

Report of the Auditor General on Head 118 – Ministry of Agriculture – Year 2016

Head 118 – The audit of the Appropriation Account and the Reconciliation Statements including the financial records, books, registers and other records of the Ministry of Agriculture for the year ended 31 December 2016 was carried out in pursuance of provisions in Article 154(1) of the Constitution of the Democratic Socialist Republic of Sri Lanka. The Management Audit Report for the year under review was issued to the Secretary to the Ministry on 02 November 2017. The audit observations, comments and findings on the accounts and the reconciliation statements were based on a review of the accounts and reconciliation statements presented to audit and tests of samples of transactions. The scope and extent of such review and tests were such as to enable as wide an audit coverage as possible within the limitations of staff, other resources and time available to me.

1.2 Responsibility of the Chief Accounting Officer for the Accounts and Reconciliation Statements

The Chief Accounting Officer is responsible for the maintenance, preparation and fair presentation of the Appropriation Account and the Reconciliation Statements in accordance with the provisions in Articles 148, 149, 150 and 152 of the Constitution of the Democratic Socialist Republic of Sri Lanka, other statutory provisions and Public Finance and Administrative Regulations. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of Accounts and Reconciliation Statements that are free from material misstatements whether due to fraud or error.

2. Account

2.1 Appropriation Account

Total Provisions and Expenditure

The total net provisions made for the Ministry amounted to Rs. 44,970.33 million and out of that, Rs. 34,745.67 million had been utilized by the end of the year under review. Accordingly, the savings out of the net provisions made for the Ministry, amounted to Rs. 10,224.66 million, representing 22.74 per cent. Details appear below.

Expenditure	As at 31 December 2016			Savings as a Percentage of the Net Provision
	Net Provision	Utilization	Savings	
	Rs. Millions	Rs. Millions	Rs. Millions	
Recurrent	39,847.22	32,497.06	7,350.16	18.45
Capital	5,123.11	2,248.61	2,874.50	56.11
Total	44,970.33	34,745.67	10,224.66	22.74

2.2. Advances to Public Officers Account

Limits Authorized by Parliament

The limits authorized by Parliament for the Advances to Public Officers Account under the Item No. 11801 of the Ministry, and the actual amounts are given below.

Expenditure		Receipts		Debit Balance	
Maximum Limit	Actual	Minimum Limit	Actual	Maximum Limit	Actual
Rs. Millions	Rs. Millions	Rs. Millions	Rs. Millions	Rs. Millions	Rs. Millions
32.00	29.62	19.00	20.02	75.00	54.77

2.3 Imprest Account

The balance of the imprest account bearing No. 7002/0000/00/0325/0016/000 under the Ministry as at 31 December 2016 amounted to Rs. 181,300.

2.4 General Deposit Account

The total of the balances of 04 deposit accounts under the Ministry amounted to Rs. 3.93 million as at 31 December 2016. Particulars are given below.

Deposit Account N0	Balance as at 31 December 2016
	Rs. Millions
6000/0000/00/0002/0109/000	0.10
6000/0000/00/0013/0030/000	0.64
6000/0000/00/0016/0056/000	1.38
6000/0000/00/0018/0068/000	1.81
Total	3.93

2.5 Audit Observation

The Appropriation Account and the Reconciliation Statements of Ministry of Agriculture for the year ended 31 December 2016 had been satisfactorily prepared subject to the Audit Observations included in the Management Audit Report referred to in paragraph 1.1 above. The material and important audit observations included in that Management Audit Report appear in paragraph 3.

3. Material and Important Audit Observations

3.1 Appropriation Account

3.1.1 Budgetary Variance

The following observations are made.

- (i) The provisions totalled Rs. 1.46 million made for 06 Objects had been entirely saved without being used during the year under review.
 - (ii) Savings after the utilization of net provisions made for 44 Recurrent Objects and 31 Capital Objects had ranged from 08 per cent to 99 per cent of the total net provisions made.
 - (iii) Even though provisions totalling Rs.105.00 million had been made for the discharge of functions of 03 institutions operating under the Ministry, only a sum of Rs.73.78 million of that amount had been utilized by the end of the year under review. Accordingly, saving had ranged from 19 per cent to 56 per cent of the provisions made for the above 03 institutions.
- (b) Incurring Commitments Exceeding Provisions

After utilization of the provisions made for 22 Objects, commitments of Rs.19.83 million had been incurred exceeding the savings.

