

Rubber Replanting Subsidy Fund

1. Financial Statements

1.1 Adverse opinion

In my opinion, because of the significance of the matters described in paragraph 1.2 of this report, the financial statements do not give a true and fair view of the financial position of the Rubber Replanting Subsidy Fund as at 31 December 2012 and its financial performance and its cash flows for the year then ended in accordance with Generally Accepted Accounting Principles.

1:2 Comments of Financial Statements

1:2:1 Going Concern of the Institute

Even though accounts on the non-going concern basis, should have been presented in accordance with the provisions in the Act for liquidation of the Fund in dormant condition, it had not been so done.

1.2.2 Accounting Deficiencies

The following observations are made.

- (a) The fixed assets valued at Rs.63,433,233 belonging to the Rubber Replanting Subsidy Fund had not been physically identified. Provision for depreciation amounting to Rs.904,699 had been made in the year under review for these assets not utilized for operating activities.
- (b) Air-conditioners and furniture amounting to Rs.7,609,866 had been posted in one account.

1:2:3 Lack of Evidence for Audit

The following items could not be satisfactorily vouched or accepted in audit due to the non-submission of the evidence indicated against each item.

Item	Value	Evidence not made available
-----	-----	-----
	Rs.	
(a) Fixed Assets	63,438,233	Board of Survey Reports, Register of Fixed Assets and Title Deeds.
(b) Advances	15,220,514	Detailed Schedules, Confirmation of Balances.
(c) Advances to Public Officers	9,617,628	Detailed Schedules, Confirmation of Balances.
(d) Balances Receivable	96,544,110	Source Documents, Confirmation of Balances.
(e) Balances Payable	18,871,810	Detailed Schedules and confirmation of Balances.

1:2:4 Accounts Receivable and Payable

The following observations are made.

- (a) Action had not been taken over a period of 08 years for identification and recovery of 13 balances amounting to Rs.96,544,110 shown under the current assets.
- (b) Fourteen items of liabilities amounting to Rs.18,871,810 exist over a period of about 07 years. Action had not been taken to identify and settle the liabilities.

2. Financial Review

2:1 Financial Results

According to the financial statements presented, the operations of the Fund for the year under review had resulted in a deficit of Rs.383,580 as compared with the corresponding deficit of Rs.392,390 for the preceding year, thus indicating an improvement of Rs.8,810. The total income of the Fund had been earned from interest on investments and that amounted to Rs.561,119.

3. Operating Review

3:1 Performance

3:2 Going Concern of the Fund

The letter dated 21 October 2011 issued by the Department of Public Finance had instructed that action should be taken to liquidate the Fund not in operation at present in accordance with the provisions in the relevant Act, and to settle the assets and liabilities appearing in the audited accounts prepared as at 31 December 2010 and obtain the concurrence of the Auditor General for that. Nevertheless, action in accordance had not been taken even up to 28 June 2013.

4. Accountability and Good Governance

4:1 Budgetary Control

A budget had not been prepared for the year under review as no expenditure is incurred annually under the Fund.

5. Systems and Controls

Special attention is needed in respect of the following areas of control.

- (a) Accounting
- (b) Settlement of Advances
- (c) Debtors/Creditors Control
- (d) Fixed Assets