

Report of the Auditor General on Head 151 - Ministry of Fisheries and Aquatic Resources Development- Year 2016

The audit of the Appropriation Account and the Reconciliation Statements including the financial records, books, registers and other records of the Ministry of Fisheries and Aquatic Resources Development 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 10 November 2017. The audit observations, comments and findings on the accounts and 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. The 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. Accounts

2.1 Appropriation Account

Total Provision and Expenditure

The total net provision made for the Ministry amounted to Rs. 4,439.49 million and out of that Rs. 4,334.18 million had been utilized by the end of the year under review. Accordingly, the savings out of the net provisions of the Ministry amounted to Rs. 105.31 million or 2.37 per cent of the net provisions.

Expenditure	As at 31 December 2016			Savings as a percentage of Net Provision
	Net Provision	Utilization	Savings	
	Rs. Millions	Rs. Millions	Rs. Millions	
Recurrent	1417.66	1391.42	26.24	1.85
Capital	3021.83	2942.76	79.07	2.62
Total	<u>4439.49</u>	<u>4334.18</u>	<u>105.31</u>	2.37

2.2 Advances to Public Officers Accounts

Limits Authorized by Parliament

The limits authorized by Parliament for the Advances to Public Officers Account of the Ministry under Item No.15101 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
8.00	7.99	3.80	5.11	30.00	21.34

2.3 Imprest Account

The balance of the Imprest Account No. 7002/0000/00/0089/0016/000 of the Ministry as at 31 December 2016 totaled Rs. 34.57 million.

2.4 General Deposit Accounts

The balances of 05 Deposit Accounts under the Ministry as at 31 December 2016 totaled Rs. 145.62 million. Details appear below.

Deposit Account Number	Balance as at 31 December 2016
	Rs. Million
6000/0000/00/0002/0071/000	0.02
6000/0000/00/0013/0040/000	14.73
6000/0000/00/0001/0050/000	5.05
6000/0000/00/0016/0021/000	125.81
6000/0000/00/0018/0045/000	0.01
Total	145.62

2.5 Audit Observation

According to the Financial Records and Books for the year ended 31 December 2016, it was observed that subject to the audit observations appearing in paragraph 1.1 of the Management Audit Report, the Appropriation Account and the Reconciliation Statements of the Ministry of

Fisheries and Aquatic Resources Development have been prepared satisfactorily. The material and significant observations out of the above observations appear in paragraphs 3 herein.

3. Material and Significant Audit Observations

3.1 Non-maintenance of Registers and Books

It was observed at the audit test check that the following registers had not been maintained by the Ministry.

Type of Register	Relevant Regulation
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(a) Register of Fixed Assets.	Treasury Circular No.842 dated 19 December 1978.
(b) Register of Fixed Assets on Computers, Accessories and Software.	Treasury Circular No. IAI/2002/02 dated 28 November 2002.
(c) Bond Register	Financial Regulation 891 (1)
(d) Register of Electrical Equipment	Financial Regulation 454 (2)
(e) Register of Damages	Financial Regulation 110
(f) Register of Liabilities	Financial Regulation 214
(g) Counterfoil Register	Financial Regulation 341
(h) Bid Calling Register	Guideline 5.2.1 of Government Procurement Guideline Manual

3.2 Reply to Audit Queries

Replies to 07 Audit queries issued to the Ministry in the year under review and 09 Audit queries issued in the previous years had not been furnished even by 31 March 2017. The value of quantifiable transactions relating to those audit queries amounted to Rs. 2448.04 million.

3.3 Imprest Account

The balance of the Imprest Account not settled by the Ministry as at 30 April 2017 totaled Rs. 9,687,429. This balance was a balance carrying forward from early to the year 2015.

3.4 General Deposit Account

Following observations are made.

- (a) As per the Financial Regulations 570, though a list with regarding every deposit exceeding the claim period should be prepared at the closing of every bi annual, actions had not been taken accordingly.
- (b) A sum of Rs. 10,516,070 which should be paid for third parties on 31 December 2014 and 25 March 2015 had been deposited in a temporary retention deposit account without making payments to relevant parties.