3.2 Accountability and Good Governance

3.2.1 Action Plan

As a result of failure in making provisions for the activities included in the Action Plan approved for the year under review and existence of various unplanned programmes, Action Plan had been amended on several occasions.

3.2.2 Annual Performance Report

Even though the Performance Report for the year under review should be tabled in Parliament by the Ministry within 150 days from the close of the financial year according to the Public Finance Circular No.402 dated 12 September 2002, that report had not been tabled in Parliament even by 31 July 2017.

3.3 Assets Management

The following deficiencies were observed in the course of audit test check conducted on the assets of the Ministry.

(a) **Assets Released to External Parties**

Sixty two vehicles belonging to the Ministry had been irregularly released to 17 external institutions even by the end of the year under review.

(b) **Utilization of Assets belonging to Other Institutions**

The Ministry had utilized 45 vehicles belonging to 13 other institutions without properly taking over.

3.4 Non-compliances

Non-compliances with Laws, Rules, and Regulations.

The instances of non-compliances observed during the audit test checks were as follows.

Reference to Laws, Rules, and Regulations

Non-compliance

(a) **Financial Regulations of the Democratic Socialist Republic of Sri Lanka**

(i) Financial Regulation 94 (3)

The value of the additional works relating to the repairs of the quarters of the Minister had been Rs.10,900,478 exceeding the total cost estimate. The value of such additional works had been incurred as liabilities and those liabilities had not been settled even by 31 July 2017.

- (ii) Financial Regulation 210 (1) Even though bills should be settled on or before the due date, as the payments had been settled after the due date, penalty for delays amounting to Rs.25,926 had been paid in February, 2016.
- (b) Establishments Code of the Democratic Socialist Republic of Sri Lanka**
- (i) Section 13 (3) of Chapter II Even though the maximum period of acting of a fulltime substantive post had been 06 months, the Additional Secretary to the Ministry of Agriculture (Administration and Finance) had covered the duties of post of Director of the National Fertilizer Secretariat for a period of 15 months from 05 May 2015.
- (ii) Section 3 (1) of Chapter XV Even though an officer on probation should not be sent abroad for workshops or training except to obtain a qualification required for conformation in terms of the appointment, two officers and a Project Officer who were on probation and not confirmed in the service had been involved in foreign workshops and trainings during the year under review.
- (c) Public Administration Circulars

Circular No.9/2009 dated 16 April 2009 Eight officers of the Minister's staff who were subjected to the audit test check had obtained overtime allowances of Rs.138,646 while engaging in duties on Saturdays and Sundays without placing fingerprints in the fingerprint machine at the time of their arrival and departure.
- (d) Circulars of the Secretary to the President.

Circular, No. CA/1/17/1, dated 14 May 2010.
- (i) Nine vehicles had been assigned exceeding the maximum number of vehicles due to be assign to the Hon. Minister, Hon. State Minister and their staff.
- (ii) In terms of the Circular, two drivers other than the driver of the escort vehicle of the Minister could have been appointed. Nevertheless, two

drivers had been additionally attached to provide service for the Minister and a sum of Rs.839,197 had been paid as their salaries during the year under review.

- (iii) The Secretary to the Minister had assign a vehicle to a person who was not in the ministerial staff from 09 March 2015. This person was performing duties in the capacity of Working Director of the Colombo Commercial Fertilizer Ltd. and he had obtained a vehicle from that company as well for his use. Fuel allowance of Rs.30,000 had been obtained relating to 300 liters of fuel for the two vehicles. In addition, another vehicle had been obtained from Agricultural and Agrarian Insurance Board with effect from 22 June 2017.

3.5 Performance

3.5.1 National Fertilizer Secretariat

With the objective of import of fertilizer and grant of licences for the production and process of fertilizer, the National Fertilizer Secretariat had been established under the Ministry of Agriculture under the Regulation of Fertilizer Act No.68 of 1988. In the evaluation of performance thereof the following deficiencies were observed.

