

Pulses and Cereals Research and Production Authority - 2016

The audit of financial statements of the Pulses and Cereals Research and Production Authority for the year ended 31 December 2016 comprising the statement of financial position as at 31 December 2016 and the statement of financial performance and statement of changes in net assets 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 Articles 154(1) of the Constitution of the Democratic Socialist Republic of Sri Lanka read in conjunction with the 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 Authority 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 Sri Lanka Public Sector Accounting Standards and for such internal control as the management determines is necessary to enable 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 judgment, including the assessment of risks of material misstatements of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Authority's preparation and fair presentation of 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 Authority'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. Subsections (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 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

Opinion

In my opinion, the financial statements give a true and fair view of the financial position of the Pulses and Cereals Research and Production Authority as at 31 December 2016 and its financial performance for the year then ended in accordance with Sri Lanka Public Sector Accounting Standards.

3. Financial Review

Financial Results

According to the financial statements presented, the deficit of the Authority for the year ended 31 December 2016 amounted to Rs.374,940 as compared with the corresponding deficit of Rs.30,744 for the preceding year and as compared with the preceding year the financial results for the year under review indicated a deterioration of Rs.344,196. The written off the loss from empty fertilizer bags amounted Rs.347,555 had been the main reason for the deterioration.

4. Operating Review

Management Activities

Even though approval of the Cabinet of Ministers for the Cabinet Memorandum No. 13/0361/536/005 dated 04 April 2013 for the liquidation of this institution had been received on 04 April 2014, that order had not been implemented even by 31 December 2017.

5. Accountability and Good Governance

5.1 Presentation of Financial Statements

Even though the financial statements should be presented to the Auditor General within 60 days after the close of the year of accounts, as specified in Section 6.5.1 of the Public Enterprises Circular No. PED/12 of 02 June 2003, the financial statements for the year under review had been presented only on 22 March 2018 after a delay of 387 days.