

Head- 292- Department of Animal Production and Health

1. Financial Statements

1.1 Qualified Opinion

The audit of the financial statements of the **Department of Animal Production and Health** for the year ended 31 December 2019 comprising the statement of financial position 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 containing my comments and observations on the financial statements of the **Department of Animal Production and Health** was issued to the Accounting Officers on 31 May 2020 in terms of Section 11 (1) of the National Audit Act No. 19 of 2018. The Annual Detailed Management Audit Report relevant to the **Department of Animal Production and Health** was issued to the Accounting Officer on 03 June 2020 in terms of Section 11 (2) of the National Audit Act No. 19 of 2018. 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 the provisions in the State Accounts Circular No.271/2019 dated 03 December 2019 give a true and fair view of the financial position of the **Department of Animal Production and Health** as at 31 December 2019, and of its financial performance and its cash flows for the year then ended in accordance with Generally Accepted Accounting Principles.

1.2 Basis for Qualified Opinion

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 Responsibility of the Chief Accounting Officer and the Accounting Officer for the Financial Statements

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.

In terms of Sub-section 38 (1) (c) of the National Audit Act, the Chief Accounting Officer shall ensure that an effective internal control system for the financial control exists in the Department 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

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 scepticism 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, among other matters, significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

1.5 Report on Other Legal and Regulatory Requirements

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

- (a) The financial statements are consistent with the preceding year.
- (b) The recommendations made by me on the financial statements pertaining to the preceding year had been implemented.

1.6 Comments on the Financial Statements

1.6.1 Non-compliance with the Provisions in Circulars on Financial Statements

Audit Observation -----	Recommendation -----	Comments of the Accounting Officer -----
<p>In terms of paragraph State Accounts Circular No. 217/2019 dated 03 December 2019, an Imprest Adjustment Account should be prepared. Nevertheless, according to the financial statements presented, the Imprest Adjustment Account so prepared to adjust the imprest balance of Rs.6,917,629 had not been correctly prepared .</p>	<p>In terms of the State Accounts Circular, an Imprest Adjustment Account should be correctly prepared and submitted.</p>	<p>According to the Paragraph 3(1) of the Circular, an Imprest Adjustment Account was prepared for the closing balance of the statement of financial performance and it was not presented together with the financial statements as it is not a report included in the financial statements.</p>

1.6.2 Statement of Financial Performance

The following observations are made.

Audit Observation -----	Recommendation -----	Comments of the Accounting Officer -----
<p>(a) There was a difference of Rs.1,309,072 between the savings of</p>	<p>Financial statements should be prepared</p>	<p>Action will be taken to make corrections subsequently.</p>

provision stated in 03 Objects of the Expenditure Ledger and the savings in the Expenditure Statement of ADA 2 (ii) of the financial statements submitted for the year under review. including correct values.

- (b) There was a difference of Rs.1,535,637 between the savings of provisions in 05 Capital Objects as per the Expenditure Ledger and the savings in the Expenditure Statement of in Format ADA 2 (ii) of the financial statements submitted for the year under review. Financial statements should be prepared including correct values. Action will be taken to make corrections subsequently.

1.6.3 Statement of Financial Position

Audit Observation	Recommendation	Comments of the Accounting Officer
Although the closing balance of the statement of non-financial assets as at 31 December 2018 was Rs. 2,173,615,162, the opening balance of the year under review was Rs.2,374,193,910. Accordingly, there was a difference of Rs.200,578,748 between those balances.	Reasons for the differences should be identified and adjustments should be made in the accounts.	That there is no difference between opening balance and the closing balance as at 31 December 2018 and 31 December 2019 in the statement of non-financial assets.

1.6.4 Non-maintenance of Registers and Books

The Department had not maintained following certain documents while some other documents had not been properly maintained in an updated manner.

Audit Observation	Recommendation	Comments of the Accounting Officer
(a) Security Register A Security Register including the details of the officer and employees who should give security in terms of Financial Regulation 981(1) had not been maintained.	In terms of the Regulation, a Security Register inclusive of the details of the officers who are	Not replied.

required to give security should be maintained.

