordance with the State Accounts Circular, No. 271/2019 dated 23 December 2019, and it has been informed that the account was a self adjustment one; hence, there was no difference.
- (c) A sum of Rs. 46,596,451 had been shown in the statement of financial performance as payment of advances. However, that value amounted to Rs. 41,891,725 according to the SA 52 table of the Treasury. As such, a difference of Rs. 4,704,726 was observed.
- Ditto-
- The value of Advance B account shown in ACA-5 Format of the statement of financial performance as being paid in cash, amounted to Rs. 46,596,451. It has been informed that the said amount had been accurately shown in the statement of financial performance.
- (d) According to the schedules made available to the Audit, a total of Rs. 10,278,261 had been credited to the deposit accounts whilst a sum totaling Rs. 15,455,559 had been debited to the deposit accounts during the year. As only the amounts paid in cash to the deposit accounts had been taken into consideration by disregarding the balances of debits and credits done on the deposit accounts through cross entries, sums of Rs.
- Correct values should be shown in the financial statements.
- It has been informed that the values debited and credited through the cross entries, had not been included into the deposit account in the year 2019.

9,543,706 and Rs. 14,679,450 had been shown in the statement of financial performance as credits and debits respectively. As such, the debit balance and the credit balance had been understated by sums of Rs. 776,109 and Rs. 734,554 Rs. respectively.

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| (e) | According to the consolidated trial balance and the SA 30 Format, the value of deposit payments amounted to Rs. 15,455,559. However, a sum of Rs. 14,679,450 had been transferred to the imprest adjustment account as the difference between the said balances. | The financial statements should be prepared in accordance with the State Accounts Circular. | Only the deposits paid in cash had been brought to accounts. It has been informed that no payments were included through the cross entries. |
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### 1.6.3 Statement of Financial Position

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The following observations are made.

Audit Observation	Recommendation	Comment of the Accounting Officer
(a) A difference of Rs. 19,624,882 existed between the final values shown in the statement of non-financial assets – ACA 6 presented with the financial statements and 04 codes of assets shown in SA 82 of the computer table relating thereto.	Reasons for the changes should be identified, and adjustments should be made to the accounts accordingly.	The value of Rs. 60,000 relating to the buildings and constructions had been brought to accounts under work in progress due to an error in the Cigas programme. corrective measures have been taken in that regard.

- (b) A difference of Rs. 3,533,810 existed between the final values shown in the statement of non-financial assets – ACA 6 presented with the financial statements and 03 codes of assets shown in SA 80 computer printout of the summary of non-financial assets relating thereto. -Ditto- It has been informed that the difference would be eliminated through the correction mentioned in (i) above.
- (c) A difference of Rs. 3,529,310 existed between the value of purchases shown in ACA 06 relating to non-financial assets shown in the financial statements and the values shown in the computer printout – SA 82 with respect to 03 codes of assets. - Ditto - It has been informed that the difference would be eliminated through the correction mentioned in (i) above.
- (d) As for the opening balance of the statement of non-financial assets, and the closing balance of the financial statements of the preceding year, a difference of Rs. 1,132,014,116 existed with respect to 06 codes of assets. Reasons for the changes should be identified, and adjustments should be made to the accounts accordingly The balances existed as at 31 December 2018 had been made to zero, and the values of the Cigas had been entered again, hence the difference – it is informed.
- (e) The value of Property, Plant and Equipment had been shown as Rs. 1,089,762,966 in the statement of financial position. However, the said value had been shown as Rs. 1,086,169,166 in SA 82 computer tables, thus a difference of Rs. 3,593,800 had existed. - Ditto- It has been informed that this had been corrected in the accounts summary for January 2020 after monthly settlement of accounts in December 2019.

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| <p>(f) According to the statement of non-financial assets – ACA – 06 of the financial statement, the value of purchases made during the year totaled Rs. 11,372,877. However, that value had been shown as Rs. 12,792,257 in the ACA 2(11) statement of expenditure in the financial statement. As such, a difference of Rs. 1,419,380 was observed.</p> | <p>- Ditto -</p> | <p>It has been informed that the value of purchases made during the year had been shown as Rs. 11,372,877 in the statement of non-financial assets due to the said value not being included in the balance of provision or the expenses of the relevant Head of Expenditure as at the end of the year.</p> |
| <p>(g) The value of Property, Plant and Equipment had been shown as Rs. 1,089,762,966 in the statement of financial position. However, the same had been shown as Rs. 1,086,169,166 in SA 90 tables printed by the computer. As such, a difference of Rs. 3,593,800 existed.</p>   | <p>- Ditto -</p> | <p>It has been informed that this had been corrected in the accounts summary for January 2020 after monthly settlement of accounts in December 2019.</p>   |

#### 1.6.4 Balances of Advance Accounts

Audit Observation	Recommendation	Comment of the Accounting Officer
<p>According to the books of the Department, the receipts of advances had been shown as Rs. 44,644,630 in the detailed trial balance consolidated report. The same however, had been shown as Rs. 41,891,725 in the SA 52 table of the Treasury. Instead of transferring only the difference of Rs. 2,752,905 to the imprest adjustment account, a sum of Rs. 46,596,451 had been transferred.</p>	<p>The imprest adjustment account should be prepared accurately.</p>	<p>It has been informed that payments of advances made in cash had been transferred to the imprest adjustment account.</p>

#### 1.6.5 Imprest Balance

----- Audit Observation -----	----- Recommendation -----	----- Comment of the Accounting Officer -----
Imprests amounting to Rs. 109,900,000 had been requested in excess of the limit of imprests for the first 04 months of the year under review. The value of imprests so requested for the rest of the 08 months, amounted to Rs. 163,966,000.	The estimates should be prepared accurately.	It has been informed that the double counting had taken place owing to the requests made repeatedly.

#### 1.6.6 Failure to Maintain Registers and Books

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It was observed in audit test checks that the Department had not maintained some of the following registers whilst certain registers had not been maintained properly and up-to-date.