3.5 Reconciliation Statement on the Advances to Public Officers Account

Following observations are made.

- (a) According to the Reconciliation Statement of Advances to Public Officers Account Item No. 15101 as at 31 December 2016, the arrears loan balance as at that date was Rs. 948,577 and though it was remain as loan balances from 05 years to 31 years period, Ministry had not taken actions to recover them.
- (b) A sum of Rs. 302,850 loans had been granted contrary to the directions of the Public Administration Circular No. 30/2008 of 31 December 2008 which was issued as amendment to the paragraph 10.3 of chapter XXIV of Establishment Code to be followed in granting loans for the officers by the Ministry.

3.6 Internal Audit

Annual Performance Report

As per the Public Finance Circular No. 402 of 12 September 2002, Though Performance Report should be tabled in the Parliament by the Ministry within 150 dates from the closing of financial year, that report had not been tabled in the Parliament even as at 10 November 2017.

3.7 Assets Management

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

- (a) **Idle and Underutilized Assets**

Ten vehicles have been kept idle since 3 years a period which the value had not been identified.

(b) Annual Boards of Survey

As per the Public Finance Circular No. 05/2016 of 31 December 2016, the Board of Survey Report of the Ministry had not been submitted to the Auditor General even as at 09 May 2017. Though Board of Survey Reports each division had been submitted up to the date of 08 September 2017, actions had not been taken with relating to the excesses, shortages and non-usable inventory items.

3.8 Unsettled Liabilities

Liabilities which were not settled as at 31 December 2016 by the Ministry were Rs. 33.24 million.

3.9 Non-Compliances

Non-compliances with Laws, Rules and Regulations

As per the paragraph 4 and 02 of Public Administration Circular No. 13/2008 dated on 26 June 2008, extra fuel of Rs. 299,941 had been given by exceeding the fuel limit for officers who are entitle to assigned official vehicles.

3.10 Foreign Aid Projects

A foreign aid project which was expected to perform development activities in 07 Tsunami affected Districts had been executed under 10 main components, and out of them, three components had been executed Micro Business Development and Financial Service Providing Project.

Following observations were made with regarding this Micro Business Development and Financial Service Providing Project.

- (a) As per the paragraph 03/10 (09) of schedule of the loan agreement with regarding above program, a private Institute had been selected on 26 March 2013 as service providing Institute without following Government procurment procedure in selecting service providing Institute. It was observed that the relevant technical evaluation had been done on 27 March 2013 and the activity had been assigned for Rs. 4,661,000 by signing the agreement on 28 March 2013 without a sufficient evaluation of the procurement.
- (b) The Village Development Manager of Micro Business Project is working as a Director of the said service providing Institute had been worked as the Chairman of above Technical Evaluation Committee and the spouse who is working as Administrative Director (projects) of National Aquaculture Development Authority had been worked as a Director of the service providing Institute. Further certifying the payment vouchers with relating to service provided for Rs. 4,661,000 to implement Micro Finance Projects of

Micro Development Project as well as a sum of Rs. 64,323,300 for preparation of project through consultation activities in 05 Districts had been done by the same Rural Development Manager of Micro Business. Non-disclosing of the relationship of these officers to the relevant Company was a misconduct to the paragraph 191,192 and 193 of Companies Act No. 07 of 2007.

- (c) This project had been initiated with a view of upgrading the living status of Micro Businessmen in 7 Tsunami affected Districts on the recommendation of the Consultancy Institute and it had been planned to establish a Public Company from the investment of (2250) members of District Cooperative Societies. This Public Company had been established to get benefits for every member by allowing to utilize 7 stalls constructed under the project to sell the production. However, the Public Company had been established by consisting of 35 shares where the benefits of the Company would only be received by 7 shareholders.

Following observations are made with regarding activities for this Company.

