

Head - 151 Ministry of Fisheries

1. Financial Statements

1.1 Qualified Opinion

The audit of the financial statements of the Ministry of Fisheries for the year ended 31 December 2022 comprising the statement of financial position as at 31 December 2022 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 was issued to the Chief Accounting Officer on 26 May 2023 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 13 June 2023 in terms of Section 11(2) of the Audit Act. This report is presented to Parliament in terms of Section 10 of the National Audit Act No. 19 of 2018 to be read in conjunction with Article 154 (6) of the Constitution of the Democratic Socialist Republic of Sri Lanka

In my opinion, except for the effects of the matters described in paragraph 1.6 of this report, the financial statements give a true and fair view of the financial position of the Ministry of Fisheries as at 31 December 2022, and its financial performance and cash flows for the year then ended in accordance with Generally Accepted Accounting Principles.

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

The Chief Accounting Officer is responsible for the preparation of financial statements that give a true and fair view in accordance with Generally Accepted Accounting Principles and provisions in Section 38 of the National Audit Act, No.19 of 2018 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.

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

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 summary 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 and its materiality depends on the influence on economic decisions taken by users on the basis of these financial statements. As part of an audit in accordance with Sri Lanka Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- Appropriate audit procedures were designed and performed to identify and assess the risk of material misstatement in financial statements whether due to fraud or errors in providing a basis for the expressed audit 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.
- An understanding of internal control relevant to the audit was obtained in order to design 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 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.
- Evaluate the overall presentation, structure and content of the financial statements including disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

1.5 Report on Other Legal Requirements

I 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.

Reference to the Paragraphs relating to the Report of the preceding year	Recommendation not implemented	Reference to the Paragraphs of this Report
3.1.1.(c)	Non-presenting details needed for audit.	1.6.1 (e)

1.6 Comments on Financial Statements

1.6.1 Accounting Deficiencies

(a) Reconciliation Statement on the Advances to Public Officers Account

The following observations are made.

Audit Observation	Comment of the Chief Accounting Officer	Recommendation
(i) The total amount of outstanding loan balances of recovery in the Public Services Advance “B” Account was Rs. 1,095,938 and even though Rs. 956,055 that was 87 percent out of that outstanding balances had been lapsed more than 5 years the Ministry had impossible to recover that loan balances even in the year under review.	A committee of tripled person has been appointed regarding recovering outstanding loan balances and recommendations has given by that committee to write of loan balances which could not be recovered by now and recover the loan balances could be recoverable.	Should be recover the outstanding loan balances.
(ii) The total of debit in the Public Services Advance “B” Account as per the treasury books during the year was Rs. 11,763,453 ,as per the department control account the total of debit was Rs. 11,625,453, the total of debit in the consolidated detailed trial balance was Rs. 8,863,593 and the total of credit as per the treasury books was Rs.	The loan amounting to Rs.138,000 of an officer of transferred in remained had been debited to the control account and also the credited to the head of the Ministry. Even though this error has corrected later this difference has occurred due to non -including of correcting that error in to the control account. There has	The balances as per the treasury books should be equal to the balance of control account and the trial balance relevant to it.

10,158,023, total of credits in the department control account was Rs. 10,020,023 and the total of credits in the consolidated detailed trial balance was Rs. 9,860,004

been a difference in the trial balance and this difference has occurred on error in the accounting system when transferring between Ministry and state Ministry accounts by journals.

(b) Deposits

The following observations are made.

Audit Observation	Comment of the Chief Accounting Officer	Recommendation
(i) In terms of F.R. 571(3) action had not been taken to settle or take in to government revenue an amount totaling to Rs. 54,561,722 of deposit balances which had lapsed two years in the Ministry of fisheries.	Information has been called regarding retained deposit money deposited from institutes which attached to the Ministry of Fisheries and action to be taken to credit to the government revenue in future.	In terms of F.R 571 (3) the deposit balances which lapsed 2 years action should be taken to settle or to take to the government revenue.
(ii) Financial assistance of Rs 3,250,000 had been given to the Ministry of Fisheries for World Fisheries Day of Dala Rala Saviya-2022 by various institutes and incurring of Rs, 2,741,648 out of that the balance amount of Rs.508,352 had not been credited to the government revenue.	Action is taken to credit the balance amount of General Deposit account to the government revenue in future by checking further regarding these deposits.	Action should be taken to credit the balance of money retained in the General Deposit account from the amount received for World Fisheries Day of Dala Rala Saviya-2022.
(iii) The total of the schedule of individual balances in the retained deposit money account is Rs. 85,252,201 and the balance of this deposit account under the format ACA(4) in the financial statements is Rs. 83,251,173 there had been a difference of Rs. 2,001,028.	Accordingly the information given by the National Aquatic Resource Research and Development Agency regarding depositors of that institute this difference has been occurred and it is informed in writing to the institute to correct that.	The balance of the deposit account and the total of the schedule of individual balances should be equal.

