

## **Coconut Development Authority - 2023**

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### **1. Financial Statements**

#### **1.1 Qualified Opinion**

The audit of the financial statements of the Coconut Development Authority for the year ended 31 December 2023 comprising the statement of financial position as at 31 December 2023 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(1) of the Constitution of the Democratic Socialist Republic of Sri Lanka read in conjunction with provisions of the Coconut Development Act No.46 of 1971, National Audit Act No.19 of 2018 and Finance Act No.38 of 1971. 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 accompanying financial statements give a true and fair view of the financial positions of the Authority as at 31 December 2023 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**

My opinion is qualified 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 Authority's ability 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 Authority or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Authority's financial reporting process.

As per Section 16 (1) of the National Audit Act No.19 of 2018, the Authority 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 Authority.

#### **1.4 Audit Scope (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 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 Authority'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 Authority 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 Authority, and whether such systems, procedures, books, records and other documents are in effective operation;

- Whether the Authority has complied with applicable written law, or other general or special directions issued by the governing body of the Authority;
- Whether the Authority has performed according to its powers, functions and duties; and
- Whether the resources had been procured and utilized economically, efficiently and effectively within the time frames and in compliance with the applicable laws.

## **1.5 Financial Statements**

### **1.5.1 Non-compliance with Sri Lanka Public Sector Accounting Standard**

<b>Audit Observation</b>	<b>Comments of the Management</b>	<b>Recommendation</b>
According to the paragraph 48 of Sri Lanka Public Sector Accounting Standards No.01, although assets and liabilities should not be offset against each other except when required or permitted, a credit balance of Rs.2,464,299 had been included in the sundry debtors balance of Rs.24,129,049.	Due to not having proper system for collecting money and issuing invoices, these unidentified cash balances have to be shown in the statement of financial position.	Assets and liabilities should be presented separately in the statement of financial position according to the standard.

### **1.5.2 Accounting Deficiencies**

<b>Audit Observation</b>	<b>Comments of the Management</b>	<b>Recommendation</b>
(a) The value of 101 items of assets used in the Dunkannawa estate owned by the Coconut Development Authority had not been calculated and accounted under the Property Plant.	The value of 101 items of Property Plant and Equipment used by Dunkannawa will be determined after the assets survey 2024 and included in the Property Plant and Equipment register and further action will be taken.	Assets owned by the Authority should be properly disclosed in the statement of financial position.
(b) Although assets worth Rs.4,869,826 had been received from 7 companies as donations in the year 2023 to the Business Service Center established at the Fort office of the Authority, those assets had not been accounted.	Action will be taken to obtain written confirmation from the industrialists who have made the related grants for the goods received as donations for construction improvements of the Business Service Center and to include them in the inventory.	Assets received as grants to the authority should be properly included in the financial statements.

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| (c) | Although the exporters registration fees and the income of the marketing division was Rs.28,305,500, it was Rs.34,970,431 in the financial performance statement, which was a difference of Rs.6,664,931 and although the export service fee income was Rs.269,307,360, the income in the financial performance statement was Rs.268,180,717, which was a difference of Rs.1,126,643. | This difference has occurred due to crediting the income accounts related to the year 2023 out of the balance of Rs.6 million shown under unidentified items in the year 2022. Unidentified deposits will be corrected.   | The registration fees and export service income relating to the year under review should be accurately presented in the financial statements. |
| (d) | Although an unidentified credit balance of Rs.8,018,127 and an unidentified debit balance of Rs.5,184,737 were in the authority as at 31 December 2023, without accounting for those values separately, net value of Rs.2,833,390 had been accounted as unidentified credit balance under current liabilities.  | Due to not having proper system for collecting money and issuing invoices, these unidentified cash balances have to be shown in the statement of financial position.  | Unidentified debit and credit balances should be identified and those values should be stated separately in the financial statements.         |
| (e) | Although the surplus of the year under review was Rs.170,788,322 according to the statement of financial performance, as the accumulated fund in the statement of financial position was credited with Rs.167,993,514, the accumulated fund had been devalued by Rs.2,794,808.  | The chairman of the authority has agreed that the accumulated fund has been devalued by Rs.2,794,808.   | The surplus of the year under review should be correctly shown in the financial statements.   |
| (f) | The loan amount of Rs.58,265,037 given by the authority to a state company had been repaid directly by the said company to the Ministry of Finance. The surplus had been depreciated by that amount as the amount was debited to the income of the authority in the year under review while accounting the settlement of that loan.   | Accounting of loan settlement did not adjusted to the income of the year under review. The adjustment made from the income of the year under review is the crediting of the profit (Profit-Levi) made by the Authority to the Treasury in the year 2023. This has been occurred due to crediting that amount directly to the Treasury instead of issuing a cheque from the money held by the authority. | Settlement of loan receivables should be properly accounted.  |
| (g) | As the cost of the disposed laboratory equipment and wooden furniture and fittings in the year under review was   | This calculation has been missed as at 31.12.2023 and action has been taken to  | The cost of disposed assets should be identified and those  |

