

1. Financial Statements

1.1 Qualified Opinion

The audit of the financial statements of the Fisheries Reward Fund for the year ended 31 December 2022 comprising the statement of financial position as at 31 December 2022 and the statement of financial performance, statement of changes in equity and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, was carried out under my direction in pursuance of provisions in Article 154(3) of the Constitution of the Democratic Socialist Republic of Sri Lanka read in conjunction with provisions of the National Audit Act No. 19 of 2018 and Fisheries and Aquatic Resources Act No. 2 of 1996. My comments and observations which I consider should be report to Parliament appear in this report.

In my opinion, except for the effects of the matters described in paragraph 1.5 of this report, the financial statements give a true and fair view of the financial position of the fund as at 31 December 2022, and of its financial performance and its cash flows for the year then ended in accordance with Sri Lanka Public Sector Accounting Standards.

1.2 Basis for Qualified Opinion

I expressed qualified opinion on the matters described in paragraph 1.5 of this report.

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 qualified opinion.

1.3 Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with Sri Lanka Public Sector Accounting Standards, 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.

In preparing the financial statements, management is responsible for assessing the fund's stability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intend to liquidate the fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the fund's financial reporting process. As per Sub Section 16(1) of the National Audit Act No. 19 of 2018, the fund 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 of the fund.

1.4 Auditor's Responsibility 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 fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of the management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the fund's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the fund to cease to continue as a going concern.
- 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.

The scope of the audit also extended to examine as far as possible and as far as necessary the following;

- Whether the organization, systems, procedures, books, records and other documents have been properly and adequately designed from the point of view of the presentation of information to enable a continuous evaluation of the activities of the fund, and whether such systems, procedures, books, records and other documents are in effective operation;
- Whether the fund has complied with applicable written law, or other general or special directions issued by the governing body of the fund;

- Whether the fund has performed according to its powers, functions and duties; and the resources of the fund had been procured and utilized economically, efficiently and effectively within the time frames and in compliance with the applicable laws.

1.5 Audit Observations on the preparation of Financial Statements

1.5.1 Accounting Deficiencies

Audit Observation	Management Comment	Recommendation
In preparing the statement of financial performance, receivable of income had not been identified and even though it had been disclosed that the accounting policy is the accrued basis accordingly the Note 7 the statement of financial performance had been prepared on cash basis.	Agreed with the audit observation. Instructions are being given to the officers to submit identifying receivable income accurately.	The statement of financial performance should be prepared on accrued basis.

1.5.2 Unreconciled Control Accounts or Reports

Subject	Value as per the financial statements Rs.	Value as per corresponding Records Rs.	Difference Rs.	Management Comment	Recommendation
Allowances payable to officers who contributed to raids	1,907,760	1,043,435	864,325	Actions will be made to settle identifying balances of the officers to be paid.	Should be accounted Identifying accrued balances accurately and schedules should be correspondently prepared.

1.6 Accounts Receivable and Payable

1.6.1 Cash Payable

Audit Observation	Management Comment	Recommendation
Even though out of the balance of Rs. 9,848,765 in the cash book had been shown the cash payable to rewards recipients and the Government contribution payable relating to that except Rs.1,907,760 had been shown in the financial statements as payable and the specifically unidentified balances and the Royalty that had been in the balance of Rs. 7,941,005 and action had not been taken to settle identifying those balances .	Action are being taken to settle collecting information from District offices the balance Rs.9,848,765 of cash payable to officers who contributed to raids and Government contribution payable relating to that.	Action should be taken to settle the balances to be payable collecting accurate information from District fisheries offices.

1.7 Non-compliance with Laws, Rules, Regulations and Management Decisions etc.

Reference to Laws, Rules Regulations etc.	Non-compliance	Management Comment	Recommendation
Section 59(2) of the Fisheries and Aquatic Resources Act No. 2 of 1996	(i) Although the Director General is responsible for the administration of the reward fund, in the Action Plans which had been prepared by the Department of Fisheries and Aquatic Resources from the year 2019 to 2022, plans had not been prepared regarding the activities of the reward fund are raiding illegal fishing activities and prosecution activities.	Targets had been given in the annual Action Plan regarding raids, prosecution and examines should be done by the District fisheries offices and the Investigation Section of the Head Office. it cannot be included in the action plan. Due to the impossibility to forecasting the number of cases filed which are credited money to the reward fund out of those prosecutions.	Plans should be prepared for conducting raids and prosecuting activities regarding illegal fishing activities had been done against the Act.
	(ii) Although the reward money should be given to the officials who participated in the raids without delay, a number of 348, 488, 427, 327, 604, 536 692 and 293 of cases were done in the years of 2015, 2016, 2017, 2018, 2019, 2020, 2021 and 2022 respectively had been done. No any reward money was paid in the years of 2017, 2018 and 2020 and the amount of allowances paid in relation to 04 cases were Rs. 10,528,987 and allowances payable as at 31 December 2022 were Rs. 1,907,760. Accordingly, it was observed that officers are not encouraged to raid illegal fishing activities due to non-arranging of expedite	There has been some backward in the methodology of giving reward money to the officers from Fisheries Reward Fund before the year 2018. And after the year 2019 to avoid those delays through the implementation of those activities in a proper manner action are being taken to give fisheries reward money soon and there are some instances of payments delay due to deficiencies in required documents which are forwarded by the district	An expedite methodology should be schemed for giving reward money.

methodology to giving reward money for officers. fisheries offices. Reminders are being given to those Assistant District Directors regarding that.