(c) Property, Plant and Equipment

The following observations are made.

Audit Observation	Comment of the Chief Accounting Officer	Recommendation
Since the detailed schedule of non - financial assets value of Rs.721,915,845 owned to the Ministry of Fisheries as at 31 December 2022 had not presented for audit and it was impossible to check these assets or to check whether these assets were physically owned to the institute. Therefore regarding the accuracy of non - financial assets value of Rs.721,915,845 cannot be satisfied in audit.	Since there have been a large number of pages in the detailed schedule pertaining to total assets as at 31 December 2022 only the summery schedules are taken as printed copies and copies of it is presented for audit. Soft copy of the detailed schedules has sent to the mail address of the Government Audit.	Doing survey of assets annually that report should be furnished for Auditor General.

(d) Non-maintenance of Registers and Books

The following observations are made.

Audit Observation	Comment of the Chief Accounting Officer	Recommendation
(i) Inventory of Electrical Fittings		
An Inventory of Electrical Fittings had not been maintained in terms of Financial Regulation 454(2)	Relevant officers are being aware to take actions to maintain an inventory register.	An Inventory of all Electrical Fittings, apparatus etc. in Government Buildings should be prepared and maintained.
(ii) Catalogue of Books		
Catalogue of Books had not been maintained in terms of Financial Regulation 454(3)	Relevant officers are being aware to take actions to maintain Catalogue of Books.	Should be maintained a Catalogue of Book.

(e) Lack of evidence for audit

The following observations are made.

Audit Observation	Comment of the Chief Accounting Officer	Recommendation
In 2022 even though as a key function of the revised estimate is the compilation, implementation, follow-up and evaluation of policies, programs and projects related to fisheries subjects and subjects of the departments and statutory institutions and public corporations under the Ministry based on the national policies implemented by the government ,and even though Rs. 1,753,907,569 had been given in the year under review for the institutes of National Aquaculture Development Authority, National Aquatic Resources Research and Development Agency, Ceylon Fisheries Corporation follow-up actions and evaluation about that institutes had not been done.	Releasing imprest to the relevant institutes has been done directly through the General Treasury. Since there has been the books related to account those information and facts could be verify those institutes by auditing. Only a part of summaries is brought to the Ministry.	The performance of these 3 state institutions regulated under the Ministry should be follow up by the Ministry.

2. Financial Review

2.1 Imprest Management

The following observations are made.

Audit Observation	Comment of the Chief Accounting Officer	Recommendation
(a) Even though the imprest need for the year under review of the State Ministry of Ornamental fish, Inland fish and Prawn farming, Fishery Harbour development, Multiday fishing activities and Fish exports	The limitations are highly imposed for imported raw materials from foreign countries due to the economic crisis and therefore it was	Special attention should be paid regarding the fundamental objectives of the Ministry.

was Rs.2,172,185,000 due to releasing of Rs. 371,137,000 expected key objectives of providing facilities to establish ornamental fish industries targeting at export market, formulating necessary strategies to promote inland fisheries in lakes, lagoons and lands developing fishery harbours ,taking actions to develop refrigeration system using sea water for multi-day fishing crafts and encourage the use of solar power, improving all fishery harbours encourages with modern communication facilities , fuel supply and sanitation facilities, commencing a program in collaboration with the fisheries community associations and the National Aquaculture Development Authority for expanded breeding of both sea and freshwater fish ,taking actions to increase the fish harvest using modern, environment friendly ,high technological techniques and providing skill development training for fishing industry had not been fulfilled and the provisions allocated by the parliament could not be utilized as per planned.

difficult to implement projects associated with fishing industry. Further ,this situation was more adverse due to the fuel crisis and it was impossible to utilized the provisions as per planned due to non -receiving of imprest requested by the National Aquaculture Development Authority, National Aquatic Resources Research and Development Agency out of the imprest of the Ministry and non –receiving of planned provisions pertaining to the development projects.

- (b) Even though the imprest required to the Ministry of fisheries for the year under review was Rs. 9,658,227,000 since the treasury has issued an imprest of Rs. 2,228,832,931 the expected main objectives by planning the imprest such as introducing a scientific methodology to increase fish density in coastal areas, providing opportunities for domestic fishing companies to expand fishing in international seas, encouraging private companies and entrepreneurs to promote canned-fish industry and expanding market development for fish products so that both the producer and the consumer achieve a fair deal, eliminating illegal fishing in coastal water in the North and East, strengthening Navy and the coast guard

The limitations are highly imposed for imported raw materials from foreign countries due to the economic crisis in 2022 and therefore it was difficult to implement projects associated with fishing industry. Further, this situation was more adverse due to the fuel crisis had prevailed by the second quarter and it was impossible to utilized the provisions as per planned due to non -receiving of imprest requested by the National Aquaculture Development Authority, National Aquatic Resources

The special attention should be pay regarding the achieving fundamental objectives of the Ministry.

patrol Units and resolving conflicts with India, introducing a productive banking and insurance scheme for the fishing community, implementing a program for technical and managerial training in fishery activities for the youth using facilities in the Ocean University. And also it was impossible to utilize the provisions allocated by the parliament as planned.