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|     | <p>over accounted by Rs.51,113 and under accounted by Rs.35,190 respectively, non-current assets and other income had been undervalued by Rs.15,923.</p>   | <p>correct this mistake in the year 2024.</p>  | <p>values should be accurately stated in the Financials statements.</p>  |
| (h) | <p>The short-term part from the amount of Rs.213,365,980 to be recovered on 31 December 2023, out of the loans given under the Kapruka Jaya Isura loan scheme was not classified as current assets and, the entire value had been accounted as non-current assets.</p>   | <p>Action has been taken to account the amount to be charged to the authority in the next 1 to 7 years as, the loan instalment to be charged in the next year from the final accounts to be prepared for the year then ended 31.12.2024 as relevant current assets and the remaining amount as non-current assets.</p>   | <p>Actions should be taken to classify the loan balances as current and non-current according to the period of the loan.</p>                     |
| (i) | <p>For a fraud of Rs.2,000,000 and Rs.434,688 perpetrated by an accountant who worked in the authority in 1993, the officer paid Rs.2,500,000 for the first defrauded amount to the institution and added interest to the remaining amount and accounted for Rs.1,871,776 as receivable to the authority and, only Rs.543,360 had been recovered by the end of 2022. The remaining amount of Rs.1,328,415 had been write off from the accounts in the year under review without any approval and disclosures had not been made in the accounts regarding that.</p> | <p>According to the board paper No.521.13 dated 11.11.2014, the approval had been given to remove mill No.128 from the list as per mill No.68, 81 and 344 board paper. However, actions had not been taken to remove from the books until the problem related to these three mills, where the money was misused was completed and actions have been taken to write off from the books in 2023.</p> | <p>Actions should be taken to write off the receivable balances on formal approval and necessary disclosures should be made in the accounts.</p> |

**1.6 Non-compliance with Laws, Rules, Regulations and Management decisions etc.**

	Reference to Non-compliance Laws, Rules and Regulations etc.	Comments of the Management	Recommendation	
(a)	<p>Section 33 (4) of the Coconut Development Act No. 46 of 1971</p>	<p>Although orders should be made regarding all matters necessary for the imposition, collection, implementation and payment of CESS tax on coconut, the authority had not prepared any order in</p>	<p>In the year 2023, Rs.2,471,259 have been exempted from the security deposits of the mill owners and any amount has not been exempted from the income. Remaining</p>	<p>The Authority should formulate orders on the activities of CESS tax to be collected and execute those orders upon the proper approval.</p>

this regard. However, balances in the security accounts had been maintained in the name of the exporting mill owners using CESS income to the mill development fund until year 2007 and using an amount of 20 cents per every exported 1 kg received from treasury grants for the subsequent years and, there was a balance of Rs.44,000,497 in 58 accounts at the end of the year. An amount of Rs.11,814,955 had been repaid to the respective mill owners from those accounts from the year 2019 to the year 2023.

