

Head - 151 Ministries of Fisheries, Aquatic and Ocean Resources

1. Financial Statements

1.1 Qualified Opinion

Head 151 - The audit of the financial statements of the Ministry of Fisheries, Aquatic resources and Ocean Resources for the year ended 31 December 2024 comprising the statement of financial position as at 31 December 2024 and the statement of financial performance and cash flow statement for the year then ended was carried out under my direction in pursuance of provisions in Article 154(1) of the Constitution of the Democratic Socialist Republic of Sri Lanka read in conjunction with provisions of the National Audit Act, No.19 of 2018. The summary report containing my comments and observations on the financial statements of the Ministry of Fisheries, Aquatic and Ocean Resources was issued to the Chief Accounting Officer on 27 May 2025 in terms of Section 11(1) of the National Audit Act, No.19 of 2018. The Annual Detailed Management Audit Report relevant to the Ministry was issued to the Chief Accounting Officer on 20 June 2025 in terms of Section 11(2) of the Audit Act. This report will be presented to the Parliament in pursuance of provisions in Article 154(6) of the Constitution of the Democratic Socialist Republic of Sri Lanka 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 paragraph 1.6 of this report, the financial statements of the Ministry of Fisheries, Aquatic and Ocean Resources for the year ended 31 December 2024 give a true and fair view of the financial position, financial performance and cash flows, all materialities consistent with the basis for preparing financial statements mentioned in note 1 related to the financial statements.

1.2 Basis for Qualified Opinion

My opinion is qualified based on the matters described in paragraph 1.6 of this report. I conducted my audit in accordance with Sri Lanka Auditing Standards (SLAuSs). My responsibility for the financial statements is further described in the Auditor's Responsibilities Section. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

1.3 Emphasis of the Matter - Basis of preparing Financial Statements

The attention is drawn to the Note 1 related to the Financial Statements which describes the basis of preparing these financial statements. The financial statements have been prepared as per the Financial Regulation 150, 151 and the State Accounts Guideline No. 06/2024 dated 16 December 2024 amended on 21 February 2025 for the requirement of the Ministry of Fisheries, Aquatic and Ocean Resources, General Treasury and the Parliament. Consequently, these financial statements may not be suitable for other objectives. My report is only for the use of the Ministry of Fisheries, Aquatic and Ocean Resources, General Treasury and the Parliament. My opinion on this matter is not modified.

1.4 Responsibilities of the Chief Accounting Officer and the Accounting Officer for the Financial Statements

The Accounting Officer is responsible for the preparation of financial statements that give a true and fair view on all the materialities in accordance with the Financial Regulation 150, 151 and the State Accounts Guideline No. 06/2024 dated 16 December 2024 amended on 21 February 2025 and for the determination of the internal control that is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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 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.

1.5 Auditor's Responsibilities for the Audit of the Expenditure Statement

My objective is to obtain reasonable assurance about whether Expenditure Statement as a whole is 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 Expenditure Statement.

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 Expenditure Statement, 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 Ministry'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 Expenditure Account represents the underlying transactions and events in a manner that achieves fair presentation.

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

1.6 Comments on the Financial Statements

1.6.1 Accounting Deficiencies

(a) Non-financial Assets

Audit Issue	Comments of the Management	Recommendation
(i) As per computer printed notes No.SA 10 expenditure summary format, though the capital expenditure in relation to development of fisheries industry in 2024 was Rs..2,617,782,669, an amount of Rs.2,615,558,561 had been indicated as acquisitions in 2024 with regard to the development of fisheries industry in the statement of non-financial assets. There was a difference of Rs.2, 224,108 in the purchases in the statement of non-financial assets.	Since these development projects had been implemented in the preceding year also, the assets of the certain development projects had been entered into the system as an addition of the assets in the preceding year and it had not been shown in the system as purchase in 2024. As a result of that, this difference had occurred. The action had been taken to separately enter the assets as the assets in that year itself in accounting the assets in the future.	The acquisitions of capital assets should be accurately indicated in the statement of non-financial assets.
(ii) The goods with valuation amount of Rs.79, 770 to be disposed in relation to the board of survey 2023 had been auctioned to Rs.168, 820 on 25 July 2024 and the cost of such goods disposed had not been removed from the statement of cumulative non-financial assets SA 82 in the financial statements. As a result of that, the balance of disposal of assets in the statement of non-financial assets is not accurate.	The step had been taken to enter the goods disposed into the system in this year.	The cost of the goods disposed should be indicated in the disposals of the statement of non-financial assets.