Research and Development Agency out of the imprest of the Ministry and non – receiving of planned provisions pertaining to the development projects.

2.2 Expenditure management

The following observations are made.

Audit Observation	Comment of the Chief Accounting Officer	Recommendation
(a) Out of the initial provision of Rs.2,930,000 had been allocated for 7 votes including 3 recurrent votes and 4 capital votes Rs. 400,000 after transferring to another vote the total net provision of Rs. 2,530,000 had been saved.	Provisions are remained due to the foreign travelling are limited with decreasing the exchange rate and increasing the exchange rate, the training courses are limited due to the issue of having imprest and the maintenance expenses of machines and machinery equipment had not been incurred	Estimates should be prepared realistically and accurately.
(b) From the initial provision of Rs.56,050,000 had been made for 8 recurrent votes and 2 capital votes after transferring an amount of Rs.20,160,300 to the other votes an amount of Rs.33,409,351 of provisions had not been utilized out of the net provision of Rs.35,889,700.	Provisions are remained due to the delay in accounting activities being transferred the State Ministry to the Cabinet Ministry and the limitations of taking imprest. Further holding the contribution money and the grants limit the foreign debts and therefore expenditure activities also had to hold.	Estimates should be prepared realistically and accurately.

2.3 Incurring of Liabilities and Commitments

The following observations are made.

Audit Observation	Comment of the Chief Accounting Officer	Recommendation
(a) Contrary to the F.R.94(1) had been incurred in to the liabilities amounting to Rs. 40,987,670 exceeding savings of the provisions had allocated to an operational vote and incurred in to the liabilities amounting to Rs. 353,778,496 exceeding savings of the provisions had allocated to two development votes. Accordingly exceeding total provisions of Rs. 394,766,166 had been incurred in to the liabilities.	Although the above amount of provision deemed necessary for the year 2022 had been submitted to the Department of National Budget in the expenditure estimate prepared taking into account the amount of provision required for the year 2022 only the limited amount of provision has received to the Ministry. Even though the Ministry has limitedly utilized the provision due to the inadequacy of provisions received for the expenses must be spent had to be incurred in to the liabilities exceeding provisions.	At no time shall the commitments incurred exceed provision for the financial year.
(b) The balance of liabilities as at 31 December 2022 relating to the operational programme and the development programme was Rs. 1,165,662,699 in the annexure (iii) of financial statements and as per the treasury computer print SA 92 report the approved liability balance was Rs740,916,331. Accordingly a difference of Rs. 424,746,368 was observed between the liability details of the Ministry and the treasury liability details and also the reasons for the difference had not been	The data can be entered in to the SA 92 report only up to the limit of provision had been given. Indicating of all the liabilities of the Ministry in the annexure (iii) of financial statements was the reason for that difference.	Expect where otherwise provided for, no expenditure or commitment shall be incurred by the Ministry for work, service supply, if there were financial provision exists therefore in the Annual Estimates.

revealed. Accordingly the value of Rs.424,746,368 of liabilities had not reported to the treasury had been incurred in to commitment was observed.

3. Operational Review

3.1 Planning

The following observations are made.

Audit Observation	Comment of the Chief Accounting Officer	Recommendation
(a) Even though the special priority 9 activities has been introduced by the annual estimate of the Ministry of Fisheries in the year 2022, performance of the following tasks was not satisfactory.		
(i) Introducing a scientific methodology to increase fish density in coastal areas.	Implementing the project of fish hatcheries to increase fish density was delay in.	
(ii) Providing opportunities for domestic fishing companies to expand fishing in international seas.	Registration of multiday vessels has done by the Department of Fisheries and Aquatic Resources.	Action should be taken to include special priority activities identified in to the action plans of year ahead.
(iii) Encouraging private companies and entrepreneurs to promote canned-fish industry.	Provide canned fish for local market by 15 canned fish factories.	
(iv) Implementing programs for technical and managerial training in fishery activities for the youth using facilities in the Ocean University.	Programs for technical and managerial training in fishery activities could not be implementing on the impossibility of giving imprest.	

3.2 Management Weaknesses

The following observations are made.