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| <p>(b) Section 51 of the Coconut Development Act No. 46 of 1971 as amended by Act No.24 of 1975 and paragraph 3 of the Schedule I in the Extraordinary Gazette No. 69/4 dated 31 December 1979</p> | <p>Although the authority should prescribe and maintain the quality standards of the exported coconut products eventhough the coconut-related products (excluding desiccated coconut) of 172,685 metric tons worth U.S. \$ 277,510 had been exported in the year 2023.</p> | <p>Product certification was the first globally recognized regulatory and product quality assurance method. In here, decisions were made about the overall production by taking samples of the products and analysing them. Nevertheless, in the face of rapidly developing technological methods and knowledge, it has been accepted that the quality of a product is determined by the certification of the relevant systems. In here, the related product system is being certified instead of the products. Quality of the entire product will be protected through this system certification as all the conditions that can harm the quality of the products are prevented or</p> | <p>The authority should prepare, maintain and monitor the quality standards of the exported coconut products.</p> |
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controlled during the production process.

- (c) Sections 3 and 4 of Internal Circular No. පොසංඅ/දිපො/මෙඊ/87/15 dated 10 December 1987
- Although the collection of samples of 25 percent of the daily production to test desiccated coconut products which exports to special markets such as USA, Canada, Australia, New Zealand etc. related to the testing, sampling, quality assurance and export of desiccated coconut products and check whether the samples collected are in accordance with the specifications of Sri Lanka standards should be done, although 5,082 metric tons of desiccated coconuts had been exported to those countries in the year 2023, only 10 percent of the samples had been collected for testing.
- The basis on which samples should be obtained during this inspection has been decided according to the needs of the buyers in the respective countries during the year 1987. Currently, since the most accepted method is not the product certification instead of the certification of the relevant systems, the requirements of such testing have not arisen from those countries. Since the Coconut Development Authority has mandated system certification for all desiccated coconut industries, sampling on a continuous basis of 25% has not been submitted for testing. However, the circulars enacted nearly 40 years ago have been added to the action plan of 2024 to bring them up to date.
- The authority should comply with the internal circulars issued and circulars should be revised and approved as necessary.

## 2. Financial Review

### 2.1 Financial Results

The operating result for the year under review was a surplus of Rs.170.79 million and the correspondingly previous year's surplus was Rs.98,651,996. Accordingly a growth of Rs.72,136,326 was observed in the financial result. This growth was also mainly due to increases in the income of testing laboratory, fresh coconut field inspection and processing fee income, king coconut field inspection and processing fee income and investment interest income by Rs.35,265,218, Rs.97,091,468, Rs.59,807,950 and Rs.37,561,675 respectively and the decrease in capital development expenses of processing development division by Rs.11,813,364 compared to the previous year.

- 2.2 Compared to the year 2022, recurrent grants had been decreased by 35 percent in 2023 and registration fee income had been increased by 24.56 percent. Also, the inspection processing

fees for fresh coconuts and inspection processing fees for king coconut had been increased by 228 percent and 86 percent respectively. Container inspection fee income had been decreased by 31 percent and coconut income had been increased by 34 percent. Operating expenses had been increased by 17 percent and, capital and development expenses in processing and development division and marketing research and development division had been decreased by 56 percent and increased by 96 percent respectively.

### 2.3 Ratio Analysis

Current and quick asset ratios were 5:1 and 5:1 in the year under review and those ratios were 6:1 and 6:1 in the previous year.