(b) Inventory of Electric Fittings

An Inventory of Electric Fittings had not been maintained in terms of Financial Regulation 454(2).	In terms of the Regulation, an Inventory of Electric Fittings on all electric appliances of the Government buildings should be maintained.	Not replied.
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(c) The register of vehicle list had not been updated in terms of Financial Regulation 1647(e)	The register of vehicle list should be updated in terms of Financial Regulation.	Not replied.
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1.6.5 Certifications to be made by the Accounting Officer

Audit Observation	Recommendation	Comments of the Department
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In terms of provisions in Section 38 of the National Audit Act No.38 of 2019, the Chief the Accounting Officer shall ensure that an effective internal control system for the financial control exists in Ministry 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 and that such review makes in writing and submits a copy thereof to the Auditor General. Nevertheless, statements had not been furnished to audit that such reviews had been made.	Action should be taken in terms of provisions in Section 38 of the National Audit Act No.38 of 2019	Not replied.
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1.6.6 Non-compliance with Laws, Rules and Regulations

Non-compliance with Laws, Rules and Regulations **observed** during the course of audit test checks are analyzed below.

	<u>Observation</u>		
	Reference to Laws, Rules, Regulations etc.	Non-compliance	Comment of the Management
			Recommendation
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(a)	Financial Regulations of the Democratic Socialist Republic of Sri Lanka.		

	Financial Regulation 104(4)	The full reports regarding 21 cases of vehicle accidents totaled Rs.1,484,684 relating to the period from 2011 to 2018 had not been submitted within three months in terms of Financial Regulations.	Action should be taken in accordance with the Financial Regulations.
			That action will be taken to send reminders to the Board of Inquiry and obtained the inquiry reports expeditiously.
(b)	Circular No.2008/01 dated 27 August 2008 of the Director General of the Department.	Due to failure in taking steps regarding deaths of animals, a sum of Rs.8,536,078 relating to the death of animals from the year 2015 to 2019 had been written off from books as losses and damages.	Action should be taken in accordance with the circulars issued.
			Action will be taken to make the relevant parties aware again in the future.

2. Financial Review

2.1 Imprest Management

Audit Observation	Recommendation	Comments of the Accounting Officer
----- As action had not been taken according to the Financial Regulation 4, expenditure had been handled during the year using supplementary allocation of Rs. 176,766,000 and departmental revenue of Rs. 84,933,991 in addition to the budget allocation of Rs. 1,298,000,000.	----- Action should be taken according to the Financial Regulation.	----- Settlement of all the liabilities has been done on the provisions of the year 2019 and funds received through the earnings have been used for the recurrent and capital expenditure.

2.2 Expenditure Management

The following observations are made.

Audit Observation	Recommendation	Comments of the Accounting Officer
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(a) Out of net provision of Rs.109,500,000 relevant to 07 Objects, a sum of Rs.65,612,613 had been saved without being used and the above savings had ranged from 16 per cent to 90 per cent of the net provisions.	Action should be taken in accordance with the Circular.	Reasons attributed to the savings of the Objects have been presented.
(b) According to the National Budget Circulars No.04/2019 dated 17 June 2019 and No.5/2019 dated 24 September 2019, instructions have been given to save 25 per cent of the capital expenditure. Nevertheless, a sum of Rs.61,955,110 or 0.84 to 9.78 per cent of the provision made for 6 Objects only had been saved during the year under review.	-Do-	Since the liabilities existed for the year 2018 had to be settled, more provisions had to be incurred for that purpose.

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| (c) | According to Section 02 (iv) of the Budget Circular No.04/2019 dated 17 June 2019, it had been informed that the expenditure under the Object of Stationery and Office Requisites should be minimized as far as possible. Nevertheless, without doing so, a sum of Rs.4,617,087 had been spent during the year under review out of net provision totalling Rs.5,000,000 made up of Rs.1,000,000 of the supplementary estimates and Rs.500,000 by transferring through the Financial Regulation 66, in addition to the annual provisions 3,500,000. | -Do- | As a certain amount of bills payable as at the end of the year 2018 had to be paid in the year 2019, additional provisions had to be obtained. |
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2.3 Incurring Liabilities and Commitments

The following matters are observed.

Audit Observation	Recommendation	Comments of the Accounting Officer
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(a) In terms of the format in Budget Circular No.162 dated 06 September 2013, a sum of 194,534,780 had been stated as payable bills as at 31 December 2019. Nevertheless, a sum of Rs.15,120,242 had been stated in the financial statements as liabilities and accordingly, there was a difference of Rs.179,414,538.	Value of total liabilities should be stated in the financial statements.	Value of total liabilities as at 31 December 2019 was Rs.194,534,780.
(b) Deviating from the provisions in Financial Regulation 94(2), the Department had incurred liabilities of Rs.1,485,258 in excess of the provision in relation to 04 Objects.	Action should be taken in accordance with the regulations.	The verbal advice of the Budget Department was that savings of another project in the programmes had given rise to that situation.