----- Audit Observation -----	----- Recommendation -----	----- Comment of the Accounting Officer -----
a) Register of Vegetation / Register of Harvest had not been maintained in an up-to-date manner.	A Register of Vegetation should be maintained in an up-to-date manner in terms of Department Circular, No. 2/2015 of the Director General, dated 05 August 2015.	Instructions have been issued that action should be taken for the up-to-date maintenance of Registers in accordance with the Circular, No. 2/2015.
b) A Register of Security had not been prepared to record information of the officers and employees who should give securities.	A Register of Security should be maintained for the officers required to give securities by including the information stated in Financial Regulation 891(1).	Instructions have been issued to take action for preparing a Register of Security.



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| c) | A Register of Liabilities had not been maintained. | A Register of Liabilities should be maintained so that liabilities can be examined regularly in terms of Financial Regulation 214. | It has been informed that the reports generated by the new Cigas programme would be used as the Register of Liabilities. |
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1.6.7 Lack of Evidence for Audit

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As audit evidence had not been made available in regard to the following transactions, those transactions could not be satisfactorily vouched.

Audit Observation	Recommendation	Comment of the Department
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a) Evidence such as, schedules and files relating to a sum totalling Rs. Rs. 82,896,816 comprising sums of Rs. 81,318,461 and Rs. 1,578,355 with respect to an item of account, and losses and damages respectively, had not been made available to the Audit.	Information required by the Audit should be made available.	It has been informed that the evidence required for the matters pointed out by the Audit, can be made available.
b) The beekeeping project had been implemented in the districts of Kegalle, Anuradhapura, and Nuwara Eliya in order to increase the production capacity of honey in view of exportation. A number of 632 beekeeping boxes, 153 bee smokers, and 63 extractors had been provided in that connection. However, due to failure in accurately maintaining information such as, number of honey bee colonies, and volume of honey, the evidence required for evaluating the performance of that project, had not been made available to the Audit.	Action should be taken to accurately maintain the information of the project.	It has been informed that action will be taken to maintain accurate information in the future.

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

Instances of non-compliances with provisions of Laws, Rules, and Regulations observed in audit test checks are analyzed below.

Observation				
Reference to Laws, Rules, and Regulations	Value	Non-compliance	Recommendation	Comment of the Accounting Officer
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	Rs.			
a) Seeds Act, No. 22 of 2003.	-	The private nursery owners should renew their registration annually. However, 32 private nursery owners had not done so.	Action should be taken to be registered under the Seeds Act.	Action has been taken to inform that registration should be done annually in accordance with the Seeds Act.
b) Establishments Code of the Democratic Socialist Republic of Sri Lanka.				
(i.) Section IV of Chapter VIII.	14,687,765	Overtime is payable only for work which has been specifically ordered, falls quite outside the normal work, is urgent and cannot possibly be performed within the normal hours. However, provision in other Objects had been transferred to the planned annual budget	Provisions in the Establishments Code should be followed.	Treasury approval had been obtained in accordance with Financial Regulation 66 for the additional provision of Rs. 2,200,000 that had been required to execute the functions of the Department productively and as expected.

under the Financial Regulation 66, and overtime & holiday payments had been made therefrom.

(ii.) Sec 4.3.3 - of Chapter XIX

A centralized information system had not been maintained by recording all the applications for Government quarters of the Head Office in a waiting list.

Provisions in the Establishments Code should be followed.

The district assistant directors and the directors in charge of research centers have been entrusted with the custody of Government quarters. As such, it has been informed that a register is not maintained externally.

(iii.) Section 5.6 - of Chapter XIX.

An economic rent had been recovered from 60 of 89 Government quarters belonging to the Department in the year 2019. Reports of the chief valuer had not been obtained for deciding on the rent.

- Ditto

It has been informed that approval of the Secretary to the Ministry has been sought.

Furthermore, approval of the Secretary to the Ministry had not been obtained as well for 44 of the 60 houses.

(iv.) Section 6.1.1 of Chapter XIX.	Except for a Government quarter reserved for a certain post, the period of tenancy for all other quarters is 05 years. However, 33 officers / employees had occupied the quarters for more than 05 years.	- Ditto	It has been informed that the agreements of the officers whose agreements have been expired, should be renewed.	
(v.) Section 04 of Chapter XXIV.	899,725. No action had been taken formally up to 31 December of the year under review with respect to the loans recoverable from 15 officers / employees who had no more been employed due to miscellaneous reasons.	- Ditto	Recovery could not be done due to delay in granting pensions following subject matters relating to retirement and reinstatement despite being retired.	
c) Extraordinary Gazettes	----- Rule 193 of Chapter XVIII of the procedural rules published in Gazette Extraordinary, No. 1589/30, dated 20 February 2009.	Every Government officer is subject to being transferred. However, 28 officers of the district office in Matara had served at the same place of	Directives regarding the transfers should be adhered to.	It has been informed that transfers would be arranged through the transfer boards with respect to departmental posts.

service for periods ranging from 05 to 25 years.

d) Financial Regulations of the Democratic Socialist Republic of Sri Lanka.

(i)	Financial Regulation 11.	12,045,964	Reasons for the increase in travel expenses should be fully explained. However, expenses had been incurred without such an explanation.	The Financial Regulations should be followed.	It has been informed that the balance of the provision was made use of in terms of Financial Regulation 66.
(ii)	Financial Regulation 104 (2).	-	Action had not been taken to inform the Auditor General on losses and damages of the vehicles.	- Ditto	It has been informed that the officers in charge of the subject have been apprised to take action as required.
(iii)	Financial Regulations 105, 109(1), and Public Finance Circular, No. PF/RED/2014/Gen, dated 26 March 2014.	11,725.	Action had not been taken even up to 18 February 2020 to issue the final report relating to the vehicles that had met with accidents on 03 April 2019, nor had the loss been recovered from the driver.	- Ditto	It has been informed that officers were appointed on 12 December 2019 for preliminary investigation.