- (i) Though a sum of Rs. 1,080,000 had been paid to a person for the preparation of a report with regarding the success of Micro Business Development Program, the report would not be an acceptable report due to the details mention in that report.
- (ii) A sum of Rs. 1,276,000 had been taken from 1276 members by Rs. 1000 each to purchase shares of the Public Company. No business activities had been performed by the Company other than collecting of these cash and the ownership of the Company had not been given to people who had paid cash.
- (iii) The bank account balance of the Company as at 31 December 2013 was Rs. 1,257,000. Therefore out of collected cash, a sum of Rs. 19,000 had not been deposited in the bank.
- (iv) Though 3 stalls had been given as sales outlet for three members by Trincomalee District Cooperative Society Limited, any file with regarding to these vesting had not been handed over to the Cooperative Society. Revenue is being generated by the people who received the stalls by renting out them into other parties and no documents had been available with the Cooperative Society to confirm the ownership. Therefore it was observed that the objectives of the above projects were not achieved.
- (v) Three stalls belonging to Cooperative Society situated in Galle District had been given only for 3 members for their sole discretion. Though the objective of the project was to sell production of all members in these stalls, it was observed that the main objective would not be achieved.

- (vi) Though it was reported that business activities could not be performed in the stalls belonging to Cooperative Society in Matara District, due to the influence of external parties, no step had been taken by the Ministry in that regard.
- (d) Assets, files and documents belonging to the project had been taken over to the Ministry as the Ministry had the responsibilities to continue the activities implemented by the project and provide necessary facilities by doing the follow up actions. As per the loan agreement, though the relevant document should be kept safely for 10 years after the completion of project, no steps had been taken to secure documents and actions had not been taken by the Ministry to provide any register requested for the audit.
- (e) Continuation of the private Company under this Micro Business Development Project since the ending of the project had been entrusted to the Ministry and proper supervision had not been made on the project. The files of seven District Fisheries Cooperative Societies of Micro Business Development Program were misplaced.
- (f) Accordingly, it was confirm that the main objective of the project i.e. initiating of Micro Business Development Programs were been no use, Private Company is not being performed, relief were not received to entire Society members in investing in shares, coordinating of these businesses is not performed in Ministry level.
- (g) The total cost incurred by Post Tsunami Rehabilitation and Resources Management program for Micro Business Development activity was Rs. 374,817,606. The loan of United State Dollar 31.09 million taken on 2 loan agreements of IFAD Organization had to be paid annually by the General Treasury with 0.75 per cent bi annual interest from 15 October 2015 to 15 April 2045. Therefore it was observed that these loans could be considered as using for fruitless expenditure due to the failure in achieving expected objective.

3.11 Performance

The observations on progress of the Ministry as per the Annual Budget Estimate and Action Plan of 2016 were shown below.

Key Functions Not Executed Adequately

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- (a) Coastal Rehabilitation and Resources Management program (Building and Construction)
 - (i) Out of the allocation of Rs. 50 million provided in the year 2016 for Lagoon Development Project, a sum of Rs. 16,100,000 which was given to Department of Fisheries and Aquatic Resources had been given to National Aquaculture Development Authority. Under that, Pambala Fish Breeding Centre was constructed in Puttalam District by spending a sum of Rs. 15,970,110 and contract value was Rs. 15,001,050. Accordingly, a sum of Rs. 969,060 had been over paid.

- (ii) As per the Guideline 5.4.4 (i) of the Procurement Guideline Manual, maximum of 20 per cent from contract amount could be paid as advances on the basis of providing and acceptable advance payment security, contrary to that, a sum of Rs. 7,371,395 had been paid as advances in three instances when implementing the above project. As per the Guideline 5.4.4 (ii) of the Procurement Guideline Manual, though the entire advance should be recovered before paying of 90 per cent of the total payment, instead of comply with that, total amount had been debited to the expenditure vote.
 - (iii) As per the Guideline 8.12.2 of the Procurement Guideline Manual, though Work Completion Certificate should be issued by the Project Engineer, that report comprising the performance had not been issued even as at 31 July 2017.
 - (iv) Out of the allocations given to Department of Fisheries and Aquatic Resources under Coastal Rehabilitation and Resources Management program, a sum of Rs. 2,959,789 had been spent for other activities which was not related with the program activity.
 - (v) Allocation of Rs.1,695,000 had been given to Hambantota District Secretary under the above project and the expenditure made as per the Treasury printout was Rs. 5,002,395. Therefore a sum of Rs. 3,307,395 had been spent more than the allocations.
 - (vi) The above project had given an allocation of Rs. 375,000 to Matara District Secretary and the expenditure of Rs. 255,000 had been made. The activities implemented under this had not been reported and follow up actions had also not been made.
- (b) Depositing Fingerlings in the Freshwater Tanks with Free of charge to Upgrade the Freshwater Fisheries Production.
- (i) Though a sum of Rs. 30 million had been given to National Aquaculture Authority for this project, any payment details or payment vouchers were not presented to audit.
 - (ii) The Ministry had not made follow up actions with regarding the expenditure made from the allocations of Rs 30 million which was given to National Aquaculture Authority for depositing fingerlings in the freshwater tanks to upgrade the freshwater fisheries production.
 - (iii) Allocation of Rs.140 million had been given for the above activity from the year 2012 to year 2016 and the expenditure of Rs. 123.3 million had been made. However, it was understood that according to those 5 years production data, the improvement of production is not as much as the expenditure made and it was

