

Thurusaviya Fund - 2022

1. Financial Statements

1.1 Opinion

The audit of the financial statements of the Thurusaviya 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(1) of the Constitution of the Democratic Socialist Republic of Sri Lanka read in conjunction with Thurusaviya Fund Act No. 23 of 2000, provisions of the 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, the accompanying 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 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 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 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 Company 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 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 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 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 Company 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 Company;
- Whether the Fund has performed according to its powers, functions and duties; and
- Whether 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 Observation on the Preparation of Financial Statements

1.5.1 Accounting Deficiencies

Audit Observation	Comments of the Management	Recommendation
The value of 89 units of wooden furniture equipment received from the Ministry of Plantation in 2018 as a donation to the fund had not been included in the financial statements.	Notes are being maintained in the inspection register of the institute and necessary action will be taken to assess the value of these goods.	Assess the value of assets received as donations and should be included in the financial statements.

1.6 Accounts Receivable and Accounts Payable

1.6.1 Accounts Receivable

Audit Observation	Comments of the Management	Recommendation
A balance of Rs.826,109 has not been recovered from the advances and loans given by Thurusaviya Fund to 31 Thurusaviya societies in 04 districts of Kalutara, Kegalle, Ratnapura and Gampaha for more than 05 years.	In this regard, letters of demands and legal notices have been made in four times, and although it was possible to recover the majority of the amount, the balance amount has not been recovered so far. Accordingly, it will be expected to try again in this regard or to submit to the management board to be write-off as bad debts.	Necessary steps should be taken to recover the advances and loans.

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

	Reference to Laws, Rules Regulations etc.	Non-compliance	Comments of the Management	Recommendation
(a)	Paragraph 9.1 of Public Finance Circular No. 01/2020 dated	Although the sub imprest should be settled within 10 days after the completion of the tasks	By 31.12.2022 all interim advances have been repaid and accounts have	Action should be taken to settle the advances within

28 August 2020	given to it, it was observed during the audit that the total amount given by the institution in the year 2022 was between 14 and 271 days to settle the 12 sub imprest worth Rs.174,530.	been settled. Action will be taken to avoid such defects in the future.	the prescribed period in accordance with the circular provisions.
(b) Paragraph 3.3 of Public Administration Circular No. 30/2016 dated 29 December 2016	Fuel inspection had not been done as per the referred circular.	According to the circular 30/2016, fuel combustion has not been checked once in 06 months. A year ago the fuel combustion was checked. Action will be taken in the future to check fuel combustion once in every 6 months.	Fuel combustion of vehicles should be checked in accordance with provisions of the circulars.
(c) Financial Regulations of the Government of the Democratic Socialist Republic of Sri Lanka No. 1645(a)	Although vehicle log books should be maintained in an orderly and formal manner for each vehicle, log books were not maintained in relation to three vehicles used by the fund. Also, in the log books that were maintained, the details of vehicles, fuel consumption and repairs were not entered and completed properly.	Log books will be maintained only for the vehicles that are currently in running condition, and action will be taken to complete the deficiencies in the log books.	Vehicle log books should be maintained in accordance with the provisions of F.R.

2. Financial Review
2.1 Financial Results

The operating result of the year under review was a deficit of Rs.3,978,820 and the corresponding surplus of the previous year was Rs.3,543,063. Accordingly, an decrease of Rs.7,521,883 was observed in the financial result. This decline was mainly due to the decrease in treasury and other grants by Rs.34,245,166 and the increase in salaries and employee benefits by Rs.4,943,207.

2.2 Ratio Analysis

In the year under review, the current assets ratio and quick assets ratio was 14:1 and 13:1 and in the previous year the ratios were 27:1 and 26:1 respectively. It was observed in the audit that instead of using the funds in effective long-term investment in the years 2022 and 2021, by maintaining Rs.22,340,522 and Rs.21,865,251 as cash and cash equivalents, the current assets and quick assets ratios had taken large values.

3. Operational Review

3.1 Management inefficiencies

Audit Observation	Comments of the Management	Recommendation
(a) Under the Thurusaviya Fund, 818 Thurusaviya societies were registered in 13 districts, but at the end of the year under review, 293 societies remained inactive.	Over the past few years, problems have arisen with the decrease in the number of members of certain societies due to reasons such as removal of rubber cultivation in some areas and turning to other crops, and the removal of rubber lands due to urbanization. But in the future, the existing societies will be reorganized and integrated and the necessary activities will be carried out.	Action should be made to increase the functioning of the fund by activating inactive societies.
(b) In the year 2020, a jeep received by the fund from the President's Secretariat office was handed over to a garage in November 2021 for repairs, but it was not brought to the office after completion of repairs until May 2023.	Even though the repairs have been completed, the car has been kept in the Matara garage due to non-payment and a police complaint has been filed in this regard, and action will be taken to get the car to the company as soon as possible.	The vehicle should be taken back immediately.
(c) The car that was received by the President's Secretariat on 05 January 2020, was not in running condition since the day it was brought, and since sufficient money was not allocated for the repair of the vehicle, it was parked at the premises of the Thurusaviya Fund for more than three years.	As there was not enough money allocated for the repair of the vehicle, it was not possible to repair it.	The vehicle should be repaired and used.

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| <p>(d) During the year under review, it was targeted to build 20 highly productive and efficient smokehouses with an estimated value of Rs.3,000,000, but by the end of the year, only 12 smokehouses had been built by Thurusaviya societies.</p> | <p>Due to non-availability of financial allocations, it was not possible to complete the construction of all the modern smokehouses. Also, in the year 2022, the fuel crisis and the economic crisis in the country had a direct impact on the progress of this project. However, despite all the challenges, the construction of 12 modern smoking houses has been completed.</p> | <p>The remaining 8 planned smokehouses should be constructed immediately.</p> |
| <p>(e) In the year 2021, 4000 milk knives had been purchased to be distributed to members of the Thurusaviya society on a 50 percent subsidy. During the year under review, only 1,740 knives were distributed to Thurusaviya societies. After 150 knives were also issued for training programs in the year 2023, according to the stock book, the balance of milk knives as at 01 February 2023 was 2,110. During the physical audit on that day, only 1,989 milk knives worth Rs.1,680,705 were remain. That amount of milk knives was also rusted and decomposed in the outdoor part of the upper floor and no measures had been taken regarding the safety of the stock. Written evidence related to the issue of 121 milk knives which was not included in the stock had not been submitted to the audit.</p> | <p>Although 1898 milk knives had been issued for societies and training programs from the purchased milk knives by 01 February 2023, the correct balance could not be found due to the fact that during the physical inspection, the issuance was less recorded in the stock book. After that, action had been taken to correct that. At present, action had been taken to store the stock safely.</p> | <p>A test should be done regarding milk knives. Milk knives available in the store should be distributed among the societies.</p> |