(iv)	Financial Regulation 187 (3).	289,762.	Money received at accepting offices should be sent to a bank daily or at the earliest possible opportunity. However, monies pertaining to 04 middle level nurseries had been banked after a delay of 05 – 26 days.	- Ditto	Occurred due to travel requirements of the officers. It has been informed that corrective measures will be taken in due course.
(v)	Financial Regulation 371 (2) (b).	319,693	It is stated that an accounting officer may grant ad hoc Sub-Imprests not exceeding Rs. 100,000 to a staff grade officer for a specific purpose in one instance. However, contrary to that Regulation, advances had been given in 02 instances.	The Financial Regulations should be followed.	It has been informed that the Financial Regulations will be followed in the future.
(vi)	Financial Regulation 571 (2).	167,400	No formal action had been taken with respect to 02 deposit balances continued to exist over 02 years.	- Ditto.	It has been informed that action will be taken to credit to the Government revenue in terms of Financial Regulation 571(2).

(vii)	Financial Regulation 1646.	-	<p>Running charts of the vehicles should be submitted to the Auditor General via the Head of the Department before 15 days after the lapse of the relevant month. However, according to the audit test check, running charts pertaining to 07 vehicles owned by the Department had been furnished after delays.</p>	- Ditto.	<p>Instructions have been issued to avoid inefficiencies in the future. It has also been informed that payment of overtime and travel expenses of the drivers should be suspended until the running charts are presented.</p>	
e)	Treasury Operations Circular.	-----	323,423.	<p>In case of irrelevance to a category of deposits, a new category of deposits and a number could be obtained. However, it had not been so done.</p>	The Circular should be followed.	<p>It has been informed that action will be taken to credit to the income in the future.</p>
f)	Treasury Circular.	-----				
(i.)	Public Finance Circular, No. 04/2015, dated 14 July 2015.	-		<p>All Government vehicles should be insured. But, it was revealed in the audit test check that the insurance policies of 11</p>	The Circular should be followed.	<p>It has been informed that action will be taken in due course in that connection.</p>

pool vehicles had not been renewed in the year under review.

(ii.)	Public Administration Circular, No. 30/2016, dated 29 December 2016.	-	Fuel consumption test should be carried out for Government vehicles after every 12 months or running for 25,000 kilometers. However, such a test had not been carried out for the vehicles in the year under review.	-	Ditto	It has been informed that action will be taken based on the receipt of provision, and the said test should be carried out on the vehicles in running condition.
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2. Financial Review

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2.1 Imprest Management

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Audit Observation	Recommendation	Comment of the Accounting Officer
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The provision of Rs. 4,900,000 made by the Treasury in the year under review for constructing a building for the central nursery of the Department of Export Agriculture, had not been made use of for any activity and retained idle over a period of 08 months.	The provision should be used optimally.	It has been informed that plans had not been prepared correctly by the Department considering their requirements on time, and procurement activities had to be delayed; as such, the procurement had not been commenced up to 11 September 2019.



## 2.2 Management of Expenditure

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The following matters were observed.

Audit Observation	Recommendation	Comment of the Accounting Officer
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a) As the maintenance cost on the Department of Export Agriculture outweighed the services rendered by the Department for the public, expenses totalling Rs. 658 million had been incurred as recurrent expense on the utilization of capital amounting to Rs. 563 million.	It is necessary to ensure that recurrent expense are incurred in relation to the capital expenses.	It has been informed that the Department of Export Agriculture has taken measures to achieve the economic and social outcome for the Government of Sri Lanka and the public.
b) It is the responsibility of the Accounting Officer to ensure that the funds to be authorized by Parliament in the Annual Estimate is restricted to the programme of work that can be achieved during the financial year. Nevertheless, there had been savings of provision in the range of 6 per cent – 78 per cent totalling Rs. 257,222,586 with respect to 21 Objects.	Programming of expenditure should be done in accordance with the Financial Regulations.	It has been informed that action will be taken in accordance with Circular of the Secretary of the Treasury, and payments had been made in December on capital liabilities based on the imprest granted by the Treasury.
c) According to Section II of Paragraph 02 of the Budget Circular, No. 04/2019, dated 17 June 2019, a specific officer is entrusted to take measures for the saving of 05 per cent on electricity and water charges, thus taking measures to look into that matter monthly. However, due to failure in doing so, expenses totalling Rs. 6,252,619 had been incurred by disregarding the 05 per cent saving.	Circulars should be followed.	It has been informed that the Department has been established covering the entire island.

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| d) | Despite being instructed that 25 per cent of the capital provision allocated for the year under review should be saved, the percentage of savings with respect to 11 Items of expenditure ranged between 0.6 per cent and 9.2 per cent.   | - Ditto                       | It has been informed that the observation is agreed upon.                         |
| e) | It is stated in Paragraph 02 (iv) of the Budget Circular, No. 04/2019, dated 17 June 2019 that expenses incurred under the Item of expenditure relating to stationery and office requirements should be kept as minimum as possible. However, with no attention brought thereon, expenses totalling Rs. 5,003,011 had been incurred.                                      | Circulars should be followed. | It has been informed that action was taken in accordance with Treasury Circulars. |
| f) | It had been informed that, due to the management of expenses in accordance with the Budget Circular, No. 07/2019 dated 04 December 2019, a saving had resulted in relating to 02 Items of expenditure. However, even after the adjustment of frozen provision in terms of the Circular, a saving of Rs. 1,147,687 representing 05 per cent – 21 per cent had taken place. | - Ditto                       | - Ditto   |

## 2.3 Incurring Liabilities and Commitments

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The following observations are made.

Audit Observation	Recommendation	Comment of the Accounting Officer
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a) Liabilities valued at Rs. 16,638 had been incurred in excess of the saving relating to the Object, 289-2-0-1202 without following the provisions of Financial Regulation 94.	The financial statements should be followed.	It has been informed that the officers were instructed not to incur commitments by exceeding the provision in the future.
b) The value of unpaid bills despite being entered into the Cigas programme, amounted to Rs. 160,779,689 as at 31 December 2019. But, the same had been understated by Rs. 4,961,259 in the financial statements thus showing a sum of Rs. 160,779,689.	The financial statements should be prepared correctly.	It has been informed that instructions were given to enter into the Cigas programme before 31 December of each year.