reported only and improvement of 4980 metric tons of freshwater fish production from the year 2012 to the year 2016.

- (iv) The entire allocation amount had been spent by providing continuous annual estimated allocation of Rs. 30 million each for this activity from the year 2014 without considering the direct expenditure made for breeding freshwater fish through National Aquaculture Authority and Other Organizations other than the allocation given by the Ministry.
- (c) Fishing Communities Strengthen Program
- (i) Allocation of Rs. 91,847,432 had been given to District Secretariat under Fishing Communities Strengthen Program and out of them; the expenditure of Rs. 74,323,303 had been made. The follow up activities on the physical progress had not been done by the Ministry.
 - (ii) Any detail of the activities made out of the allocation of Rs. 5,427,492 given to Hambantota District Secretary under this project had not been presented to audit even as at 11 August 2017.
 - (iii) A sum of Rs. 1,916,043 had only been spent out of the allocation of Rs. 4,385,700 given to Department of Fisheries and Aquatic Resources for the activities of Hambantota District under the above program. Accordingly, a sum of Rs. 2,469,657 or 54 per cent of the allocation had been saved.
 - (iv) Expenditure had been made in the year 2016 to procure freshwater input for Rs. 44,945,861 to distribute for the fishermen and evidence were not presented to audit that those materials were distributed among fishermen.
 - (v) Though allocations had been given to Secretary to the Ministry of Prison Reforms Rehabilitation, Resettlement and Hindu Religious Affairs to procure 990 nets for Rs. 2,270,549 to distribute for the fishermen under Lobster Fishing Project in Tangalle Fisheries Division, evidences were not presented to audit that those nets were distributed among fishermen. Further, no attention had been made on its progress.
 - (vi) Though amount of Rs. 213,575 had been given to National Aquatic Resources Research and Development Agency for the production of low salty dry fish, the relevant research report had not been presented and no evidences were presented to the audit that step whatsoever had been taken for the production of low salty dry fish.