(b) Lack of Audit Evidence

Audit Issue	Comments of the Chief Accounting Officer	Recommendation
The provisions of Rs.850,000,000, Rs.600,000,000 and Rs.400,000,000 had been allocated to National Aquaculture Development Authority, National Aquatic Resources Research and Development Agency and Ceylon Fisheries Harbor Corporation respectively for recurrent and capital expenditure through revised budget estimates. Similarly, an additional provision of Rs.97, 874,000 had been allocated to National Aquaculture Development Authority for the development infrastructure facilities in the fisheries sector through the supplementary provisions. Though these 03 institutions are regulated under the ministry, it couldn't be verified the accuracy of such expenditure in the audit that owing to non-submission of the expenditure reports including the details on how such expenditure of Rs.1, 800,563,766 had been incurred out of the provision allocated in 2024 and the information reports prepared enabling to separately identify the progress of each project. Even though the formulation, implementation, follow up and evaluation of policies, programs and projects related to the subjects of the departments, statutory bodies and public corporations under the fisheries subjects and ministry based on the state policies implemented by the government had been indicated as a main task of the revised estimate of the Ministry of Fisheries in 2024, the follow-up activities and evaluation on these institutions had not been carried out by the ministry.	The follow-up activities and evaluation in relation to remaining capital provision of Rs.449.89 million after deducting the recurrent expenditure from this provision are quarterly performed by the Planning Division and Development Division of this ministry. At the special occasions, the necessary instructions are also issued. In addition, the information depicting how the provision is utilized in request of monthly imprest requirement by these institutions is provided by Accounts Division.	The follow-up activities and evaluation should be carried out by ministry in relation to formulation, implementation, follow up and evaluation of policies, programs and projects related to the subjects of the departments, statutory bodies and public corporations under the fisheries subjects and ministry.

2. Report on Other Legal Requirements

The express the following matters in terms of section 6(1) (d) of the National Audit Act No.19 of 2018.

(a) The financial statements are consistent with the preceding year.

(b) The following recommendations made by me on the financial statements of the preceding year had not been implemented.

Paragraph reference of the report in the preceding year	Recommendations not implemented	Paragraph reference of this report
1.6.1 (e)	Non-submission of the details required for audit	1.6.1 (c)

3. Financial Review

3.1 Expenditure Management

Audit Issue	Comments of the Chief Accounting Officer	Recommendation
The total provision of Rs.7,570,151 allocated for 05 objects had remained.	The provisions had remained due to the reasons such as payment of the provision for rates and tax of minister's staff project from the provision allocated for the rates and tax object 151-1-2-0-1404 of institutional and administration project, payment of the vehicle insurance expenses from the provision allocated for ministry administrative project, remained the provisions in the objects 151-1-1-0-2001-0/11 and 151-1-1-0-2002-0/11 due to restriction of incurring expenditure of minister's offices on the changes in the administration occurred in 2024 and attachment an old vehicle after repairs to relevant officer in ministry instead of purchase of a vehicle under operating lease.	The provisions allocated should be utilized for the expected tasks.

3.2 Entering into Liabilities and Commitments

Audit Issue	Comments of the Chief Accounting Officer	Recommendation
In accordance with the liability register maintained by Ministry of Fisheries, the liability balance was Rs. 1,190,000 as at 31 December 2024 and the liability balance was Rs.1,790,000 on that date as per SA 92 Treasury cumulative commitment liability report and a difference of Rs.600,000 had existed.	This is an aggregate of liabilities reported in 2022 by Mannar District Secretariat and the action is being taken to remove it from the liability report in this year.	As per the liability register and SA 92 treasury cumulative commitments liabilities report, the changes in the liability balance should be identified and the required adjustments should be made.

3.3 Non-compliance with laws, rules and regulations

Reference to laws, rules and regulations	Audit Issue Non-compliance	Comments of the Chief Accounting Officer	Recommendation
(a) Financial Regulations of Democratic Socialist Republic of Sri Lanka F.R. 104(1)	It had been reported from annual board of survey reports 2023 that all government inventory goods provided from the inventory list of Ministry of Fisheries for the official residence located in No.18/146, B,Muhandiram E.B.Dabare Mawatha, Narahenpita allocated for the post of Secretary of Ministry of Fisheries had misplaced and the door, windows and locks hinged to the building and fixtures of the building had been unfixed. The action had not been taken as per Financial Regulations on loss of Rs.1, 808,262 occurred in this regard and the responsible parties had not been identified.	In accordance with Financial Regulation 104, the preliminary inquiry had carried out and it had been lodged a complaint in Narahenpita Police Station related to this.The actions are being taken to identify the responsible parties for that.	The action should be taken as per Financial Regulations for this loss and damage and the action should be taken to recover the loss having identified the responsible parties for this.

3.4 Deposits

Audit Issue	Comments of the Chief Accounting Officer	Recommendation
An amount of Rs.747, 736 remained without incurring from the provisions received from various persons and institutions for “Fisheries Day 2023” program in 2023 had been retained in the General Deposit Account.	An amount of Rs.447,736.50 received for Fisheries Day Program under the financial aids had been credited to the Government Revenue on 24.03.2025.The suitable measures will be taken in relation to balance money in the future.	The funds received for the program should be incurred for the program in the relevant year.