## 2.4 Issue and Settlement of Advances

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The following observations are made.

Audit Observation	Recommendation	Comment of the Accounting Officer
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a) The ad hoc Sub-Imprests should be made use of for the intended purpose for which it was granted. However, the entire advance obtained in 08 instances to the total of Rs. 224,750 had not been utilized and retained at hand for a period of 08 – 44 days before being settled.	Action should be taken to obtain advances based on an accurate estimate.	It has been informed that the relevant officers were instructed to settle the ad hoc Sub-Imprest within 14 days soon after completion of the intended purpose for which it was granted.

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| b) As advances had been obtained without preparing a specific estimate, the ad hoc Sub-Imprestis and petty cash advances totalling Rs. 1,528,840 granted in 43 instances had been settled with an unspent sum of Rs. 435,908 being retained at hand. | - Ditto | Imprests are saved without being spent under unexpected and unavoidable circumstances. As such, It has been informed that the officers were instructed to take action for the avoidance of such situations. |
| c) Due to failure in correctly preparing the estimates, a sum of Rs. 147,286 had been overspent in excess of the ad hoc Sub-Imprestis given in 17 instances to the total of Rs. 578,280, and the overspent amount had been reimbursed later.         | - Ditto | It has been informed that surpluses had been reimbursed due to certain practical instances in which the expected estimates had exceeded.  |

## 2.5 Deposit Balances

----- Audit Observation -----	----- Recommendation -----	----- Comment of the Accounting Officer -----
A difference of Rs. 31,749 was observed with the deposit balances between the Treasury books and the books of the Department.	Action should be taken to identify and correct the difference.	The difference in the deposit account pointed out by the Audit continued to exist over several years. Although that difference was identified and corrected, it was not so in the new "Cigas" programme. It has been informed that corrective measures will be taken in due course..

## 2.6 Operation of Bank Accounts

----- Audit Observation -----	----- Recommendation -----	----- Comment of the Accounting Officer -----
Every department which maintains a bank account should prepare a Bank Reconciliation Statement as at the end of each month, before the 15 <sup>th</sup> of following month in terms of Financial Regulation 395 (c). However, Bank Reconciliation	The Financial Regulations should be followed.	It has been informed that the Bank Reconciliation Statements have been prepared on time at the present day.

Statements relating to 08 months had not been prepared before the date specified.

3. Operating Review

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3.1 Vision and Mission

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The following observations are made.

Audit Observation	Recommendation	Comment of the Accounting Officer
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<p>a) It is a main function of the Department of Export Agriculture to control the importation of EAC products and planting materials. However, the increase in the imports of 11 export crops, ranged between 0.4 per cent and 8900 per cent.</p>	<p>Action should be taken to control the imports.</p>	<p>It has been informed that planting materials were not controlled.</p>
<p>b) At least 03 indicators had not been documented in order to clearly identify the output of the functions performed by the Department in accordance with the National Budget Circular, No. 2/2017 dated 25 July 2017.</p>	<p>The Circular should be followed.</p>	<p>It has been informed that action had not been taken in accordance with the Circular.</p>
<p>c) The Department had failed to publish at least 03 Key Performance Indicators (KPI) relating to the output of the functions performed by them.</p>	<p>- Ditto</p>	<p>- Ditto</p>

### 3.2 Planning

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The following observations are made.

Audit Observation	Recommendation	Comment of the Accounting Officer
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a) An Action Plan had not been prepared for the capital expenses totalling Rs. 44,529,417 in terms of Section 02(a) of the Public Finance Circular, No. 1/2014 dated 17 February 2014. issued by the Secretary of the Treasury.	The Circular should be followed.	It has been informed that the action plan will be prepared for all of the provision with effect from the year 2020.
b) Information updated for the year 2019, such as, organizational structure of the Department, approved cadre, and actual cadre had not been included in the Action Plan.	- Ditto	It has been informed that action will be taken from the year 2020 to include such information.
c) A provision of Rs. 8,000,000 had been made with respect to 03 activities carried out under the export crops research and consolidated diseases & pests management programme. However, the progress remained as low as 29 – 68 per cent even after the saving of provision in accordance with the Government policy thus failing to achieve the expected outcome.	- Ditto	It has been informed that savings had taken place due to reasons such as, non-receipt of adequate funds for the payment of capital expenses, and delays in receiving the ordered goods.
d) Two activities had not been carried out although provision amounting to Rs. 16,500,000 had been made thereon to establish geographical indicator for cinnamon under the program to enhance quality and performance in supplying service.	Priority should be given to execute the activities planned during the year.	It has been informed that savings had occurred in accordance with the Circular issued by the Treasury.

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| <p>e) Contrary to the Public Finance Circular, No. 01/2014 dated 17 February 2014, the Action Plan had been prepared by including a value of Rs. 4,562,399 as being the payments for the bills of the preceding year and administrative expenses amounting to Rs. 20,000,000.</p> | <p>The Circular should be followed.</p> | <p>The Action Plan was prepared after including the new programs along with commitments &amp; payments of the preceding year by utilizing the provision allocated for the Action Plan of the year 2019 , and the administrative expenses totalling Rs. 20,000,000.</p> |
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### 3.3 Failure to Perform Duties

Audit Observation	Recommendation	Comment of the Accounting Officer
<p>Ten types of crops had been introduced for cultivation under the new cultivation programme. However, it was observed in the audit test check that only cinnamon and pepper had been cultivated in the divisions of the Matara and Anuradhapura export agriculture districts.</p>	<p>Factors relating to the other crops mentioned in the Circular should be identified, and action should be taken to cultivate the potential crops.</p>	<p>Depending on the reasons such as, limits of provision granted based on the agro-climatic zones, and requests of the cultivators, it has been planned to cultivate suitable crops.</p>

### 3.4 Failure to Achieve the Expected Level of Output

The following observations are made.

