

Rubber Replanting Subsidy Fund

1. Financial statements

1:1 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 2011 and its financial performance and its cash flows for the year then ended in accordance with Generally Accepted Accounting Principles.

1.2 Comments on Financial Statements

1.2.1 Accounting Deficiencies

The following observations are made.

(a) Even though a sum of Rs.71,200 had been shown under the current liabilities as charges on liabilities to be paid to the Rubber Control Fund, such a transaction had not been shown under the current assets in the final accounts of the Rubber Control Fund.

(b) The fixed assets valued at Rs.63,438,233 belonging to the Rubber Replanting Subsidy Fund had not been physically identified whereas the provision for depreciation amounting to Rs.991,102 for the year under review relating to these assets which were not utilized for the operational activities.

1.2.2 Lack of Evidence for Audit

The following items could not be satisfactorily vouched / verified in audit due to non submission of documentary evidence shown against each item brought forward for long period.

Item -----	Value ----- Rs.	Documents not submitted -----
Fixed Assets	63,438,233	Report of the Boards of Survey, Register of Fixed Assets and deed of ownership
Unsettled Advances	15,220,514	Detailed schedule and confirmation of balances
Balances Receivable	432,090,514	Source documents and confirmation of balances
Balance Payable	32,179,804	Detailed schedule and confirmation of balances

Total	542,928,625 =====	

1.2.3 Balances Receivable and Payable

The following observations are made.

- (a) Action had not been taken for 13 years to identify and settle 13 balances amounting to Rs.432,090,074 shown under current assets.
- (b) Fourteen items of liabilities valued at Rs.32,179,804 had been brought forward for 6 year period and action had not been taken to correctly identify and settle these liabilities.

2. Financial and Operating Review

2:1 Financial Review

2.1.1 Financial Results

The operations during the year under review had resulted in a deficit of Rs.392,390 and it was Rs.131,822 for the preceding year thus, indicating an increase in the deficit by Rs.261,068. However, the total revenue of the Fund had comprised only the interest on fixed deposits and it was Rs.598,712.

2.2 Performance

2.2.1 Existence of Funds

It was informed by the letter dated 21 October 2011 issued by the Department of Public Finance that the assets and liabilities shown in the audited accounts prepared for the year ended 31 December 2010 should be settled and the concurrence of the Auditor General should be obtained in this regard in terms of provision of the relevant Act so as to liquidate this dormant Fund. However, those activities had not been commenced up to the date of this report.

2.2.2 Management of the Fund

A sum of Rs.6,953,782 invested in the deposit was being brought forward for several years without any change and attention had not been drawn to effectively invest this fund with a proper approval obtained from the relevant party.

3. Budgetary Control

A budget had not been prepared for the year under review as expenditure had not been carried out annually under the Rubber Replanting Subsidy Fund.

4. Systems and Controls

Special attention is needed in respect of the following areas of systems and controls.

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