4. Operational Review

4.1 Planning

Audit Issue	Comments of the Chief Accounting Officer	Recommendation
Even though the aggregate provision of Rs.82,500,000 had been allocated for 05 projects in relation to development of infrastructure facilities in the fisheries sector including in annual action plan in 2024, the physical progress related to that was less than 50 percent for 04 projects and the progress of one project was 50 percent. Similarly, it had not been revealed in the audit that what is the physical performance in relation to another project included in the annual action plan.	The estimates had been prepared on ITI report to be obtained from NARA for the proposed excavations of Arugambe Lagoon and final bills of quantities on Arugambe sand excavations and their final payments had been made. The Cabinet Decision prepared for obtaining the approval to a private company for removing sand collected in Nandikadal Lagoon and estuary mouth had been received. The reasons such as implementation of the preparation of Initial Environmental Examination for cleaning Nayar Lagoon to be prepared by NARA in the final phase, existing of the land issues in Nandikadal and Kokilai Lagoons for project 1.3, stoppage of project due to change of plan for project 1.4 and non-implementation of project owing to not providing of police security for project 1.7 had caused the decrease of the physical performance of these tasks.	The action should be taken to adequately achieve the planned tasks included in the annual action plan.

4.2 Delays in fulfillment of the projects

	Audit Issue	Comments of the Chief Accounting Officer	Recommendation
(a)	The period of contract of Gandara Fishery Harbor Project which is due to be completed the constructions on 06 December 2023 had been extended up to 23 December 2024. The delay interest payment of Rs.206,826,720 up to 31 December 2024 to the relevant contract company due to delay of payment for 38 interim payment certificates submitted up to that date by ministry. Since the government provision had to be utilized for additional delay interest payments in this manner, a financial loss had occurred to the Government from that amount.	The answers had been called from the Development Division of the ministry and once the answers will be received, it will be submitted.	The step should be taken to complete the project activities on due date and the action should be taken to minimize the loss after negotiating with relevant institute on delay interest payment.

- (b) It had been estimated to produce 15,000,000 post larvae by Project for prawn post larvae depositing in the lagoons in 2023/2024 by National Aquatic Resources Research and Development Agency and only 3,444,000 post larvae had been deposited as per the progress of such project. Since these larvae had to be removed from breeding centers and sterilized due to being vectors of baby prawn and mother prawn within the breeding centers used for the project, aforesaid project couldn't be implemented. An amount of Rs.20, 317,000 had been incurred by ministry for this project in 2023 and 2024 and the project had been halted in half way without fulfillment of the expected objectives.
- The mother prawn and prawn post larvae which are brought to the breeding centers for obtaining fingerlings are examined for 08 diseases and if those fish is positive for one disease, those fish are removed from the breeding center and sterilized. Furthermore, the fingerlings are developed in the breeding centers about 30 days and examined for above 08 diseases. If the sample is positive, the fingerlings are removed. It had been mentioned by National Aquatic Resources Research and Development Agency that it is difficult to fulfill the targets as expected on this process.
- The expected objectives should be fulfilled through the projects and the required follow-up activities should be also carried out.

4.3 Procurements

Audit Issue	Comments of the Chief Accounting Officer	Recommendation
(a) As per section 4.4 of Selection and Employment of Consultants Guideline, a personal consultant should be selected by comparing the qualifications of 03 or more candidates who had been directly included by the procurement entity or had given consent for the paper advertisement. The contract had been awarded to such individuals who had forwarded one application for one post for the posts such as Resettlement and Land Vesting Specialist, Assistant Engineer and Quantity Surveyor which are the consultant posts of fishery harbor projects of ministry. The contract had been awarded to one person out of two who had applied for post of Client Representative Project Engineer and a payment of Rs.20,724,925 had been paid up to 31 December 2024.	This officer had been recruited under national procurement bidding and the selection had been made taking into account more advantageous and effectiveness as economically to the Government.	The action should be taken as per selection and Employment of Consultants Guideline.

- (b) Even though it had been published to recruit as personal consultancy services for fishery harbor projects in the paper advertisement published on 16 August 2021 for the recruitment of above consultant posts, the agreement had been entered into by both parties as personal consultants only for Gandara Fishery Harbour Project in signing the agreements. Because the paper advertisements had not been published by including accurate information for such posts owing to this reason, the opportunities for selection of well qualified consultants had avoided.
- The answers had been called from Development Division of ministry and once the answers will be received, it will be submitted.
- The paper advertisements should be published including the accurate information in relation to the posts for recruitment.