- (a.) There are about 40 Government and private institutions presently engaged in the import of fertilizer and with the intention of ensuring independency of the analysis reports of fertilizer sample and preventing inordinate delays, a new methodology had been introduced in the year 2015. After conducting quality testing on samples, fertilizers are issued to the market. The issue of quality assurance certificates for the samples of fertilizers stocks valued at Rs.296.79 million imported by 11 State ships had been delayed for a period ranging from 03 to 06 months.
- (b.) The delays occurred in the receipt of fertilizer quality assurance certificates had resulted in the delays of the sale of fertilizer stocks and as such, the period of debt granted for the sale of relevant stock had elapsed from 180 days to 270 days and it had not been possible to manufacture mixed fertilizer. As a results, stores space facilities had become limited and due to the issues cropped up on raising fertilizer stocks, it had been failed to meet the relevant demand for fertilizer.
- (c.) Samples of fertilizer are sent to the laboratories under a secret code number and as the activities such as issue of those code numbers, dispatch of relevant samples to the

laboratories, opening of reports received under the code numbers, rejecting, and grant of licence for the sale of fertilizers to the company had been carried out by an officer and the Additional Secretary (Finance and Administration), its internal control had become weakened. According to a sample examined, it was observed that the samples rejected from one laboratory had been again recommended as the qualitative samples by another laboratory.

3.5.2 Grant of Financial Assistance for the Purchase of Fertilizer

According to the Cabinet Decision dated 07 April 2016, a decision had been taken to grant financial assistance instead providing fertilizer to the farmers. In terms of the Circular No.2016 NFS/FCG (1) dated 09 March 2016 of the Ministry of Agriculture, initially this programme had been implemented after taking a decision to grant this financial assistant through 20 financial institutions. Sums of Rs. 646,857,214, Rs.651,277,528 and Rs.3,440,264,875 had been paid for the *Yala* and *Maha* Seasons in 2016 and *Yala* Season, 2017 respectively as at 31 July 2017. The following observations are made in this connection.

(a) Erroneous Payment of Assistance

It was observed that a sum of Rs.1,237.90 million had been erroneously paid in the payment of financial assistance for the purchase of fertilizer. Details appear below.

	Agrarian Services Division	Season	Erroneous Payment	Error
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(i)	Agrarian Services Divisions in Kalutara District	2016 <i>Yala</i>	2,411,500	Credit of money to the accounts of the persons who were not the farmers.
(ii)	Rajanganaya Left Bank, Kurunegala District.	2017 <i>Yala</i>	2,813,800	Cultivation damages and payment of financial assistance exceeding the limit.
(iii)	Agrarian Services Divisions subject to the audit test check	2016 <i>Yala</i>	25,483,750	Payments made exceeding the maximum limit of assistance of Rs.25,000.
(iv)	Agrarian Services Divisions subject to the audit test check	2016 <i>Maha</i>	74,367,500	-Do-
(v)	Agrarian Services Divisions subject to the audit test check	2017 <i>Yala</i>	1,095,000	-Do-

(vi)	Agrarian Services Divisions subject to the audit test check in 16 districts.	2016 <i>Yala</i>	1,131,723,030	Payment of financial assistance in respect of uncultivated paddy lands.
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Total	1,237,894,580
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(b) Payment of Financial Assistance After Lapse of the Period Relevant to the Season

Fertilizer subsidy had been paid as Rs.3,554.39 million for the 2016 *Yala* Season after 30 June 2016 and Rs.220.85 million for the 2016 *Maha* Season after 15 February 2017 . Even though financial assistance should be granted before the end of each season, assistance of Rs.3,775.24 million for the both seasons had been granted after the expiry of the relevant seasons. Accordingly , that expenditure had been ineffective.

3.5.3 Encouragement Programme for the Production and Use of Organic Fertilizer

With the objective of producing and popularizing the use of organic fertilizer in order to ensure the food safety and the national prosperity, a sum of Rs. 1287.06 million had been spent from the year 2008 to the year 2016. Out of the provision amounting to Rs.100 million made for the year under review, a sum of Rs.76.66 million had been used. In the course of audit test check carried out in this connection, the following deficiencies were observed.