Audit Observation	Comment of the Chief Accounting Officer	Recommendation
<p>The technical evaluation committee had been appointed to design a website for publishing the functions and information of the State Ministry of Ornamental fish, Inland fish and Prawn farming, Fishery Harbour development, Multiday fishing activities and Fish exports has recommended on the date of 31 March 2021 that this function is suitable to get done from the same institute which was designed the website of the Ministry of fisheries and had decided to designed the website from that institute to an amount of Rs. 250,000 by the procurement committee of the State Ministry on the date of 06 April 2021. Even though an amount of Rs. 175,000 had been paid to that institute the website had not been designed. Further in accordance with the Procurement Guideline 5.4.8 although the performance security should be taken due to the performance security had not taken to this contract action had not been taken to safeguard the Procurement Entity through the procurement. According to this as per the section 2 of the agreement has signed on the date of 30 April 2021 although designing of this web site should be completed within 12 weeks of the contract agreement has signed even by the date of 30 September 2022 even though the State Ministry had been abolished relevant website had not been designed.</p>	<p>The State Ministry of Fisheries has been cancelled at present and instructions are given to take actions to have a performance security for the other future procurement activities.</p>	<p>Website should be fully designed and completed.</p>

4. Human Resource Management

4.1 Attached Cadre, Actual Cadre

According to the information presented for audit the approved number of cadre under the Ministry of Fisheries as at 31 December 2022 was 179 and the actual number of cadre as at that date was 152. Accordingly the vacant cadre was 46 and the excess cadre was 19 at the end of the year under review.

The following observations are made regarding this.

Audit Observation	Comment of the Chief Accounting Officer	Recommendation
(a) Even though officers had been appointed to cover the duties for the vacancies of 4 senior level posts of Director, Internal Audit, Engineer, Deputy Director, there was a constrain to achieve fundamental objectives of the Ministry	Although there have been vacancies in the posts of 3 senior level due to the officers are appointed to cover the duties of that vacant posts a problematic situation did not arise in practice when performing duties up to now.	Vacancies in the posts of senior level should be completed.
(b) In accordance with the Public Administration Circular No.02/2018 dated 24 January 2018 a Human Resources Plan has not been prepared and as per the paragraph 6.5 of the above circular a senior officer had not been appointed regarding preparing the human resources development plan, implementing capacity building programmes, conducting competency development programmes.	A Human Resources Plan is being prepared in accordance with the Public Administration Circular No.02/2018 dated 24 January 2018 as per the paragraph 6.5 of that circular a senior officer had been appointed and since that officer has gone abroad action is being taken to appoint another officer.	Action should be taken In accordance with the Public Administration Circular No.02/2018 dated 24 January 2018.
(c) As per the letter No. DMS/SM/16 dated 04 September 2020 of the Director General of the Department of Management Service in the Ministry of Finance the approved cadre as for the prevailed State Ministry was 10 and if there were any revision should be done regarding the approved cadre even though it was mentioned that the prior approval of the Director General of the Department of Management Service	Requests has been done for revisions of the approved cadre of the Ministry of Fisheries to the General of Management Service on the date of 05 October 2022 and the approval of the cadre has been received on the date of 17 March 2023. Provisions have been allocated under the vote of 130 for the payment of salaries and wages.	Action should be taken to get prior approval of the Director General of the Department of Management Service on the occasions of revisions are done regarding the approved cadre.

should be taken by the date of 30 September 2022 the State Ministry was cancelled an amount of Rs. 19,654,380 had been paid to the 54 number of Development officers as salaries and wages from the period of March 2022 to November the prior approval of the Director General of the Department of Management Service had not been taken.

(d) The following issues were observed during the course of audit test checks regarding the personal staff of the State Minister, staff of the State Ministry and the staff released to the other institutes.

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| <p>(i) In accordance with the paragraph 2.2 of the President Office Circular No.CA/1/17/1 dated 14 May 2010 had issued naming Management of Public Expenditure even though it was mentioned that the assistant staff of the Ministers offices should be selected through the government officers as possible contrary to that 17 number of officers had been recruited on the request of the Private Secretary of the State Minister</p> | <p>Even though should be selected through the government officers action is taken to give the staff on the request of the Hon. State Minister.</p> | <p>Action should be taken in accordance with the paragraph 2.2 of the President Office Circular No.CA/1/17/1 dated 14 May 2010 had issued naming Management of Public Expenditure.</p> |
| <p>(ii) Contrary to the F.R.201 (2) when no register of signing arrival and departure has been maintained for the assistant staff of the Minister's office the salary had been paid regarding the total period without any details of paying salary, paying half pay or leave. Accordingly the accuracy of paying an amount of Rs. 4,552,850 as salaries to 22 No. of officers regarding the period from January to April in 2022 had not been verified.</p> | <p>These officers were employed as per the relaxed policy of reporting to duty depending on the nature of the duties they had.</p> | <p>Action should be taken in terms of F.R.201 (2).</p> |