

Fruit Development Board - 2013

The audit of financial statements of the Fruit Development Board for the year ended 31 December 2013 comprising the statement of financial position as at 31 December 2013 and the statement of financial performance, statement of changes in equity and cash flow statement for the year then ended and a summary of significant accounting policies and other explanatory information, 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 Section 13(1) of the Finance Act, No. 38 of 1971 . My comments and observations which I consider should be published with the Annual Report of the Board in terms of Section 14(2)(c) of the Finance Act appear in this report.

1.2 Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Generally Accepted Accounting Principles and for such internal control as the management determines is necessary to enable the preparation of financial statements that are free from material misstatements whether due to fraud or error.

1.3 Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Sri Lanka Auditing Standards consistent with International Auditing Standards of Supreme Audit Institutions (ISSAI 1000- 1810). Those Standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatements of the financial statements, whether due to fraud or error. In making those risks assessments, the auditor considers internal control relevant to the Board's preparation and fair presentation of the financial statements 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 Board's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of financial statements. Sub-sections (3) and (4) of Section 13 of the Finance Act, No. 38 of 1971 give discretionary powers to the Auditor General to determine the scope and the extent of the audit.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

2. Financial Statements

2.1 Opinion

In my opinion, the financial statements give a true and fair view of the financial position of the Fruit Development Board as at 31 December 2013 and its financial performance and its cash flows for the year then ended in accordance with Generally Accepted Accounting Principles

3 Financial Review

3.1 Financial Results

According to the financial statements presented, the financial result for the year ended 31 December 2013 amounted to a surplus of Rs.792,146 as compared with the corresponding surplus of Rs.509,050 for the preceding year. Accordingly, an increase of Rs.283,096 in the financial results as compared with that of the preceding year was observed.

4. Operating Review

4.1 Management Activities

The Board had maintained a sum of Rs.7,095,206 in the current account of a State Bank throughout the year. The attention of the Management had not been paid on deploy the same amount on an optimum investment activity.

5. Accountability and Good Governance

5.1 Presentation of Financial Statements

In terms of Section 6.5.1 of the Public Enterprises Circular No.PED/12 dated 02 June 2003 of the Director General of Public Enterprises, the financial statements should be presented to the Auditor General within 60 days after the close of the year of accounts. Nevertheless, the financial statements for the year under review had been presented on 14 January 2016, after a delay of one year and 10 months.

5.2 Unresolved Audit Paragraphs

Even though the Committee on Public Enterprises had, at the meeting held on 05 December 2012, directed that the liquidation of the same Institute should be completed before 31 December 2012, the directives had not been executed even by 18 January 2016.

6 Systems and Controls

Special attention of the Management is needed in respect of the financial management.