## 3. Operational Review

### 3.1 Management Inefficiencies

Audit Observation	Comments of the Management	Recommendation
(a) The coconut productivity in the years 2021, 2022, 2023 in Dunkannawa Estate was 72,460, 65,365 and 57,289 respectively. Accordingly, it was observed that the annual coconut productivity is decreasing at a significant level and a decrease in productivity of about 21 percent was observed in the year under review compared to the year 2021.	Coconut yields are varied from year to year. Climatic factors and usage of fertilizer directly affect coconut yield. According to the annual data of the Coconut Research Institute, the overall coconut yields in Sri Lanka has gradually decreased in the years 2021, 2022, 2023.	The authority should take necessary actions to increase coconut productivity.
(b) The activities of the Coconut Oil Price Stabilization Fund, which was started with the objective of "controlling the price by purchasing coconut products in bulk and releasing them to the market according to the up and down of prices", had not taken any action to achieve the objectives for about 37 years.	Action has been taken to use money existed in this fund to two types of loan scheme to facilitate the financial facilities to industrialists for the development of the coconut industry. This money has been invested in this way until release those loan amounts as requirements.	Immediate action should be taken to fulfil the objectives of the fund.
(c) Although 25 of 5-star certificates given by the Authority to confirmed that there is no aflatoxin in the coconut oil products of the coconut oil producers, that it is produced naturally without adding any chemicals and that the entire	The industrialists who produced the quality coconut oil with five stars logo produce the quality coconut oil and release it in the market at a higher price. Due to the fact that the consumer only purchase cheap coconut oil products in the market	The authority should provide financial support, knowledge and other facilities to the coconut oil producers to reduce their production costs to



- production process is carried out with standards have been obtained by 11 coconut-related production companies in 2022, the companies which had obtained 7 5-star certificates in 2022 had obtained only 3 5-star certificates in 2023. Accordingly, it was observed that the interest of high quality coconut oil producers to improve the quality of their products is decreasing.
- since the economic crisis in the year 2022-2023, the manufacturers of coconut oil with the five stars logo have temporarily suspended the production of that coconut oil and have been tempted to produce coconut oil without five stars and tend to produce coconut oil without five stars. Testing of coconut oil samples has been temporarily suspended under that situation.
- provide quality products to customers at affordable prices.
- (d) Although the authority had carried out 101 testings of mixed coconut oil in the local market in the year under review and 13 deviations had been detected, those testings had not been effective since the relevant institutions, the Ministry of Health and the Consumer Authority had not been informed or complained regarding that.
- Based on the deviations identified during the market coconut oil sample testings in the year 2023, the identified stores and identified coconut oil production institutions were informed through the field officers. Nevertheless, the main problem that arose here was the difficulty of identifying the coconut oil producers, as the store owners mostly purchase the coconut oil products through intermediaries, even though the stores can be identified. Intermediaries were informed through the field officers, and store owners were also informed about the sale of high quality coconut oil.
- The responsibility of providing high quality products to the consumers should be fulfilled by increasing the tests conducted in the local market and reporting the deviations to the proper authorities and getting them corrected.
- (e) Approval had been given to one exporter who has not obtained registration as per Board Paper No.609/Sales/02 dated 27 December 2022 only in 03 cases to issue temporary permits for the export of coconut-related products without completing the registration. However, in the year under review, 18 exporters who were issued temporary permits had been approved for 1 to 5 additional export cases contrary to the above board decision.
- The board approval has been received to issue 03 temporary permits per year for one institute from the Sales Development and Research Division to the institutes which have not obtained the annual registration in the marketing development and research division for the products related to the relevant year and intend to take orders by giving their samples of the products to the importers before commencing the exports, or who have not applied to the Processing Development Division for obtaining the registration as a manufacturer
- Exporters should be encouraged for regular and quality exports through valid registration.

due to have any defects. Action has been taken to issue more than three permits with the aim of providing facilities to the exporters beyond the inflexible and strict regulations to increase their exports and for new buyers to have confidence in their exports for a long time.