- (d) A sum of Rs. 12.50 million had been spent to renovate Office Quarters under capital assets rehabilitation and improvement expenditure vote and evidences were not presented to audit that the expenditure made were in accordance with the Procurement Guideline Manual.
- (e) Though a sum of Rs. 392,500 had been paid to Industrial Technology Institute for acquiring technical consultation which was required to produce fish soup cubes, such a production had not been made even as at August 2017.
- (f) It was entered into an agreement with an Institute which was selected out of Procurement Guideline Manual to install internet computer system for Rs. 5.65 million with a view of computer networking all the activities of Fisheries Ministry and to measure and examine performance of each Officer. Though a sum of Rs. 11.65 million had been spent including a sum of Rs. 3.65 million in the year 2012 and a sum of Rs. 8 million in the year 2014 to implement this strategic plan, such a computer system had not been implemented even as at the year 2017.
- (g) Though a sum of Rs. 80,556 had been spent for the floor cement of Fisheries Rest House in Mahagalwewa Division from the allocation given to Hambantota District Secretary, it was revealed in physical inspection that activity had not been performed properly.
- (h) Fisheries Community Centre had been constructed in Bendiwewa Division by spending a sum of Rs. 1,489,888 from the allocation of Rs. 1,489,888 under Wewak Samaga Gamak Program. Though the objective of project is to uplift fisheries community, it was revealed that the fisheries families are not living in that area. Though, a sum of Rs. 147,960 had been paid to lay floor cement for the Agrarian Organization, the floor had been damaged from cracks and it was revealed that the construction activity of the floor had not been done according to the standard.
- (i) It was revealed in the physical inspection that construction activities of three Road Development Project implemented by Tangalle and Ambalantota Divisional Secretariat under the allocation of Ministry of Fisheries had not been commenced as per the standard. It was over paid aggregating Rs. 2.16 million for those non-performance activities.
- (j) It was assigned to an Agrarian Organization to construct a Jetty in Lunugamvehera Tank for Rs. 717,440 on 23 October 2016 with a view of anchoring 100 fisheries vessel on the estimate of Rs. 744,032 which was prepared by Technical Officer in Lunugamvehera Divisional Secretariat. A sum of Rs. 706,499 had been paid to that Agrarian Organization as at 21 November 2017. Observations in this regard are shown below.
 - (i) Though a sum of Rs. 706,499 was paid to the Contractor for the above construction, it was reported to audit by the Chairman of the relevant Fisheries Society that the vessel cannot be anchored in that Jetty.

- (ii) The amount of soil supplied for the construction activities of the Jetty had not been calculated and it was revealed that the amount of soil supplied was 716.63 cubic meter when taking measurement of the soil in the Jetty with the Technical Officer on 04 August 2017. However a sum of Rs. 706,499 had been paid for 2696.56 cubic meter of soil. Therefore it was revealed that a sum of Rs. 518,742 had been over paid.
 - (iii) Though a sum of Rs. 267,904 were paid for planting sod grass for 1456 square meters in the Jetty, it was revealed that the actual area was only 1040 square meters. Therefore a sum of Rs. 76,544 had been over paid.
 - (iv) This construction was like a gravel road constructed in the tank and it was revealed that couldn't be used as Jetty as well as the Jetty constructed by filling the soil would be scoured when the tank full with water. This situation was confirmed by the Chairman of the Fisheries Society.
- (k) Though the construction work of Fish Selling Outlet at low prices had been completed by spending a sum of Rs. 501,623 in the month of December 2016 under the allocation given to Hambantota District Secretary, it was kept idle even as at August 2017 without taking for any use.
- (l) Project of Development and Rehabilitation of Fisheries Harbor Anchorages, Ports
- (i) The project on construction of Kalametiya Fisheries Harbor had been commenced on 9 July 2014 and the construction value was Rs. 899.53 million (excluding VAT). The physical progress of the above project of which the work should be completed on 8 June 2016 was 70 per cent as at 31 December 2016. It was revealed that expenditure at that time was Rs. 660.25 million.
 - (ii) Soil testing activities of the construction of New Jetty in Galle Fisheries Harbor had been completed on 03 November 2014 and the work had been commenced on 8 November 2016. Therefore the delay was 2 years. The physical progress of this project of which the work expected to be completed on 4 July 2017 was 15 per cent as at 30 June 2017.
 - (iii) The construction work of the project of which the work commenced on 15 September 2014 had to be abandoned from 23 October 2014 due to non-obtaining the approval of Department of Coast Conservation before commencing the construction work of Kaikawala Anchorage. It is observed that the expenditure aggregating Rs. 83.40 million such as mobilization advance of Rs. 55 million, a sum of Rs. 25.28 million paid for work done to the Contractor, and consultancy fees of Rs. 3.12 million paid at that time were fruitless expenditure.

