

Rubber Control Fund - 2016

The audit of financial statements of the Rubber Control Fund for the year ended 31 December 2016 comprising the balance sheet as at 31 December 2016 and a summary of significant accounting policies and other explanatory information was carried out under my direction in pursuance of provisions in Article 154(3) of the Constitution of the Democratic Socialist Republic of Sri Lanka read in conjunction with Section 39(a) (3) of the Rubber Control Act, (Cap. 436) No. 11 of 1956 as amended by the Rubber Control (Amendment) Act No.45 of 1957 .My comments and observations on these financial statements appear in this report.

1.2 Management's Responsibility for Financial Statements

The management is responsible for the preparation and fair presentation of these financial statements in accordance with Sri Lanka Public Sector Accounting Standards 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).

1.4 Basis for Disclaimer of Opinion

As a result of the matters described in paragraph 2.2 of this report I am unable to determine whether any adjustments might have been found necessary in respect of recorded or unrecorded items, and the elements making up the balance sheet.

2. Financial Statements

2.1 Disclaimer of Opinion

Because of the significance of the matters described in paragraph 2.2 of this report, I have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, I do not express an opinion on these financial statements.

2.2 Comments on Financial Statements

2.2.1 Accounting Deficiencies

A sum of Rs.1,864,559 credited to the Consolidated Fund had been shown as a current asset instead of showing as a deduction from the Rubber Control Fund.

2.3 **Receivable and Payable Accounts**

The following observations are made.

- (a) Balances of 13 current assets totalling Rs.635,271 had been brought forward without changing in the financial statements for more than 19 years and action had not been taken to settle advance balances amounting to Rs.287,378 included therein.
- (b) Balances of 05 items of current liabilities totalling Rs.239,784 had been brought forward for more than 19 years and steps had not been taken to settle advances payable amounting to Rs.222,031 including therein.

2.4 **Lack of Evidence for Audit**

The following items could not be satisfactorily vouched or accepted in audit due to non- submission of any evidence indicated against each item.

Item	Value	Evidence not made available
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	Rs.	
(a) Fixed Assets	985,925	- Confirmation Reports - Registers of Fixed Assets
(b) Current Assets	635,271	- Schedules - Age Analysis - Confirmation of Balances
(c) Current Liabilities	239,784	- Schedules - Age Analysis - Confirmation of Balances

3. **Financial Review**

3.1 **Financial Results**

The Statement of Financial Performance for the year under review had not been prepared as there were no operating activities of the Fund.

4. **Operating Review**

4.1. **Present Status of Activities of the Fund**

Even though it had been ordered to liquidate the Fund at the Committee on Public Accounts held on 23 July 2009, the cabinet memorandum therefore had been presented only on 26 February 2016. A liquidator had been appointed in terms of the Decision of the Cabinet of Ministers held on 09 March 2016. The necessary constitutional drafts had not been prepared by 30 June 2017 with the concurrence of the legal draftsman to liquidate the functions of the Fund in compliance with the observations of the Ministry of Finance.

The Institutions pertaining to the current assets and current liabilities brought forward from the balance sheet presented for the year 1997 as the last active year of the fund up to the balance sheet of the year under and under liquidation, had been identified as Inoperative Institutions at present. As such, it was observed that the assets and liabilities shown in the balance sheet do not reflect true and fair items of accounts.

5. Accountability and Good Governance

5.1. Presentation of Financial Statements

Even though the Financial Statements should be presented to the Auditor General within two months after the close of the financial year in terms of the Public Finance Circular No.PF/423 of 22 December 2016 the Financial Statements of the Fund had been presented to audit on 15 June 2017 after a delay of 107 days.

6. Systems and Controls

Deficiencies in systems and controls observed during the course of audit were brought to the notice of the Director General from time to time. Special attention is needed in respect of fixed assets and the settlement of receivable/payable balances.