

Farmers' Trust Fund - 2012

1. Financial Statements

1:1 Qualified opinion

In my opinion except for the effects of the matters described in paragraph 1.2 of this report, the financial statements give a true and fair view of the financial position of the Farmers` Trust Fund as at 31 December 2012 and its financial performance and cash flows for the year then ended in accordance with Generally Accepted Accounting Principles.

1:2 Comments on Financial Statements

1:2:1 Accounts Receivable and Payable

The following observations are made.

- (a) The loan balance amounting to Rs.6,708,333 receivable from a Company shown under the long term loans in the financial statements remained without being settled over a period exceeding 05 years.
- (b) The loan balances older than 07 years shown under the short term loans amounted to Rs.114,810,370 and an effective course of action had not been taken for the recovery of those loans.
- (c) Four balances amounting toRs.16,428,742 shown under the advances remained without being settled over a period exceeding 05 years.
- (d) Action had not been taken even during the year under review to settle the 03 balances of liabilities amounting to Rs.787,408 brought forward in the financial statements without being settled over a period exceeding 03 years.

1:2:2 Lack of Evidence for Audit

 The following balances of assets and liabilities could not be satisfactorily vouched in audit due to the unavailability of the evidence indicated against each item.

Item -----	Value ----- Rs.	Evidence not made available -----
(a) Current Assets		
Savings Bank Accounts	7,241,656	Bank Account Number and the related documents for the confirmation of Bank Balance
(b) Short Term Loans Receivable		
(i) Debtors Control Account – Agriculture Trust Fund	7,923,175	Lists of Loan Balances
(ii) Debtors Control Account – Revolving Fund	44,255,850	Lists of Loan Balances
(c) Long Term Loans Receivable		
Farmers’ Bank Loans		
Agrarian Services Committee Account	9,112,579	Lists of Loan Balances
(d) Non-current Liabilities		
Farmers Deposits	697,644	Documents for confirmation of liabilities

2. Financial Review

2:1 Financial Results

 According to the financial statements presented, the working of the Fund for the year ended 31 December 2012 had resulted in a surplus of Rs.217,817,432 as compared with the corresponding surplus of Rs.167,551,648 for the preceding year, thus indicating a net improvement of Rs.50,265,784 in the financial results. The increase of income by a sum of Rs.67,557,239 and the increase of development expenditure by a sum of Rs.17,162,412 had been the main reasons for the improvement in the financial results.

3. Operating Review

3:1 Management Inefficiencies

3:1:1 Delays in settlement of Advances

Even though a period exceeding one year had elapsed after the grant of advances for development activities, balances of advances further remaining without being settled were observed. Details appear below.

Institution / Activity -----	Year granted -----	Amount granted -----	Unsettled Balance as at 31 December 2012 -----
		Rs.	Rs.
UturuVasanthaya Special Programme	2010	7,361,259	3,967,908
NegenahiraNavodaya Special Programme	2011	1,733,461	5,665
Minor Irrigation Rehabilitation Programme	2011	30,664,381	18,201,252
Uva Provincial Council –Purchase of Maize	2010	1,916,623	1,833,887

4. Accountability and Good Governance

4:1 Tabling of Annual Reports

Even though the Annual Reports of the Fund should be tabled in Parliament in terms of the Public Finance Circular No. PF/423 dated 22 December 2006 of the Deputy Secretary to the Treasury, it had not been so done.

5. Systems and Controls

Deficiencies in systems and controls observed during the course of audit were brought to the notice of Secretary from time to time. Special attention is needed in respect of the following areas of control.

- (a) Grant and Recovery of Loans
- (b) Implementation of Development Programmes
- (c) Funds Utilisation
- (d) Budgetary Control