- (a) The production of organic fertilizer in the year 2016 stood at 70.7 metric tons and the production from the year 2008 up to the year under review had been 582 metric tons. Accordingly, the annual average production remained as minimal level as 64 metric tons.
- (b) In keeping with the expected objectives of the organic fertilizer programme, the establishment of organic fertilizer production villages, establishment of school based compost production units, establishment of compost models in association with the agrarian services centers, carrying out researches relating to the compost and establishment of cultivations based on compost had not been carried out from the year 2012.
- (c) Although 594 models of Big Onion, Potato and vegetable had been established during the period of past 9 years , any model had not been established thereafter. The abandoned fallow paddy lands had not been cultivated.
- (d) In order to establish an organic fertilizer commercial business under this programme during the year under review, the Ministry had implemented the Saralanka loan scheme for granting loan facilities under concessionary interest rates. Provisions amounting to Rs.50.00 million had been made for that purpose. Although loan amounting to Rs.32.00 million had been granted to the farmers through the agrarian banks as at 31 December

2016, it was revealed at the audit test check conducted in this connection that the overall production of organic fertilizer in other district was not at a satisfactory level other than the Gampaha district. Details appear below.

District	Areas	No. of Loans Obtained	Loan amount Rs.	Observations
Anuradhapura	Katiyawa	04	2,000,000	It was observed during the course of audit test check conducted on four loan recipients that two loan recipients had not carried out any activity relating to the purpose for which the said loans had been obtained even by 25 July 2016 and one of the loan recipients was a Government servant. The other two loan recipients had not adequately carried out the production of organic fertilizer.
Badulla	Haldummulla	02	500,000	One loan recipient had used a sum of Rs.200,000 for the settlement of another loan.
Badulla	Bandarawela	02	500,000	A loan recipient had purchased a segregating machine at a cost of Rs.100,000. Further, a cattle shed and a concrete water tank were being constructed. Production of organic fertilizer had not been carried out.

3.5.4 Island Wide Agricultural Week

A sum of Rs.60.05 million had been spent in respect of the Agricultural Week held from 05 October 2016 to 16 October 2016. Under the patronage of the Agrarian Development Department, this programme had been conducted in collaboration with the Department of Agriculture, Ministry of Agriculture and 03 affiliated institutions. Accordingly, a sum of Rs. 25.60 million had been spent for the conduct of *Kiriawamarunge Danaya*, Farmer's Association, *Kadawara Perahera* and the district level programmes under the

Department of Agrarian Services. The following deficiencies were observed during the course of audit test check carried out in this connection.

- (a) As the media coverage activities had been carried out under the patronage of the officers of the Internal Audit Division, internal supervision therein had become weakened.
- (b) In terms of the National Budget Circular No.02/2015 dated 31 March 2015, it had been the responsibility of the Chief Accounting Officer to prevent the misuse of funds and take action not to spend money for various propaganda activities, whereas the Ministry had spent a sum of Rs.16.78 million for media coverage activities. It represented 28 per cent of the total expenditure of the programme and the institutions for the media coverage activities had been selected contrary to the Cabinet Decision dated 12 October 2016.

3.5.5 Programme of the Production of the Requirements With the Use of Registered Seed Paddy

For the distribution of improved seed paddy varieties among 160,000 farmers at 1 kilogram each, traditional paddy among 20,000 farmers at 250g each and 4,120,000 Parachute Plates among 180,000 farmers free of charge, a sum of Rs.18.67 million had been spent. The following deficiencies were observed during the course of audit test check carried out in this connection.

- (a) In terms of the Government Procurement Guidelines, although the method of calling for the national competitive bids should be adopted in case of the estimated value of the procurement exceeds Rs.12.00 million, contrary to that, the Ministry had used the shopping method for the purchase of 1,000,000 Parachute Plates.
- (b) Due to the reasons such as, commencement of cultivations by farmers at the time of initiation of the programme, practical difficulties found in the procurement of this special paddy variety and a large number of Parachute Plates at a time, delays occurred in obtaining the formats including the requirement of seed paddy packets and information of the suitable farmers from the Agricultural Research Officers, the progress of this programme had been only 35 per cent.

3.5.6 Programme of the Renovation of Small Tanks and Canals

Provisions amounting to Rs.2,000 million had been made for the renovation of abandoned tanks, reconstruction of anicuts, and improvement of irrigation systems and canals for ensuing uninterrupted water supply to the farmers and out of that, a sum of Rs.1,971 million had been utilized. The following deficiencies were observed during the course of audit test check carried out relating to this programme in Anuradhapura, Gampaha, Kandy and Kalutara districts.