- (c) The value of bills talling Rs.3,669,130 received, but not certified by the Engineering Division had not been stated as commitments. All commitments should be stated in the financial statements. That value was not included in the liability record.

2.4. Reconciliation Statement on the Advances to Public Officers Account

The following matters were observed.

Audit Observation	Recommendation	Comments of the Accounting Officer
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(a) Although the value of the receipts of advances was Rs.30,271,855 in the consolidated trial balance, it was Rs.31,253,172 according to the Treasury table in Format SA-52. Accordingly, reason behind the difference of Rs.981,317 had not been identified.	Reasons for the differences should be identified and accordingly, adjustments should be made in the financial statements.	The value reconciles according to the Treasury Accounts.
(b) No action had been taken to identify and settle the difference of Rs. 100,125 between the Treasury and Departmental accounts that had continued to exist since year 2015 with regard to the Advances to Public Officers Accounts.	Reasons for the differences should be identified and accordingly, adjustments should be made in the financial statements.	Action will be taken to correct that error by forwarding a journal paper to the Treasury.

2.5 Issuance and Settlement of Advances

The following observations are made.

Audit Observation	Recommendation	Comments of the Accounting Officer
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(a) Although advance should be utilized for a specific purpose, the total advance of Rs.122,250 obtained in 05 instances had been settled back without being used after retaining it for a period from 08 days to 21 days.	Specific/accurate estimates should be prepared.	This will be corrected in the future.
(b) As advance had been obtained without preparing a specific estimate, an unspent amount of Rs.250,211 out of advances totalling Rs.916,038 granted in 29 instances had been settled back.	-Do-	Action will be taken to inform the matter to the Directors of the relevant divisions.
(c) In terms of Financial Regulation 371 (d), a sub-imprest granted should be settled immediately after the completion of the purpose for which it is granted. Nevertheless, advances granted in 11 instances had been settled after being retained in hand from 05 to 27 days from completing of the work.	Action should be taken in accordance with the Financial Regulation.	Observation is accepted.

2.6 Deposit Balances

The following observations are made.

Audit Observation	Recommendation	Comments of the Accounting Officer
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(a) In terms of Paragraph 02 of the State Accounts Circular No.243/2015 dated 24 June 2015 of the Secretary to the	Action should be taken in accordance with the State Accounts Circular.	Since the funds were foreign aids and not received through the

Treasury and Article 149(1) of the Constitution, all the receipts which are not legally allocated for any specific purpose should be credited to the Government Consolidated Fund. Nevertheless, a sum of Rs.3,698,111 relevant to AFFACI project had not been so credited to the Consolidated Fund and it had been retained in the General Deposit Account from the year 2016 and payments of Rs.1,812,666 had been made from that account. That balance as at 31 December 2019 was Rs.1,885,445.

Treasury, those were deposited in the General Deposit Account and incurred expenditure.

- (b) Action in terms of Financial regulation 571(3) had not been taken in respect of 94 deposits worth Rs.2,147,798 continued to exist for more than 02 years. Action should be taken in accordance with the Financial Regulations. Deposits worth Rs.155,010 have been paid.

3. Operating Review

3.1 Planning

Audit Observation	Recommendation	Comments of the Accounting Officer
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In terms of Public Finance Circular No. 2014/01 dated 17 February 2014, the Action Plan for Rs.888,000,000 should be prepared on the budget allocation of Rs.724,000,000 and the supplementary estimate of Rs.164,000,000 for the capital expenditure of the year under review. However, due to the fact that the last revised action plan had been prepared for Rs.824,000,000, the action plan for the provision of Rs.64,000,000 had not been revised and prepared.

An Action Plan should be prepared for the capital expenditure.

Not replied.

3.2 Failure to Perform Functions

The following observations are made.