2. Financial Review

2.1 Financial Result

The operating result of the year under review amounted to a surplus of Rs. 3,637,671 and the corresponding surplus in the preceding year amounted to Rs.197, 873. Therefore an improvement amounting to Rs. 3,439,798 of the financial result was observed. The reason for this improvement is mainly an increase in received income from the sale of confiscated goods.

3. Operational Review

3.1 Management Inefficiencies

Audit Observation	Management Comment	Recommendation
(a) Even though it was indicated as per the performance report the number of cases filed in the year 2022 were 293 as per the report presented by the investigation section number of cases were field 303.	When providing information about Fisheries Reward Fund for the performance report of the year 2022 the total cases which had prepared base on the written information got from District Offices at the end of the year are being calculated on the basis of updated number of cases in the Google sheet. Instructions are given District offices which differences occurred to provide accurate information when providing information in the year 2023.	Should be presented to the performance report getting accurate information about cases.
(b) Even though 293 cases were filed through all district fisheries offices In the year 2022, cash from the sale of confiscated goods from only 3 District Fisheries Offices were credited to the Reward Fund, the management had not pay attention regarding non receiving of income from 13 District Fisheries Offices to the reward fund.	If there is an item of the cases which are being filed in the Court on the occasion of confiscation of that goods and money received from that are being auctioned credited to the Fisheries Reward Fund. As if, only three fisheries offices which had been filed cases that confiscated goods has received in the year 2022. That money received from auctioning of those goods has been credited to the Fisheries Reward Fund.	The management should be pay attention regarding the income not receiving to the Reward Fund, from all District Fisheries Offices.

- (c) In accordance with the judgment of the cases completed the money deposited in the court by the offenders action had not been taken to be transferred to the fund hurriedly.
- Requisitions regarding fisheries fund from Courts are being done by the officers of the relevant districts of cases has been filed and information regarding those credits should be given by those officers. When giving those information due to the delays which happened such deficiencies of payments are being delayed and information is not being accurate and updated. To avoid those deficiencies as soon as the case over Assistant Directors are being aware to submit to the investigation section required registers for the payments to be made in the reward fund.
- Action should be taken to transferred to the Fund hurriedly As per the judgment of the completed cases, cash deposited in the Courts being aware of the district fisheries offices.
- (d) Even though the officers who are conducting operations through intelligence and officers who are in searching operations and instances of cases arrest by Navy on the occasions of illegal fishing activities are happening should be recorded for the purpose of identifying reward recipients such recoded has not been done and action had not been taken by the management to increase illegal raids being aware of public regarding rewards. Further, even though this fund has been established under the section 59 (1) of the Fisheries and Aquatic Resources Act No. 2 of 1996 for the purpose of encouraging officers to raid illegal fisheries activities action had not been taken to fulfill those objectives.
- Files are being maintained separately relating to the case by case regarding the officers who involved in operations to prevent illegal fishing activities when operations are ongoing. In those files included all the information about all of contributed to that legal activities. In addition to that information is maintaining through Google sheet from the year 2022. And also instructions are given to the investigation section to maintain a register relating to all the raids done regarding illegal fisheries activities.
- Management should be take actions to protect fish resource and to increase illegal raids for increasing in Government revenue being aware of public about the rewards.

3.2 Annual Performance Report

Audit Observation	Management Comment	Recommendation
<p>(a) In the audit test checks had been done regarding cases has been filed relating to raids done by the district fisheries offices in the year 2022 , even though it was mentioned that cases filed by the investigation section and 9 district offices have been field 212,according to the performance report no any details were mentioned about 127 cases.</p>	<p>This difference has happened due to the error had occurred when calculating the amount of cases for two reports. Instructions are being given to officers to present accurate data in future.</p>	<p>Accurate information should be included into the performance report.</p>
<p>(b) Details of cases have been implemented in the years prior to the year 2022 had not been included in the performance report. The accuracy of information of the cases forwarded in the performance report could not be confirmed due to the information regarding cases has been filed by district fisheries offices , cases which are in progress, goods are in the custody of the respective offices, cash receivable to the reward fund from closed cases had not been updated.</p>	<p>Information regarding cases have been implemented in the years prior to the year has been updated in the relevant case file and those information was not entered. Instructions are being given to enter that information to the performance report updating in one report from this year.</p>	<p>Performance report should be accurately prepared.</p>