- (a) The prime objective of this programme was to use the farmer's associations as a mediator for award of contracts, whereas the majority of the members of the farmers associations lacked an adequate knowledge or interest on the project. Within the 03 districts examined, projects

valued at Rs.14,673,434 had been accepted by the farmers associations and those had been fulfilled by the external contractors.

- (b) In terms of Paragraph (iv) of the Circular No.01/2016 dated 07 January 2016 of the Commissioner General of the Agrarian Development and Section 07 of the Circular No.MNPEA 03/2016 dated 08 September 2016 of the Secretary to the Ministry of National Policy and Economic Development, the implementation of these projects through the sub-contractors should be prevented. Nevertheless, it had not been so done and action had not been taken to black list the farmers' associations that had acted in the above manner.
- (c) In terms of Section 30 of the above revised circular, it had not been established as to whether the farmers' associations possessed the persons, equipment and financial capacity for the implementation of projects. The balance in the bank accounts of most of the farmer's associations examined remained less than Rs.200,000.
- (d) The following deficiencies were observed during the course of audit test check carried out on the projects of 4 districts.
 - (i) Since the anicut constructed at a cost of Rs.2,049,685 in the Minuwangoda Divisional Secretariat Division, in Gampaha district on 26 June 2016 had been damaged, it had not been possible to use. A nearby cultivated track of field had been submerged with water about two or three feet.
 - (ii) Sums of Rs.1,527,215 and Rs.1,032,924 had been spent for the agrarian roads from Ilupankadawala to Indigaspothana and Ihala Indigaspothana to Pahalathalawa respectively. Since the above agrarian roads had not been completed as planned, there was a risk of damaging the side walls of the culvert.
 - (iii) The agrarian roads had not been constructed in accordance with the relevant specifications in examined 04 districts and as a result of failure in maintain canals, those had been overgrown.
 - (iv) According to the Article 22 (1) of the Constitution of the Democratic Socialist Republic of Sri Lanka, Sinhala shall be the official language in all the provinces in Sri Lanka. Nevertheless, contrary to that, all the estimates relating to these projects had been prepared only in English. Although preparation of estimates in Sinhala is of importance relating to these projects in which the farmers associations act as the contractors, action had not been taken accordingly.
- (e) Although the projects should be prioritized in accordance with the criteria as referred to in Paragraph 2 of the Circular No.01/2016 dated 07 January 2016 of the Commissioner General of Agrarian Development, it had not been so done in connection with the projects under this programme.

- (f) The follow-up action and maintenance activities of these projects had not been adequately executed in terms of Section (v) of the Circular No.01/2016 dated 07 January 2016 of the Commissioner General of Agrarian Development.

3.5.7 Gamdora Special Programme

Under the National Food Production Programme 2016-2018, the Department of Agrarian Services Development had implemented a special programme named “Gamdora” so as to cover whole island up to 16 August 2016 for the supervision of the cultivation of paddy, subsidiary crops, vegetable and fruits, production of organic fertilizer and other agricultural project and enhancement of the practical and technical knowledge of the officers who implement the agricultural projects. It had been expected to implement 15 various activities under this programme in the year 2016 and a sum of Rs.58,421,236 had been spent thereon. The following observations are made in this connection.

- (a) Approval of the Cabinet had not been obtained for the programme and it had not been included in the Action Plan of the Ministry as well. Financial provision had not been made by the budget estimate, 2016 for this programme. Although additional provisions had been requested for this purpose, as proper method had not been adopted relating to obtain the approval, Treasury had not granted approval thereon.
- (b) Since provisions had not been made for the programme, a sum of Rs.62 million had been transferred under the Virement Procedure from the Object in which provisions had been made for the fertilizer subsidy. As a results, the provisions required for the fertilizer subsidy programme had become insufficient and therefore, commitments amounting to Rs.19,788,418 had to be incurred by the end of the year under review.
- (c) Although it had been stated by the Cabinet Decision No අමප /08/2253/338/043 and අමප 10/1682/407/04 that publicity of the Government institutions should be carried out by the Salecine Institute, the National Food Promotion Board had carried out its propaganda activity by a private institute by paying a sum of Rs.2,543,201.
- (d) In keeping with the objectives of the programme, a data base had not been established using data collected by the Department of Agrarian Development and the Ministry of Agriculture.
- (e) Although the executive officers of the Department of Agrarian Development and the Department of Agriculture including the officers of the Ministry had been appointed for the supervision of this programme, no evidence had been furnished to Audit that such supervision had been carried out.