4.4 Asset Management

Audit Issue	Comments of the Chief Accounting Officer	Recommendation
<p>The land in extent of 110 perches indicated as lot X in plan No.SSP 430 located in Dickowita Fishery Harbor had been transferred to Ministry of Fisheries and Aquatic Resources by a vesting certificate by Wattala Divisional Secretary on 29 December 2022 in terms of the Land Acquisition Act. However, the above-mentioned plot of land which has no legal ownership had been leased to a private company by Ceylon Fishery Harbour corporation on monthly lease rental for a period of 20 years from 04 October 2021 and this had been done without monitoring of the ministry. The step had not been taken to legally transfer this land to Ceylon Fishery Harbor Corporation by ministry even up to 31 December 2024 and consequently, the corporation was unable to take legal action in the lease agreement to recover outstanding lease rental of Rs.2, 335,438 and late fee of 2 percent from such private company as at 31 December 2024.</p>	<p>The answers had been called from Development Division of ministry and once the answers will be received, it will be submitted.</p>	<p>The action should be taken by ministry to legally transfer this land to Ceylon Fishery Harbour Corporation in order to get the legal measures in the agreement for recovery of outstanding lease rental of Rs.2, 335,438 and late fee of 2 percent due from such private company.</p>

4.5 Losses and Damages

Audit Issue	Comments of Chief Accounting officer	Recommendation
(a) It had been revealed through Financial Regulation 104 inquiry report dated 12 June 2024 that the damages occurred to the goods and properties in sixth and seventh floors due to leakage of rain water through the beams and slabs of the building owing to the negligence of the contract company in carrying out the constructions of construction of additional three floors project in the building in which the Ministry of Fisheries is located is a damage under Financial Regulation 103 and even though it had been recommended by such report that it is suitable to take action to recover the total expense in relation to the impairment of Rs.610,996 occurred to the ministry from the contract company, it had not been recovered.	This information had not been reported in such statement due to fault of reporting information and the instructions had been given to the officers to accurately take action in the future.	Since it had been recommended by said report that it is suitable to take step to recover the total expense related to the impairment, the action should be taken accordingly.

4.6 Management Weaknesses

Audit Issue	Comments of Chief Accounting Officer	Recommendation
(a) It had been mentioned that this breeding process of producing of prawns post larvae for the prevention of diseases in commercial prawns industry should be strictly monitored and an officer in NARA institute should be fully engaged in monitoring of breeding activities and it is essential to physically monitor in accordance with the letter No. MF/SD/03/NARA/02-2023 dated 06 November 2023 sent to Director General of National Aquatic Resources Research and Development Agency by the Secretary of ministry in relation to deposit post larvae in lagoons project implemented in 2023/2024. But no evidence for fully engagement of an officer for monitoring the breeding centers by NARA was observed in the audit and no follow-up activities had been performed by ministry whether the action had been taken related to above letter sent to the institutions.	The answers had been called from Development Division of ministry and once the answers will be received, it will be submitted.	The action should be taken to carry out follow-up in relation to relevant process.

5. Human Resource Management

Audit Issue	Comments of Chief Accounting Officer	Recommendation
(a) As at 31 December 2024, there were 09 vacancies in relation to 30 posts in senior executive level, 01 vacancy in relation to 04 posts in the tertiary level, 69 vacancies in relation to 164 posts in the secondary level and 03 vacancies in relation to 40 posts in the primary level and 02 vacancies in relation to 03 posts in other level for filling such vacancies of the Ministry of Fisheries. The ministry had failed to fill such vacancies even up to 24 July 2025.	The letters had been forwarded to Ministry of Public Administration on 04.03.2025 requesting to fill the existing vacancies.	The action should be taken to fill the vacancies in the essential posts.
(b) As per paragraph 2.1 of the letter No.CA/1/17/1 dated 14 May 2010 of the Secretary to President, though the support staff who re employed in the office of Hon.Minister should not be exceeded 15, the actual minister's staff was 19 as at 31 December 2024. Accordingly, there were 04 excess in the staff. Furthermore, the post Assistant Secretary (Trade Unions and Employee Relations) had existed as a post contrary to paragraph 2.1 of this circular.	In accordance with the decision taken at the Cabinet Meeting held on 21.09.2020, an officer had been appointed for the post of Advisor to Minister. Moreover, an approval had been granted to appoint an another Advisor to the minister's staff by the letter No. PS/CSA/00/03/16 dated 02.03.2022 of Secretary to the President Furthermore, since the Media Secretary is entitled to an assigned vehicle as per the letter No.CA/1/17/1 dated 14.05.2010 of the Secretary to the President, a driver had been appointed. In accordance with the Cabinet Decision dated 14.12.2020, an officer had been appointed for the post of Assistant Secretary (Trade Union Relations).	The recruitments should be made not exceeding the number of posts mentioned in paragraph 2.1 of the letter no.cA/1/17/1 dated 14 May 2010 of the Secretary to the President.