Audit Observation	Recommendation	Comment of the Accounting Officer
<p>a) An acreage of 12.5 acres belonged to the Medarata Research Center established in the year 1978 as a model for mixed cultivation. The objectives that had not been achieved included : developing the Medarata Research Center as a park for spice targeting local and foreign tourists, formulation of standards and guidelines</p>	<p>The Center should be developed as a spice park in order to ensure the maximum use of resources belonging to the Center.</p>	<p>Plans had been prepared and presented in the year 2011. However, the expected targets could not be achieved due to non-receipt of provision. It has been informed that the development process will be continued in due course after allocating provision.</p>

for promoting tourism in regard of spices, introducing the community based agro-tourism associated with spices to Sri Lanka, training the farmers, officers, students of schools and universities in that connection, and introduction and sale of products based on spices,

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| b) | There had been 1.94 acres of land belonging to the central nurseries. The target for cultivation would have been increased up to 155,000 plants, but for the year 2019, the target had been set to 10,400 plants whereas only 80,488 plants had been produced by incurring sums of Rs. 3,524,112 and Rs. 22,466 as salaries and electricity expenses respectively during the year under review. | Production of crops should be increased in relation to the extent of land.            | It has been informed that , based on the provision received in the future, plans are underway to increase capacity thereby improving efficiency and production of plants. |
| c) | The area belonging to a central nursery should be 03 acres, 03 roods, and 22 perches. However, a target of 215,000 plants had been set only for 6 types of crops, and that target had later been revised for 208,000 plants. Nevertheless, only 162,676 plants had been produced, and a gross salary of Rs. 5,025,348 had been paid thereon.  | Action should be taken for the achievement of expected target.                        | It has been informed that , based on the provision received in the future, plans are underway to increase capacity thereby improving efficiency and production of plants. |
| d) | Plants had not been issued for the cultivation of crops such as, coffee, cocoa, vanilla, ginger, turmeric, clove, and nutmeg in 18 districts under the home gardening promoting programme.  | Researches should be conducted to enhance productivity thereby increasing production. | It has been informed that only the economically-effective crops suitable for each district have been cultivated.  |



- e) (i) The programme for increasing the productivity of export crops as per 3/2019/iii of the Director General, dated 25 January 2019, had not been implemented in the districts of Ampara, Anuradhapura, Polonnaruwa, and NuwaraEliya. Action should be taken to give instructions for implementation of the programme in all the districts. - Ditto
- (ii) The program for establishing units to meet climatic changes through micro irrigation systems, had not been implemented in 07 districts. The progress in establishing units within the 04 districts where the program had been implemented, ranged between 0 – 60 per cent. - Ditto It has been informed that no payments were made for the systems that had not complied with all the requirements and specifications.
- (iii.) The progress of the program for minimising the damage caused by pests on the agricultural crops that had been implemented in 03 districts, ranged from 0 per cent to 63 per cent. - Ditto - Ditto
- f) Establishment of organic farming villages.
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- (i.) It was the objective of establishing the organic farming villages in terms of the Department Circular, No. 03/2019/14 dated 25 January 2019 to enhance the farmers' economy by supplying Action should be taken to improve the programme for establishing the organic farming villages. The products were sold at certain levels. It has been informed that ,due to situations which prevailed locally and internationally, the expected result could not be achieved.

the market with standard and organically certified export agricultural products in accordance with the local and foreign market demand. The crops such as, nutmeg, cinnamon, coffee, clove, and pepper, that had been cultivated by farmers for over 15 years without using chemical fertilizer, were considered organic, and an international certification was given at an expenditure of Rs. 1,500,000 with respect to 10 villages. However, The result of the expenditure incurred by the Department of Export Agriculture on the organic farming villages did not reach the expected level due to reasons such as, non-availability of an international market for the harvest, and the products were sold at the market at average prices.

- (ii.) Action should have been taken to establish gardens for every crop under the *Dhana Saviya* Program. However, no gardens had been established with respect to 02 district offices for the crops such as, clove, vanilla, turmeric, garcinia, citrus, cocoa, and nutmeg.
- Action should be taken for the *Dhana Saviya* Program to be implemented for all crops.
- It has been informed that action will be taken to cultivate only the economically viable crops suitable for each of the districts.

### 3.5 Failure to Achieve the Expected Outcome

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The following observations are made.

Audit Observation	Recommendation	Comment of the Accounting Officer
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(a) A sum of Rs. 791,805 had been spent by a private institution on 04 cluster villages in Kandy district under the programme to certify the organic farming villages. As the grant of organic certification had been delayed, the duration between the issued date of the certificate and the validity period of the certificate had been less than one year. As such, the farmers' associations could not sell their products and achieve an outcome in line with what they had paid.	Measures should be taken to achieve the expected outcome.	It has been informed that the organic export companies will be allowed to directly involve with the villages.
(b) According to Paragraph 05 of the said project report, an area of 200 hectares (500 acres) had been mentioned as the target to cultivate fresh lands by the end of the year under review under the organic farming villages project. However, the progress thereof remained zero. The target for the farmers to opt for organic farming had been 3750 acres, but in 09 districts during the years 2017 and 2018, only extents of 537.5 acres, and 532.63 acres respectively had been used for organic farming. Furthermore, an information system had not been created by including information on the exporters of organic crops.	Action should be taken for the fulfillment of expected target.	It has been informed that the reasons such as, financial limits, and increase in the prices of pepper had been attributable thereto.

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| <p>(c) Action should have been taken to organically cultivate ginger and turmeric under cluster village concept in terms of Paragraph 5 of the Department Circular, No. 2019/1(1) of the Director General, dated 25 January 2019. However, as for 17 district offices with respect to the year under review, action had been taken to cultivate turmeric in a small area of 26.78 hectares in one district and 6.32 hectares of ginger in 02 districts.</p>            | <p>Action should be taken to achieve the expected benefits.</p> | <p>It has been informed that action will be taken to promote the said crops in other potential areas within the limits of provision granted in the ensuing year.</p> |
| <p>(d) According to the Letter, No. 3/5/36 of the Director General of Export Agriculture, dated 24 April 2019, export villages should be established with priority being given to a certain export crop. However, action had been taken to cultivate mixed crops such as, pepper, cinnamon, areca nut, coffee, and nutmeg in the districts of, Matara, Nuwara Eliya, and Kurunegala thereby failing to achieve the objective of giving priority to a certain crop.</p> | <p>- Ditto</p>  | <p>The other plants had been given at the request of the farmers, and priority was given based on the district.</p>  |
| <p>(e) Researches should be carried out on a central nursery in extent of 41 acres, 01 rood, and 37 perches whereby plants are distributed to 02 assistant district offices thereby identifying the climatic factors and enhancing the production of plants. Nevertheless, the number of potted plants made during the period of 2016 – 2019 had decreased from 90 per cent to 23 per cent. The production of plants had also</p>                                      | <p>- Ditto</p>  | <p>It has been informed that action was taken to gradually increase the production of plants by making use of huts.</p>  |

declined from 130 per cent to 25 per cent during the same period.