Audit Observation	Recommendation	Comments of the Accounting Officer
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(a) Provisions of Rs.400,000 had been allocated for the year under review in respect of the project to improve the production capacity of Animal Husbandry Diploma Holders and stated the functions in the Action Plan. Nevertheless, those functions had been abandoned unattended during the year.	Action should be taken to fulfill the planned activities.	Not replied.
(b) Although the progress of two contracts worth Rs. 6,608,440 to be completed during the preceding year was 65 per cent as at 31 December 2019, the above contracts had been abandoned without completing even by 23 July 2020.	Action should be taken to fulfill the planned activities.	Not replied.

3.3 Failure to Achieve the Expected Output Level

The following observations are made.

Audit Observation	Recommendation	Comments of the Accounting Officer
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(a) Although the Animal Toxicology Laboratory has the capacity to produce more than 400,000 units of vaccines for hoof and mouth disease, depending on the necessary provisions, infrastructure facilities and staff, due to the lack of necessary facilities and provisions, the production of vaccines units ranged from 113,160 to 248,730 during the period of 04 years.	Action should be taken to make use of the maximum capacity of the institute.	That provisions have not been received to obtain sufficient amount of raw materials to meet the maximum capacity.

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| (b) | Provisions of Rs.26,500,000 had been made during the year under review for domestic production of high quality animal vaccines as a substitute for imported animal vaccines. Nevertheless, a sum of Rs.26,137,417 or 99 per cent had been spent for the settlements of expenditure applicable to the previous year instead of achieving those objectives. | Action should be taken to achieve the objectives. | Not replied. |
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3.4 Failure to Achieve the Expected Outcome

The following observations are made.

Audit Observation	Recommendation	Comments of the Accounting Officer
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(a) In order to repair the bioremediation equipment purchased at a cost of Rs. 38,400,320 in March 2011 for the production of hoof and mouth disease vaccine, spare parts had been purchased in 2015 at a cost of Rs. 4,331,120. As the repairs had not been carried out till the date of the audit, the equipment had not been used at its maximum capacity to manufacture the vaccines. As a result, a sum of Rs. 30,361,500 had been spent on importing 86 per cent of the requirement for the year under review.	Action should be taken to use the equipment by doing repairs.	Not replied.
(b) Out of the provision of Rs. 70,000,000 made for the project to ensure food security of the food secure from animals for facilitating the food security and the foods in the preceding year, provision of Rs. 69,242,057 or 99 per cent had been saved at the end of the year. Although delays in feasibility work related to the expansion of the Animal	Project should be implemented so as to achieve the objectives.	Not replied.

Nutrition Laboratory had been given as the reasons for the savings, no such work had been carried out during the year under review. Similarly, after obtaining an provision of Rs. 50,000,000 for that project in the year under review and transferring Rs. 39,000,000 from that provision under Financial Regulation 66, a sum of Rs. 3,200,777 or 29 per cent out of the remaining provision had been spent on security services, water, electricity and other expenses without spending on achieving the objectives of the project.

3.5 Delays in the Implementation of Projects

 The following observations are made.

Audit Observation -----	Recommendation -----	Comments of the Accounting Officer -----
<p>In September 2018, an agreement had been reached for the construction of a garage at a cost of Rs. 1,742,788 without VAT to be completed the work in December 2018. Likely, provision of Rs.2,888,000 had been made for construction during the year under review, but only Rs. 732,059 had been spent. Provision of Rs. 2,125,941 was underutilized due to non-completion of construction. Further, the bids had been evaluated by a committee consisting of 5 officers of the Department deviating from the Guidelines 2.4 (d) (iii) of the Procurement Guidelines.</p>	<p>Project should be implemented within the period of agreed.</p>	<p>That work has not been completed and action has been taken to carry out evaluation activities expeditiously and prevent the delay in the construction.</p>

3.6 Annual Performance Report

Audit Observation	Recommendation	Comments of the Accounting Officer
According to the Letter of the Secretary to the Treasury of the Ministry of Finance, Economic and Policy Development No. PED / RED / REG / 02 / CC / 01 dated 28 May 2020, the Performance Report for the year under review should be tabled in Parliament by 30 June 2020, but it had not been so tabled even by September 2020.	Action should be taken to table the report in Parliament on 30 June 2020.	Not replied.

3.7 Procurements

The following observations are made.