- (f) As the authority has to submit recommendations to the bank while providing loan facilities for new industrialists, time period for recommending loan applications was from 32 to 105 days according to the sample inspection and therefore, it was observed that there is a delay in taking loans to the beneficiaries.
- A committee was appointed to examine the applications for the Kapruka Jaya Isura Loan Scheme in the year 2023. Accordingly, the letters sent from the bank for loan registration were forwarded to the said committee. The recommended letters have been forwarded to the bank after receiving the recommendation of the committee and obtaining follow-up reports on some of the applicants.
- Coconut producers should be correctly identified and recommendations related to obtain loan facilities should be given without delay.
- (g) It was observed during the physical inspection that, an area of 1,183 square feet on the first floor where the processing division of the authority's Fort office is established, and an area of 190 square feet on the third floor are unused and, It was observed during the audit that the electricity cost of the entire building for the year 2023 was Rs.2,176,119, of which Rs.614,241 or 28 percent was the electricity cost of the ground floor which is underutilized and therefore that expense was an uneconomic expense.
- This authority consists of 05 main divisions according to its task, of which the marketing development and research division and the processing development division, which contribute most to fulfil the needs of coconut-related producers and exporters of coconut-related products, have been installed in the Fort office building. Apart from that, the internal audit division and library have also been installed in this building. Due to a fire on the first floor of this office building, that floor has to be repaired and, after the completion of those repairs, the processing development division of this authority has been installed on that floor.
- The office premises of the authority should be utilized effectively with maximum capacity.
- (h) According to the paragraph 13.4 of the Memorandum of Understanding for the Jaya Isura Loan Scheme, although the technical training works,
- This loan scheme was introduced when the coconut oil programs was implemented in 2023. Apart from this, the loan scheme was also introduced at the booths of the
- The necessary coordination for enterprise development activities should be formalized

management training and other identified training programs should be organized and coordinated within the Enterprise Development Training Project of Loan Applicants, the authority had not carried out those activities. exhibition grounds. Accordingly, separate programs have not been implemented regarding the Kapruka Jaya Isura loan scheme as per the decision taken to manage public funds. as per the agreement.

### 3.2 Procurement Management

Audit Observation	Comments of the Management	Recommendation
(a) During the procurement for the purchase of 50 computer tablets, the authority had incurred a financial loss of Rs. 1,522,600 due to the fact that, after receiving a price of Rs.117,700 from one company, later call quotation again and 46 tablets were purchased for Rs.150,800 from the same company by ignoring the previous price.	The price of Rs.117,700.00 offered for a tab computer with 4GB RAM capacity is the price offered as an option when the quotations were called for the purchase of tab computers with 6GB RAM capacity. In the second instance, the quotations were called for the purchase of Tab computers with 4GB RAM capacity and the prices offered in the first quotations cannot be applied in the calling of second quotations as its were two quotation.	Procurement activities should be conducted in most favourable manner to the entity by calling quotations in accordance with the authority's requirements and by preparing pre-procurement plans properly.
(b) Although 28 Lux meters and 27 JR Thermometers purchased by the authority for Rs.1,103,915 were received by the authority on 8 December 2023 and 30 October 2023, it was observed during the audit that, all the equipment were kept unused in the warehouse until 29 February 2024 which was the audit date and the warranty period of one year was passes idly.	These goods have been given to the field officers for a related purpose by now.	The governing authority should ensure that the equipments procured are used in the respective activities and non-essential purchases are not made.
(c) The authority had temporarily cancelled 02 items of the procurement plan prepared for the year under review without implementing and, 10 projects could not be completed during the year under review. It was further	Approval was received on 29.07.2023 for the commencement of capital expenditure in the year 2023 and, after which the approved works were commenced. Among the works that failed to be completed	Procurement plans should be prepared in a timely and efficient manner and, necessary amendments should also be made for that.

observed during the audit that, a proper study was not done regarding the ability to perform the related tasks while preparing the procurement plans.

during the reviewed year, the quotations were called on 07.08.2023 for the construction of Toilet for Workers and Renovation of Toilets (3) for staff, and the contract was awarded on 11.10.2023. During this period, the Dunkannawa area, where the construction was being carried out, was unable to carry out the construction due to rain. It has not been possible to complete the relevant contract work on 31.12.2023 by extending the performance guarantee period.