- (f) An estimate valued at Rs. 37,000,000 had been prepared for developing a central nursery during the period of 2014 – 2016. However, even by the year 2020, the Department had failed to carry out the development activities except for 03 items.
- Action should be taken in accordance with the estimate.
- The well was dug and a water pump was fixed. Seven huts for plants in the size of 60\*18 foot. It has also been informed that a storage unit of 4500 cubic foot was constructed.
- (g) An extent of 03 acres had been provided for a central nursery in view of enhancing the production of plants by conducting researches. Nevertheless, researches had been conducted in regard only to 02 types of crops during the period from 2005 up to the year under review.
- Measures should be taken to achieve the expected results.
- The research papers were presented. It has been informed that instructions were issued to increase the scope of the researches.
- (h) The farmer community should be exposed to up-to-date information through technical publications. However, as for 04 central nurseries, balances of 19 slow moving technical publications and 1277 unpublished publications existed even by the year 2019. As stocks of technical publications had been maintained in relation to the amount of publications issued for a period of 03 years, a situation had arisen in which such publications could not be sold.
- Action should be taken to purchase by identifying the requirement.
- It has been informed that the stocks of technical publications be maintained desirably.

### 3.6 Projects Abandoned without being Completed

Audit Observation	Recommendation	Comment of the Accounting Officer
Twelve projects proposed to be implemented in the year 2019 at an estimated cost of Rs. 10,834,035, had not been implemented.	No timely action had been taken based on a proper plan; hence, action should be taken to implement projects ensuring maximum benefits for the people.	The project had been cancelled due to unavoidable circumstances. It has been informed that action will be taken to include the project in the plan for the year 2020.

### 3.7 Delays in the Implementation of Projects

Audit Observation	Recommendation	Comment of the Accounting Officer
The software developer had been informed through the Letter issued by the Director General of the Department of Export Agriculture, dated 22 November 2019 that the information system on export agricultural crops should be completed and handed over to the Department before 24 December 2019. Nonetheless, that software had not been developed even up to May 2020.	The tasks should be completed within the specified timeframe.	It has been informed that a delay occurred in obtaining the server computer.

### 3.8 Projects without Progress Despite the Release of Funds

Audit Observation	Recommendation	Comment of the Accounting Officer
(a) Provision amounting to Rs. 4,000,000 had been allocated for the construction of office building at the "Serapis" plant nursery of the Department of Export Agriculture. In April 2019, the Department of Buildings had been entrusted to prepare the construction plans without informing on	Projects should be implemented within the period of agreement in accordance with the specifications and estimates thereby ensuring the achievement of objectives.	Delays had occurred. It had been informed by the Department of Buildings not to implement the project in the wake of freezing the provision as per the Circular, No. 05/2019.

the amount provisioned. However, the said construction had not been commenced even up to 15 November 2019.

- (b) Provision totaling Rs. 142,110,000 had been made on the new cultivation programme; and, having spent a sum of Rs. 86,650,000 therefrom, 8,408,440 plants had been distributed for an area of 1312 hectares in 17 districts. However, due to failure in preparing the plans accurately, targets had not been set to cultivate export crops such as, nutmeg, clove, cocoa, and coffee in those 17 districts.
- Researches should be conducted on the crops that had not been cultivated thus setting targets by identifying the climatic factors.
- It has been informed that targets relating to the export crops had been given for the districts by considering the weather condition and market information.

### 3.9 Annual Performance Report

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The following observations are made.

Audit Observation -----	Recommendation -----	Comment of the Accounting Officer -----
(a) Instead of identifying the performance indicators on the first, second and third levels of output of the Department, and clearly showing the percentage of output achieved, 08 indicators had been given as performance indicators.	Action should be taken to clearly identify and show the performance indicators and output.	Eight performance indicators were shown thus informing that the levels of output with respect to the first and second performance indicators, were 94 per cent and 100 per cent respectively.
(b) The Department should have tabled the Performance Report of the year under review in Parliament as at 30 June 2020 in accordance with the Letter, No.	The Circular should be followed.	It has been informed that that draft report relating to the Paragraphs 02, 04, 05 of the new format, was submitted to the Ministry for approval.

PED/RED/REG/02/CC-01 of the Treasury Secretary of the Ministry of Finance, Economic and Policy Development, dated 28 May 2020. However, it had not been done so even by 22 July 2020.

### 3.10 Procurements

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The following observations are made.

Audit Observation	Recommendation	Comment of the Accounting Officer
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(a) Particulars relating to the contracts awarded should be published on the website in terms of Guideline 8.10.1 of the Government Procurement Guidelines, but such information had not been published on the website of the Department of Export Agriculture.	The Government Procurement Guidelines should be followed.	It has been informed that information on constructions and repairs valued at more than Rs. 500,000 carried out under 02 programmes, were updated on the website.
(b) It is an objective of the Procurement process to supply goods and services, and ensure timeliness in terms of Guideline 1.2 (c) of the Government Procurement Guidelines. However, the contracts valued at Rs. 1,542,000 that had been included in the Procurement Plan for the year under review, had not been completed within the year under review but the contract period had been extended until 2020.	- Ditto	It has been informed that , due to failure in obtaining accessories through a private institution, the contract period had to be extended.