- (iv) The works of the Extension of Palagathurei Water Breaker Project for Rs. 28 million had been entrusted to Department of Coast Conservation and Coastal Resource Management and a sum of Rs. 19,984,669 had been paid to the Contractor as advances. The activities of the project had been completed as at 31 December 2016 and total expenditure was Rs. 16,982,928. Actions had not been taken to recover the balance amount of Rs. 3,001,741.
- (v) The extension activities of Porutota water breaker had been entrusted to Department of Coast Conservation and Coastal Resource Management and the progress of this activity had not been recorded in performance report of 31 December 2016.
- (vi) The cost of Construction Project of New Jetty in Kudawella Fisheries Harbor was Rs. 142 million and it was expected to commence the work on 13 October 2016 and to complete on 29 April 2017. However it was revealed that the physical progress was 54 per cent even as at 30 June 2017.
- (vii) Allocation of Rs. 200 million had been provided in 2015 for extension of water breaker in Hambantota Fisheries Harbor and activities of removing sand from Harbor premises had been completed on 20 March 2016 by Ceylon Fishery Harbors Corporation. However according to the action plan 2016, though a sum of Rs. 30 million had been provided for activities of extending water breaker by 150 meters, the said activity had not been commenced even as at June 2017.
- (viii) The projects such as Construction of Peraliya Anchorage, Construction of Lagoon face of Chilaw Fisheries Harbor and Construction of Dodanduwa Fisheries Harbor which were planned to commence in the year 2015, had not been commenced even as at the year 2017.
- (ix) The works of Karainagar Boat yard Construction Project commenced on 14 May 2016 had to be completed its work on 16 October 2017. However the financial progress as at 31 December 2016 was 1.7 per cent and there were no any physical progress even as at third quarter of 2017.
- (x) Though the work of Wennappuwa Fisheries Harbor Construction Project commenced on 9 September 2016 had to be completed on 15 February 2017, no any physical progress had been reported even as at second quarter 2017.
- (xi) Though a sum of Rs. 5 million had been paid on 14 December 2014 for Negombo Lagoon Development Project by considering the Bill of quantities given by Ceylon Fishery Harbors Corporation, the project had been abandoned. It

was reported that the document could not be presented to audit as they were submitted to Presidential Commission of Inquiry.

3.12 Deficiencies in Bank Accounts Operations

Following observations are made.

- (a) Balance Confirmation Letters as at 31 December 2016 with relating to 07 bank accounts had not been presented to audit.
- (b) Actions had not been taken in terms of Financial Regulation 396 with regarding cheques of Post Tsunami Rehabilitation and Resources Management Project amounting to Rs. 16,735 which was not presented for payments to above bank accounts and was expired the valid period as at 31 December 2014, and details of those cheques had not also been presented to audit.

3.13 Transactions of Contentions Nature

Certain transactions made by the Ministry were in contentious nature. Details of sum transactions in that nature reveled in test checks were shown below.

- (a) Bid calling registers, Tender Board Decisions, Technical Evaluation Committee Reports and information about selected Supplier, and details of relevant expenditure made with relating to the expenditure of Rs. 12.50 million made in the year 2016 for rehabilitate and improvement of capital assets, repair building construction were not presented to audit.
- (b) Following observations were made with relating to the payment of Rs. 2.64 million to a Private Company for taking consultancy service in view of re-structuring the Ceylon Fisheries Corporation.
 - (i) Even though the decision was taken to get the support of a consultancy Company to get technical knowledge for re-structuring the Ceylon Fisheries Corporation by mentioning as according to the proposal made in Cabinet Memorandum on 18 September 2015, such approval had not been granted from the above Cabinet Memorandum.
 - (ii) Though it was mention that quotations were called from 6 Institutions by the Ministry for selecting a Consultancy Institute, those files were not presented to audit and the quotations received were not presented to audit. According to the calling for bids, though it was mention that 2 Institutes were submitted quotations, those details were not presented to audit.
 - (iii) The Procurement Committee held on 10 February 2015 had given the procurement activity for the Institute quoted the price as Rs. 3.90 million by

discussing the amount as Rs. 3.12 million without explaining the reasons for the rejection of Rs. 2.80 million presented as the lowest price.