Audit Observation	Recommendation	Comments of the Accounting Officer
(a) The Procurement entity had not prepared a master procurement plan detailing the expected procurement activities for a period of at least 3 years as per Guideline 4.2 of the Government Procurement Guidelines.	Action should be taken in accordance with the Government Procurement Guidelines.	Not replied.
(b) Deviating from the guidelines 4.2.2 of the Government Procurement Guidelines, a sum of Rs. 1,104,694 had been paid to the institute that had been earlier selected for obtaining cleaning service up to March of the year under review without agreement. Despite that, a sum of Rs. 1,534,305 had been paid to a bidder selected for the cleaning service from April to August 2019	Action should be taken in accordance with the Government Procurement Guidelines.	It has been accepted that a delay has occurred on the part of the Technical Evaluation Committee and that an agreement has not been signed.

by obtaining an performance guarantee worth Rs. 574, 560 not submitted by the banks. According to the audit test check, Rs. 917,205 had been paid for the cleaning service for three sections under the shopping method deviating from the formal procurement method for the remaining months.

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| <p>(c) In accordance with Guideline 7.9.10 of the Government Procurement Guidelines, bids should be scrutinized and thereby the lowest bid should be determined. However, the institute that had submitted the same specification in both instances of bidding had been rejected in the first instance and accepted in the second instance. Therefore, the Department had incurred a loss of Rs. 993,094 since payment of Rs. 33,700,000 had to pay in the second instance for the equipment which could have been purchased for Rs. 32,706,900 in the first stage.</p> | <p>Action should be taken in accordance with the Government Procurement Guidelines.</p> | <p>That tenders were invited on 02 occasions and the lowest bids were presented by the same bidder on the two occasions. Cost has varied on the price fluctuation.</p> |
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3.7 Assets Management

 The following observations are made.

a. Idle and Underutilized Assets

Audit Observation	Recommendation	Comments of the Accounting Officer
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<p>(i) The incinerator worth Rs. 2,461.290 provided to the Katunayake Quarantine Center in November 2008 had not been repaired by January 2020, though it had been out of order since March 2019.</p>	<p>It should be repaired and used.</p>	<p>An estimate for the spare parts required for the repairs has been presented.</p>

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| (ii) | Although a government quarters has been constructed at a cost of Rs.3,161,310 for the workers of the Telahera Goat Breeding Center, the it has not been used since May 2014. | Action should be taken to utilize assets. | That the shortcoming is accepted. |
| (iii) | Seven veterinary equipment and a vehicle belonging to the Animal Toxin Laboratory remained idle for a period of 9 to 19 years. In addition, seven disused machinery and two 2000 liter tanks in the vaccination laboratory have been idle since last year. | Action should be taken to utilize assets. | Action has been taken to direct to the Board of Survey to carry out disposal activities and repairs. |
| (iv) | Eighty Nitrogen containers at Kundasale Artificial Insemination Center had been given on credit basis to various institutions from 1996 to the year under review and action had not been taken to get back those machines for over 23 years. | Items should be given on long-term credit basis. | These containers have been given to the National Livestock Resources Board on credit basis and the credit basis is renewed once in six months. |
| (v) | Action had not been taken to remove 30 expired chemicals and drugs from the laboratory store of the Kundasale Artificial Insemination Center and 06 equipment remained idle without being used since 2018 | Suitable measures should be taken on the expired items. | Replies have not been given on 30 expired drugs and action will be taken to dispose of the equipment alone. |
| (vi) | The office building and the government quarters of the Kundasale Veterinary Investigation Center, which were completed and handed over in December 2018, had not been utilized even by February 2020. Further, nine types of assets of the Kundasale Investigation Center Circuit Bungalow remained idle. | Action should be taken to utilize assets. | The Circuit Bungalows already used in the Veterinary Investigation Center have been given to two Veterinary Investigation Officers in January 2020. |

(vii) No action had been taken to formally acquire the 01 Acre ,01 Rood land used by the Animal Toxicology Laboratory and belonging to the Divisional Secretary of Kundasale even by the date of the audit,.	Action should be taken to formally acquire the land.	Necessary steps will be taken to acquire the land.
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b. Vehicle Utilization

Audit Observation	Recommendation	Comments of the Accounting Officer
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As per the Asset Management Circular of the Secretary to the Treasury of the Ministry of Finance and Mass Media No. 01/2018 dated 19 March 2018, action should be taken to dispose of motor vehicles which are not in running condition. Nevertheless, action had not been properly taken on such 08 vehicles.	Action should be taken in accordance with the Circular.	That a special Board of Survey has been appointed.