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| (c) | A Master Procurement Plan had not been prepared in terms of Guideline 4.2 of the Government Procurement Guidelines by listing Procurement activities envisaged at least for a period of three years; instead, Procurement Plans had been prepared for each year.  | Given the fact that the Procurement Plan had not been prepared for a period of 03 years, it is necessary to follow the Procurement Guidelines. | It has been informed that the Master Procurement Plan was prepared in regard of the agricultural crops development programme, and approval had been obtained thereon.  |
| (d) | All the associated costs had been presented for preparing the total cost estimate in accordance with Guideline 4.3 of the Government Procurement Guidelines. However, provision amounting to Rs. 1,868,480 remained underutilized as purchases had been made contrary to the procurement decision.                        | The Government Procurement Guidelines should be followed.  | The amount spent on the advertisements in the preceding year had been decided considering the values prevailing at the present day thereby setting targets. However, expenses had been incurred to a value close to the provision granted whereas the balance remained underutilized – it has been informed. |
| (e) | The procurement process should ensure objectives, such as timeliness in terms of Guideline 1.2 (c) of the Government Procurement Guidelines. However, due to failure in doing so, the provision totaling Rs. 1,00,000 granted for printing handbills for the year under review, had been retained without being utilized. | - Ditto  | - Ditto  |
| (f) | According to Guideline 5.4.4 of the Government Procurement Guidelines, a maximum of 30 percent of the contract sum shall be paid as advances. However, irrespective of the contract value of Rs. 1,505,000 (excluding VAT ) for the tender relating to developing   | As such a clause had not been included in the Agreement, the Government Procurement Guidelines should be followed.                             | It has been informed that although a payment of 60 per cent could have been paid, an amount equivalent to 41 per cent had been paid.   |

the information system on export agricultural crops, a sum of Rs. 624,975 equivalent to 41 per cent had been paid by disregarding the said limit.

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| (g) | Advances should be released upon submission of an advance payment guarantee. Nevertheless, a sum of Rs. 624,975 had been released without obtaining such a guarantee. | The Government Procurement Guidelines should be followed. | It has been informed that only 41 per cent had been paid although a maximum of 60 per cent could be paid after completion of the software as per the Agreement. |
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### 3.1.1 Assets Management

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The following matters were observed.

Audit Observation	Recommendation	Comment of the Accounting Officer
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(a) Seven of the 89 Government quarters belonging to the Department of Export Agriculture, had not been used. Six of those houses remained dilapidated; as such, those houses remained idle over many years.	Action should be taken to ensure the utilization of Government quarters.	It has been informed that measures taken included : seeking approval of the Secretary to the Ministry for demolition, and seeking estimates for repairs.
(b) Ten of the 86 vehicles belonging to the Department had not been driven during the year and remained idle.	Action should be taken for the utilization of vehicles.	It has been informed that the reasons in that connection included : sending for repairs, lack of provision for repairs, non availability of vacancies for drivers, and repairing was uneconomical.
(c) The ownership of 11 vehicles had not been vested with the Department of Export Agriculture.	Action should be taken to take over the vehicles.	Letters requesting to take over those vehicles had been sent in January 2020. However, the ownership of the vehicles had not been transferred even by the date of audit.

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| (d) | Thirty eight plots of land in extent of 442 acres belonging to the Department and encroached by other parties, had not been properly acquired. | Action should be taken to safeguard the assets. | It has been informed that action was being taken to acquire 37 plots of land. |
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### 3.12 Securities of the Government Officers

----- Audit Observation -----	----- Recommendation -----	----- Comment of the Accounting Officer -----
Giving securities had been approved through the Letter, No. MPI/02/05/06 of the Secretary to the Ministry of Ministry of Agriculture, Rural Economic Affairs, Livestock Development, Irrigation and Fisheries and Aquatic Resources Development dated 16 January 2019. However, 67 officers of the Scientific Service had not given securities worth Rs. 670,000 contrary to the Financial Regulation 880. Furthermore, action had not been taken to obtain securities from 142 and 96 officers belonging to the secondary and primary levels respectively.	The Financial Regulations should be followed.	It has been informed that action was being taken to obtain securities.

### 3.13 Losses and Damages

----- Audit Observation -----	----- Recommendation -----	----- Comment of the Accounting Officer -----
(a) Action had not been taken even up to May 2020 to settle 05 cases valued at Rs. 3,979,413 comprising a case valued at Rs. 2,400,000 relating to a period of 05-10 years, and 04 cases valued at Rs. 1,579,413 relating to a period less than 05 years.	Action should be taken for the recovery of losses.	It has been informed that a sum of Rs. 225,000 was recovered from the loss of Rs. 2,400,000 whilst further action was being taken for the other cases.

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| <p>(b) According to the National Budget Circular, No. 01/2016(1), dated 17 March 2016, the maximum monthly lease rent for a vehicle obtained under the operating lease method for Directors or officers at equivalent level, should not exceed Rs. 135,000 without VAT. However, a monthly lease rent of Rs. 163,500 had been paid without VAT for the vehicles assigned to 08 Directors including the Additional Director General of the Department of Export Agriculture; hence, an overpayment of Rs. 2,736,000 had been paid annually on the said 08 vehicles.</p> | <p>The Circular should be followed.</p>                         | <p>It has been informed that 02 vehicles had been used as pool vehicles apart from the officers with assigned vehicles, and this will be revised in due course as per the audit query.</p>   |
| <p>(c) A shortage of 168,846 pots being used by the central nurseries was observed in the physical examination.</p>  | <p>Action should be taken to avoid shortages.</p>               | <p>It has been informed that action will be taken in due course as per the Financial Regulations.</p>  |
| <p>(d) According to Section 03 (a) of the Agreement entered into in the year 2017 with respect to obtaining vehicles on rent, a vehicle so obtained can be driven for a maximum of 3000 kilometers per month. However, as for a period of 33 months, a number of 191,731 km remained underutilized, and the value thereof totaled Rs. 17,685,189.</p>  | <p>Action should be taken in accordance with the Agreement.</p> | <p>It has been informed that the vehicles had been assigned monthly to the eligible officers based on the duty entrusted with them, and had the vehicle been driven for 3000 km, an additional cost would have been incurred on travel expenses and overtime payment including the drivers'.</p> |

### 3.14 Uneconomic Transactions

----- Audit Observation -----	----- Recommendation -----	----- Comment of the Accounting Officer -----
Due to failure in making purchases by identifying the requirement of pots, there existed 746,440 polythene bags in 03 sizes at 02 central nurseries at the beginning of the year under review. After being used through the year, 685,657 or 92 per cent of the bags still remained at the end of the year. Furthermore, of the balance of 63,435 polythene bags in two types existed in the year 2016 relating to the central nursery, 43,135 units had remained unused representing 68 per cent as at 31 December 2016.	Action should be taken to make purchases by correctly identifying the requirements thereby avoiding the balance continuing to exist over many years.	It has been informed that purchases were made by identifying the requirement at the beginning of the year, and the balance existed at the nurseries.