- (iv) It had not been engaged into a written agreement with the Supplier agreed to provide consultancy service for the above amount.
- (v) It had been decided in the Board of Directors Meeting of Ceylon Fisheries Corporation held on 18 November 2016 that the relevant activities had not properly been performed by the consultancy Company. It had also been decided by the Ministry Procurement Committee by reviewing the consultancy report that, the relevant report was not a report in acceptable level.
- (vi) According to the above decisions, though it was recommended to pay the fees payable to the Supplier by deducting Rs. 1.03 million, a sum of Rs. 320,385 had been over paid to the Supplier.
- (vii) As mentioning in the Paragraph 04 of the letter No. MF/PE/CM/2016/08 dated 02 February 2016 of Minister of Finance, though it was advised to report its progress monthly to the General Treasury by properly utilizing the amount of Rs. 689 million which was given by the Treasury for restructuring of Ceylon Fisheries Corporation, actions had not been performed accordingly.
- (viii) Though a sum of Rs. 893.29 had been given to the Ministry for restructuring of Ceylon Fisheries Corporation providing a sum of Rs. 890.19 million from Treasury as supplementary provision in the year 2016 and a sum of Rs. 3.10 million under the transfers of Financial Regulation 66, its progress had not been reported.

3.14 Losses and Damages

Following observations are made.

- (a) Though a vehicle had met with an accident on 20 December 2015, losses and damages had not been calculated in the previous year appropriation account. According to the answer given by the Secretary to the Ministry on 09 August 2016, though it was shown that the investigations were been conducted under Financial Regulation 104, that accident had not been reported under losses and damages in appropriation account of 2016.
- (b) A loss of Rs. 939,173 was occurred from the accident caused to the vehicle on 26 December 2012. According to the answer given by the Secretary to the Ministry in this regard on 09 August 2016, it was reported that relevant reports and files with relating to the accident were not available in Transport Division and it had not been reported on this accident in the formats of D.G.S.A. 7, D.G.S.A. 7 (i) in the appropriation account of the year under review.

- (c) A loss of Rs. 512,080 occurred from the accident caused to the vehicle on 11 August 2013 had not been recovered even as at 09 May 2017 and it was not shown in losses and damages statement (D.G.S.A. 7), statement of written off from books (D.G.S.A. 7(i)) in the appropriation account.
- (d) The details of damages of Rs. 6.64 million caused to 10 vehicles of the Ministry from January 2016 to 31 July had not been shown in the statement of losses and damages (D.G.S.A. 7) in the appropriation account and 04 files of vehicle accident caused from August 2016 to 31 December had not been presented to audit.

3.15 Human Resources Management

(a) Approved and the Actual Cadre

The position of the cadre as at 31 December 2016 had been as follows.

Category of Employees	Approved Cadre	Actual Cadre	Number of Vacancies
(i) Senior Level	21	17	04
(ii) Tertiary Level	05	04	01
(iii) Secondary Level	116	77	39
(iv) Primary Level	54	47	07
(v) Others (Casual/ Temporary /Contract basis)	04	02	02
Total	<u>200</u>	<u>147</u>	<u>53</u>

- (b) According to the paragraph 2.1 of the Circular of the Secretary to the President No. C.A/1/17/1 dated on 14 May 2010, though the maximum supporting staff engaged in the service in Offices of Ministers and Deputy Ministers should be 15, the staff of the Ministry of Fisheries and Aquatic Resources Development had recruited 21 as staff cadre in the year 2016. Therefore 06 excess staff had been recruited.
- (c) An Assistant Secretary (Labor Relation) had been appointed for temporary post which was not coming under Sri Lanka Administrative Service to pay a salary scale of S.L - 2006 of Public Administration Circular No.6/2006 through a Cabinet Decision. Following observations are made.
- (i) Labor relations Division had not been established in the Ministry of Fisheries and Aquatic Resources Development.
- (ii) Though a sum of Rs. 411,892 had been paid as salaries from 30 May 2016 to November for the above Officer, assigning of duties had not been made.

- (iii) Though, the said post was not entitled to have an official vehicle, a vehicle belongs to the Ministry had been assigned for the travelling purpose of this Officer.
- (iv) A sum of 14636 kilometers had been traveled in the above vehicle from 13 April 2016 to 30 November 2016 and a sum of Rs. 118,291 had been paid as fuel expenses from 13 April 2016 to 30 July.