3.6 Contract Administration

The following matters were observed during the course of physical verification carried out on the rain guards constructed at Kundasale by the Engineering Division of the Department of Agriculture.

- (a) The Director (Seeds and Planting) had entrusted the construction of 15 rain guards for the Local Big Onion Seed Production Programme to the Chief Engineer of the Department of Agriculture and provisions of Rs.20 million had been made for that purpose. Without being conducted site inspections in this connection, a cost estimate of Rs.1,335,879 had been generally prepared in respect of one rain guard.
- (b) For the construction of rain guards, bids had been called for from 23 institutions and the period for forwarding bids had been limited to 07 days. Although the Secretary to the Ministry had stated that the procurement activities had to be carried out within a short period of time and accordingly, 07 days had been given for the forward of bids, 448 days had been delayed for the completion of the contract.

3.7 Identified Losses

The following observations are made.

- (a) The Building Obtained on Lease for the Ministry of Agriculture.
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In accordance with the Cabinet Decision No.15/130/702/007 dated 27 September 2015, a decision had been reached to reform the Parliamentary Working Committee procedure and utilize the *Govijana Mandiraya* building for additional office space. A 9 storied building situated at No.288, Rajagirya had been obtained on lease basis for that purpose. The following matters were observed in the audit test check carried out on the above transaction.

- (i) Even though office space facilities could have been obtained from the *Sethsiripaya* building in commensurate with the required square feet in terms of the Cabinet Decision, while stating that the space was insufficient, the above 9 storied building that exceeds 36,500 square feet of the requirement had been obtained on lease. In approving building plan before the construction of that building, the Western Provincial Director of the Urban Development Authority had approved the building plan by confining the number of floors up to 07. Contrary to that, this building had been constructed comprising 09 floors.
- (ii) Although the maximum period of lease should be limited to 03 years according to the Financial Regulation 835 (2) (e), while stating the above period as 05 years upon the requirement of the lessor, the lease agreement had been entered into and it had been agreed to increase the lease amount by 15 per cent after a period of 03 years. According to the conditions imposed in connection with the payment of advances at the request of the lessor, consent had been given for the conditions to pay lease rent of 02 years as a lump sum and to set off the same in the third and fourth years. Further, the Chief Valuer had assessed its monthly lease rent as Rs.13.5 million, contrary to that, consent had been given to pay a monthly lease rent of Rs.21 million.

- (iii) At the Committee on Public Accounts held on 07 April 2016, its members had critically expressed their views on the decision taken to obtain that building on lease and the approval of the Committee on Public Accounts had not been granted for the questionable matters relating to signing of the agreement. Further, the directives had been issued to take action in accordance with the instructions of the Secretary to the Prime Minister and the Attorney General for this transaction, whereas action had not been taken accordingly.
- (iv) Although the Secretary to the Ministry had informed the Committee of Public Accounts that the Agrarian Insurance Board was proposed to be established in the 36,000 additional square feet of the building obtained on lease by the Ministry of Agriculture, it had not been so done.
- (v) A sum totalling Rs. 872.64 million comprising Rs.315.00 million as lease rent, Rs.53.64 million as the Value Added Tax (Vat) and the Nation Building Tax (NBT) and Rs.504.00 million as advances had been paid as at 31 July 2017 since month of April 2016 up to month of July 2017.
- (vi) The building had not been used for a period of 15 months and Rs.92.70 million at Rs.6.18 million per month had been paid as the service charges relating to that period.
- (vii) In the selection of this building, attention had not been paid on the parking facilities for the vehicles belonging to the Ministry and the vehicles daily arrive from the regional offices for various duties.
- (viii) Similarly, in terms of the Cabinet Decision No අමප /16/1491/728/011-II dated 17 August 2016 provisions amounting to Rs. 402.6 million had been made for partitioning, laying carpets and installing Information Technology System required to use this building as an office complex and a sum of Rs.147.9 million had been spent by November 2017.
- (ix) As the electric power capacity of the building existed at the time of entering into agreements was insufficient, it had been readjusted. The failure in conducting a feasibility study before obtaining the building on lease had given rise to the above issue.