### 3.15 Management Inefficiencies

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The following observations are made.

----- Audit Observation -----	----- Recommendation -----	----- Comment of the Accounting Officer -----
(a) Although the Department had 86 vehicles, 10 vehicles had been obtained on rent due to poor management and lack of decision making. As vehicles had not been suitably assigned by correctly identifying the requirements, the Department had spent a sum of Rs. 61,933,458 fruitlessly.	The officers should carry out their duties properly.	Pool vehicles were assigned. It has been informed that revisions were made later in view of maximum profits for the Department.
(b) Due to failure in expeditiously leasing out of rubber trees in a central nursery, the income of Rs. 217,875 had been lost in the year 2017. As quotations had	The officers should carry out their duties properly.	It has been informed that action will be taken to give the rubber trees on lease.

not been called for in the year 2018 for giving the rubber trees on lease, the Department had been deprived of the income for the years 2018 and 2019.

- (c) Fifty per cent of the sum amounting to Rs. 1,080,000 granted to 08 nursery owners for establishing registered privately-owned nurseries in terms of Section 03 of the Department Circular, No. (IV) of the Director General of Export Agriculture, dated 01 May 2017, should have been recovered in 02 installments. Nevertheless, action had not been taken for the recovery of a sum of Rs. 348,500 even by January 2020.
- Priority should be given to the nursery owners who had been provided with financial assistance when certifying the plants, and once the plants are certified, the monies should be recovered.
- Although the recovery should have been done in one or two installments, it has been informed that the recovery will be done at least in several installments.

#### 4. Achievement of Sustainable Development Goals

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 The following observations are made.

Audit Observation -----	Recommendation -----	Comment of the Accounting Officer -----
(a) As for the Sustainable Development Goals, the Department had identified the parties interested in the role played by the Department. However, in setting the targets relevant to the Department, a participatory approach was not indicated.	It is necessary to ensure the participation of parties interested in the role of the Department.	It has been informed that the parties were identified.
(b) Although it is a must to maintain a database comprising accurate data relating to the performance of a certain activity, the Department had not taken	Action should be taken to establish a database.	It has been informed that preliminary activities were underway.

action to establish such a database in order to measure the achievement of Sustainable Development Goals.

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| <p>(c) Two senior officers had not been nominated and referenced to the Ministry of Sustainable Development and Wildlife in order to coordinate the achievement of sustainable development goals at departmental, provincial &amp; national level in accordance with the national strategic management plan for Sustainable Development Goals as stated in Circular, No. 08/65 of the Ministry of Sustainable Development and Wildlife ,dated 27 April 2018.</p> | <p>The Circular should be followed.</p> | <p>It has been informed that the Circular had not been followed.</p> |
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5. Good Governance

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Audit Observation -----	Recommendation -----	Comment of the Accounting Officer -----
<p>The Department of Export Agriculture had planned to spend a sum of Rs. 48,129,000 on procurement activities in the year under review, but only a sum of Rs. 42,731,936 had actually been spent, and an adequate attention had not been drawn on the procurement audit. Furthermore, only 02 internal audit queries had been issued in that connection during the year.</p>	<p>Attention should be brought on procurement audit.</p>	<p>It has been informed that 05 minor procurements had been made whilst 02 procurements had been done for the Head Office.</p>

5.2 Citizens' Charter

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The following observations are made.

Audit Observation	Recommendation	Comment of the Accounting Officer
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(a) The Department had not prepared and implemented the Citizens' Charter that had been necessitated in the Circular, No. 05/2008 dated 06 February 2008 amended by the Circular, No. 05/2008 (1), dated 24 January 2018.	The Circular should be followed.	It has been informed that the Circular had not been followed.
(b) The Department had not prepared a methodology to supervise and evaluate the preparation and implementation of the Citizens' Charter in accordance with Section 2.3 of the said Circular.	- Ditto	- Ditto

5.3 Audit and Management Committee

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Audit Observation	Recommendation	Comment of the Accounting Officer
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Many of the recommendations on the general activities relating to the Audit and Management Committee, had not been implemented contrary to Section 5.2 of the Management Audit Circular, No. DMA/1-2019, dated 12 January 2019.	The Circular should be followed.	It has been informed that action will be taken in the future in compliance with the Circular.



6. Human Resource Management

Audit Observation	Recommendation	Comment of the Accounting Officer
(a) Contrary to Public Administration Circular, No. 02/2018, dated 24 January 2018, a human resource plan had not been prepared ensuring a training opportunity of at least 12 hours per year for each employee. The annual performance agreement had not been signed for the entire staff, nor had a senior officer been entrusted therewith.	The Circular should be followed.	It has been informed that the Circular had not been followed.
(b) Without being approved by the Public Services Commission in terms of Section 1.2 of Chapter V of the Establishments Code, 03 officers attached to the Department, had been released to the Ministry of Primary Industries under the approval of Accounting Officer. Despite the poor contribution of those officers to the Department, a sum totaling Rs. 4,370,538 had been paid as salaries and allowances by the Department of Export agriculture during the period from January 2018 to December 2019. However, no action had been taken to reimburse those monies from the Ministry.	Action should be taken to obtain approval on the officers attached to the Department before being released to the Ministry.	It has been informed that approval had initially been given to release them to the Ministry of Primary Industries.