(d) A performance guarantee had not been obtained at the time of awarding the contract for the purchase of tablet computers, thermometers and lux meters at Rs.8,040,715 on 21 December 2023 in non-compliance with paragraphs 5.4.10 and 8.9.1 of the Government Procurement Guidelines and contract had also not been signed with the supplier company. The 41 tablet computers were purchased for the authority's field officers on 28 December 2018 and 3 November 2019 and given for them and, 46 tablet computers were purchased again for those officers within a period of about 4 years.

The 41 tab computers obtained for field officers in 2018 were used for 5 years from 2019. The field officers contact the top management of processing development division using Zoom technology and Whatsapp technology and currently, the field officers are carrying out their duties using the tab computers purchased in 2018. It is not possible to perform the tasks efficiently by using tab computers that are about 05 years old while accessing the data systems and performing other duties and also most of the tab computers are broken-down.

Public funds should be utilized at optimum level and procurement should be efficient and effective.

### 3.3 Idle or Underutilized Property Plant and Equipment

Audit Observation	Comments of the Management	Recommendation
(a) Although the authority planned to carry out the activities by the business service center established using the 1,162 square feet ground floor of the authority with 5 units including a call center unit to solve customer problems over the phone, a customer care unit to identify	The main objective of the business service center established on the ground floor of the Pettah Office of the Coconut Development Authority is to act as the main hub for coconut related products and exporters in Sri Lanka to provide services to	Plans should be prepared only after a proper feasibility study and those plans should be implemented effectively.

foreign customers by introducing diamond, platinum, gold and silver membership cards to provide better service to customers, a marketing intelligence unit to provide domestic and international coconut-related data to consumers by the authority, an information technology unit to provide information and collect information in quality assurance, processing development and marketing divisions and planning unit to plan all the activities of this center, none of the above work had been done in the year under review.

the stakeholders engaged in the coconut related products industry. It was further expected to provide the services of the Coconut Development Authority to the manufacturers and exporters of coconut-related products as a fast service, and to internationally provide a unique brand name for Sri Lankan coconut-related products in the international market. However, many industrialists have tended avail their services online due to the current situation and come to this center and obtain services were at low level.

(b) Although Dunkannawa Coir Development and Training Center was established in 2006 as a training center to develop the coir industry, It was observed that the objectives of establishing the training center were not fulfilled and all the existing assets were idly decaying as training courses were not held in the year 2023, 14 of the 18 machines in the factory were in a non-functional condition and the machines that were in working condition were also in a condition to be repaired.

Since huge cost has to be incurred to maintain the machinery of Dunkannawa Coir Development and Training Center or to remove the obsolete machines and install new machines and put back into working condition and, since the authority operates according to the Establishment Code, rules and regulations of the Financial Regulations and Acts, it is not practical to run under it, action will be taken to discuss with the coir industry workers to carry out these tasks through the intervention of the public-private partnerships by following the instructions given in the previous COPE Committee.

Necessary actions should be taken without delay to ensure efficient and effective utilization of assets.

#### 4. Accountability and Good Governance

##### 4.1 Annual Action Plan

Audit Observation	Comments of the Management	Recommendation
(a) According to the 2023 action plan of the authority, although there are 168 physical targets in 6 tasks related to expanding exports,	Resolving coconut-related export disputes - Although it was expected to receive about 06 complaints related to exports, the	Plans should be prepared and implemented effectively only after a proper feasibility study.

providing facilities for diversifying exports, expanding production by 5 percent and regulating the processing development division related to coconut products, only 23 of those physical targets had been completed. And also, the percentage of achieving physical targets were between 1 and 60 percent.

authority received only one complaint related with exports in 2023. Although 2 surveys are expected to be conducted under the provision of facilities for export diversification, one survey has been completed in 2023. It is a work done with an external party under the establishment of new industries outside the coconut triangle under the P2 program and if the entrepreneurs make a request, the authority will study about that and will give permission to start the industry. Although 20 training programs to educate industrialists to produce quality coconut oil were planned to be held throughout the year in the 2023, only 07 of them have been conducted.