(b) Payment of Additional Charges for Air Tickets

 The dates of the Air Tickets obtained for the Minister of Agriculture and the Advisor of the Minister to proceed abroad to participate in the agricultural exhibition held in Belarus from 07 to 11 June 2016 had been changed on 02 occasions and as such, an additional charge of Rs.129,055 had to be paid.

3.8 Management Inefficiencies

 Eleven motor vehicles belonging to the Ministry remained unroadworthy for over a period of 10 years and decision had been taken to sale 08 motor vehicles out of the above vehicles. As the committee appointed to dispose of those vehicles had made overvaluation than the present value

thereof without being considered the market demand of those vehicles and cost incurred for the repair of spare parts, a sum totalling Rs.5,515,638 which could have been earned from the sale of 05 vehicles had been deprived.

3.9 Utilization of Idle Assets

Six hundred and ninety machinery belonging to 10 categories purchased at Rs.111.3 million in the year 2016 under the National Food Production Programme had been distributed among farmers' associations at the Salgado Stadium, Anuradhapura on 08 April 2017. The basis used for the selection of persons and farmers' associations for the distribution of those machinery had not been furnished to Audit. Further, 40 of these machinery had remained idle at the Farm Mechanization Training Centre, Anuradhapura even by 25 July 2017.

3.10 Vehicle Utilization

The following observations are made.

- (a) As the engine numbers of two vehicles did not match with the registration certificates, the Board of Valuers appointed by the Ministry for the disposal of vehicles in the year 2015 had not valued those vehicles. As there was no information sufficient enough to cancel the registration of another vehicle, it had not been possible to auction the relevant vehicle. Those vehicles remained idle even by 31 July 2017.
- (b) Twelve vehicles of the Ministry had remained idle for a period from 01 to 04 years and action had not been taken to auction those vehicles as required by Paragraph 12 of the Circular No.02/2015 dated 10 July 2015. It was observed at the physical verification conducted thereon that the above vehicles remained decaying at the Ministry premises while exposing to the elements.
- (c) While a vehicle belonging to the Ministry was being towed, it had met with an accident in Anuradhapura area on 11 April 2016. The following observations are made in this connection.
 - (i) Records on the accident had not been furnished to the Auditor General as required by the Financial Regulation 104.
 - (ii) According to the motor vehicle technical report submitted after the conduct of an inspection on this accident by the Department of Motor Traffic, it had been reported that the hand break and the steering wheel system had remained at sound operational condition and there was no any direct connection of the clutch system with this accident. Further, at the time of causing accident, the break system had remained in proper condition and the driver had been in his driving seat. Nevertheless, due to failure in taking action to prevent the accident and not adopting a proper method for towing the vehicle, it had been established that the above accident had taken place owing to carelessness, whereas the Ministry had not conducted an investigation in that connection.

- (iii) The agency involved in the repair of this vehicle had informed that the vehicle could not be repaired as the chassis had been damaged. The Secretary to the Ministry had informed the Audit that the committee appointed in terms of Financial Regulation 104 (4) to carry out inquiry in this connection had not stated the disciplinary action required to be taken against the parties responsible for the above incident.
- (d) An inquiry in terms of Financial Regulation 104 (4) had not been conducted on an accident caused to another vehicle belonging to the Ministry even by 30 June 2017.

3.11 Human Resource Management

Approved Cadre and Actual Cadre

The position of approved and actual cadre as at 31 December 2016, had been as follows.

Category of Employee	Approved Cadre	Actual Cadre	No. of Vacancies	Cadre in Excess
(i) Senior Level	138	105	33	-
(ii) Tertiary Level	11	06	05	-
(iii) Secondary Level	1,359	1,079	280	-
(iv) Primary Level	156	127	29	-
(v) Other (On Casual / Temporary / Contract Basis)	-	09	-	09
Total	1,664	1,326	347	09