3.8 Depositing Securities by the Public Officers

The following observations are made.

Audit Observation	Recommendation	Comments of the Accounting Officer
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(a) The actual staff as at 31 December 2019 was 766 and the list of officers required to post securities in accordance with Financial Regulation 892 had not been revised and submitted to the Secretary to the Ministry concerned and the Auditor General.	Action should be taken in accordance with the Financial Regulations.	Not replied.

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| (b) | Although the letter of the Secretary to the Ministry of Livestock and Rural Community Development No. MLRD / 04/01/49 dated 06 January 2012 has specified the recommended security amount for the posts to be deposited securities, No action had been taken to recover a sum of Rs.1,759,000 from 315 officers. | Action should be taken in accordance with the Financial Regulations. | Not replied. |
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3.9 Losses and Damages

The following observations are made.

Audit Observation	Recommendation	Comments of the Accounting Officer
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(a) Twelve animals had died after importation and due to failure to insure against imported animals, it had not been possible to reimburse the loss amounting to Rs.4,863,772.	Action should be taken to recover the loss by insuring the animals through a suitable insurance agency.	Since the benefits from the expenditure on insurance are not economically effective, insurance coverage has not been obtained.
(b) Although 11 officers of the Department had obtained foreign study leave and entered into a security bond, no action had been taken to recover the bond value of Rs. 31,431,060 due to be recovered for their failure to complete the compulsory service period.	Action should be taken to recover the bond value.	Not replied.

3.10 Management Weaknesses

Audit Observation	Recommendation	Comments of the Accounting Officer
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Although the analysis of food could be done in the Animal Feed Analysis Laboratory located at the an Animal Research Center, the analysis had been discontinued from July 2014. The equipment used for animal feed analysis remained inactive and the management had not focused its attention to initiate such analysis.	Action should be taken to re-establish the laboratories and initiate the analysis.	Those procurement activities are in progress relating to the equipment repairs.

4. Achievement of Sustainable Development Goals

Audit Observation	Recommendation	Comments of the Accounting Officer
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Due to the lack of awareness of the United Nations Agenda 2030 for Sustainable Development, action had not been taken to identify the Sustainable Development Goals associated with its targets, the milestones to be achieved and the indicators to evaluate the reaching of such goals.	Indicators and objectives should be identified.	Not replied.

5. Good Governance

Citizen / Client Charter

Audit Observation	Recommendation	Comments of the Accounting Officer
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The Department had not prepared and implemented the Citizen / Client Charter in accordance with the Citizen / Client Charter introduced in Circular No. 05/2008 dated 06 February 2008 as amended by Circular No. 05/2018 (1) dated 24 January 2018.	Action should be taken in accordance with the Circular.	Steps have not been taken in accordance with the Circular.

6. Human Resource Management

The following Observations are made.

Audit Observation	Recommendation	Comments of the Accounting Officer
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(a) Having recruited an officer for the unapproved posts of Animal Husbandry Assistant at the Katunayake Animal Quarantine Center, a sum of Rs.402,368 had been paid as salaries and allowances in the year 2019.	Staff management should be carried out in a manner not to occur excesses.	Not replied.
(b) A sum of Rs. 3,797,817 had been paid as salary to 08 officers remained in excess in 06 posts of the approved staff of the Animal Quarantine Center during the year 2019 alone without assigning a specific work.	The staff management should be properly carried out.	That the above staff has been employed in exigencies of the service and therefore, a salary had not been paid in an idle manner.
(c) During the 19 years of service of a female Veterinary Officer of the Department, she had been released for service in other stations for a period of 16 years on 04 occasions. Nevertheless, no action had been taken to reimburse the salaries and allowances paid by the department for the officer in respect of that period	Although the officer had been released to the Ministry, salary should be reimbursed.	Salaries have not been reimbursed.
(d) The approved cadre of the Department as at 31 December 2019 was 951 and after adjusting the excesses and vacancies, the total number of vacancies was 185 and the overstaff relating to two posts was 10.	The staff management should be properly carried out.	Not replied.
(e) In accordance with Public Administration Circular No. 02/2018 dated 24 January 2018, the use performance appraisal sheets, signing of performance agreements, preparation of human resource development plan etc. should be done in order to increase the capacity of employees at all levels of service. Nevertheless, it had not been so done.	Action should be taken in accordance with the Circular.	Not replied.