

Head 285- Department of Agriculture

1. Financial Statements

1.1 Qualified Opinion

The audit of the financial statement of the Department of Agriculture for the year ended 31 December 2018 comprising the statement of financial position as at 31 December 2018, the statement of financial performance and cash flow statement for the year then ended, 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 provisions of the National Audit Act, No. 19 of 2018. The summary report including my comments and observations on the financial statements of the Department of Agriculture was issued to the Accounting Officer on 31 May 2019 in terms of Sub-section 11 (1) of the National Audit Act, No. 19 of 2018. The Detailed Annual Management Audit Report relating to the Department in terms of Section 11 (2) of the National Audit Act, No. 19 of 2018 was issued to the Accounting Officer on 29 May 2019. This report will be tabled in Parliament in pursuance of provisions in Article 154 (6) of the Constitution of the Democratic Socialist Republic of Sri Lanka to be read in conjunction with Section 10 of the National Audit Act, No. 19 of 2018.

In my opinion, except for the effects of the matters described in the Paragraph 1.6 of this report, the accompanying financial statements give a true and fair view of the financial position of the Department of Agriculture as at 31 December 2018, and of its financial performance and cash flow for the year then ended in accordance with Generally Accepted Accounting Principles.

1.2 Basis for Qualified Opinion

I conducted my audit in accordance with Sri Lanka Auditing Standards (SLAuSs). My responsibilities of the Financial Statements, are further described in the Auditor's Responsibilities section. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

1.3 Responsibilities of Chief Accounting Officer and Accounting Officer for the Financial Statements

Chief Accounting Officer and Accounting Officer are responsible for the preparation of financial statements that give a true and fair view in accordance with Generally Accepted Accounting Principles and provisions in Section 38 of the National Audit Act, No.19 of 2018 and for such internal control is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

As per Sub-section 16(1) of the National Audit Act No. 19 of 2018, the Department is required to maintain proper books and records of all its income, expenditure, assets and liabilities, to enable annual and periodic financial statements to be prepared.

As per Sub-section 38 (1) (c) of the National Audit Act, the Chief Accounting Officer and Accounting Officer shall ensure that effective internal control system for the financial control of the Department exists and carry out periodic reviews to monitor the effectiveness of such systems and accordingly make any alterations as required for such systems to be effectively carried out.

1.4 Auditor's Responsibilities for the Audit of the Financial Statements

My objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditor General's summary report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Sri Lanka Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Sri Lanka Auditing Standards, I exercise professional judgment and maintain professional skepticism throughout the audit. I also,

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Department's internal control.
- Evaluate the structure and content of the financial statements containing the disclosures and the transactions and events that underlie the financial statements in an appropriate and reasonable manner.
- That the transactions and events underlying the structure and content of the financial statements are appropriately and fairly presented when submitting financial statements as a whole.

I communicate with the Accounting Officer regarding, among other matters, significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

1.5. Report on Other Legal Requirements

I express the following matters in accordance with Section 6 (d) of National Audit Act, No. 19 of 2018.

- (a) Since there was no need for the preparation of financial statements for the preceding year, it could not be stated that the financial statements presented for the year under review were consistent with the preceding year.
- (b) Since there was no requirement for the Department of Agriculture to prepare financial statements for the preceding year, recommendations on the financial statements had not been made.

1.6 Comments on Financial Statements

1.6.1 Presentation of Financial Statements

The following observations are made.

Audit observation

According to the Cabinet decisions No.CP/00/680/08/040 dated 10 May 2000 and No.96/0775/105/032 dated 21 March 1996, 5 Advance Activities had been decided to be winding-up. Even though winding-up activities must be completed in the coming year following the closure of an Advance Activity as per Section 518 (3) of the Financial Regulation, even the period of 14 to 26 years had elapsed, the winding-up procedures had not been completed and the accounts had not been submitted to the Auditor General.

Recommendation

In case of delays of more than 03 years disciplinary action should be taken by the Secretary to the Ministry / Head of Department in terms of Section 8.1 and 8.2 of Chapter XLVII of the Establishments Code.

Comments of the Accounting Officer

Action will be taken to close down and terminate by zero the balances after presenting with a Cabinet Memorandum for these five winding-up accounts.

1.6.2 Commercial Advance Account

The following observations are made.

Audit observation

- (a) The financial result for the year under review had been declined by Rs.135,093,450 with compared to the previous year after adjusting the Hypothetical Charges.

Recommendation

Necessary actions should be taken to maximize the profit of the Commercial Advance Account.

Comments of the Accounting Officer

The comments had not been furnished.

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| (b) The depreciation value of capital assets and the value of the Depreciation Reserve Fund relating to the Advance activities had not been calculated accurately. | Assets depreciation should be properly accounted | Action will be taken to correct this in the year 2019. |
| (c) Assets had not been classified and accounted and depreciation had not been calculated accordingly. | Asset classes should be accounted separately. | Action will be taken to rectify further and correct this classification in the future. |
| (d) Although 85 per cent of permanent salary expenditure is shown in the manufacturing account and the remaining 15 per cent is shown in the profit account, the basis and policy of accounting had not been disclosed in the financial statements. | The accounting basis and policy adopted by the institute should be disclosed in the financial statement. | Salaries paid out of the advance account are shown as indirect expenses in the profit account and the remaining 85 percent is being shown in the manufacturing account because it relates directly to the manufacturing account |
| (e) Although the assets of the 75 institutions relating the activity of commercial advances accounting had been identified, accounted and depreciated, fixed assets accounting and depreciation policies were not specified in the financial statements as per contributions from each of those entities. | The adjustments should be made after depreciating in accordance with the depreciation policy adopted by the institute. | Our depreciation method is correct |
| (e) 15 building subjects of Karadiyanaru farm had not been evaluated and accounted. | Fixed assets should be evaluated and take into the books. | With the end of the war, this has been activated and is currently being improved. |
| (f) The value of the motorcycle received in June 2018 to the Office of the Deputy | The value of fixed assets should be | This will be adjusted in accordance with the |

- Director of Agriculture in Karadiyanaru had not been evaluated and the relevant depreciation had not been accounted. The opening cumulative depreciation of Rs.769,155 relating to 03 motor cars received in 2014 and 2017 had not been accounted. In addition, the depreciation for the year of motor vehicles had been understated by Rs.203,085.
- included in the provisions of books of the Financial Regulation relevant years and 515 by following your instructions. should be depreciated accurately.
- (g) Machinery worth Rs.3,540,587 which was in the office of Deputy Director of Agriculture, Vavuniya had been accounted twice. Fixed assets should be accounted accurately. -do-
- (h) Depreciation for the year had been understated by Rs.170,864 due to overstated in the value of machinery removed from the Gannoruwa Vegetable Seed Center by Rs.3,417,280. The correct amount of depreciation should be calculated and accounted. Depreciation will not be calculated for the year of disposal.
- (i) The opening cumulative depreciation of tractors, trailers, and motor cars in the office of Deputy Director of Agriculture's and 03 farms had been understated by Rs. 1,266,050. The accurate opening cumulative depreciation should be included in the accounts. The depreciating was calculated and revised again in items find from time to time. Accordingly, the figures we have shown are accurate.
- (j) The tractors and trailers valued at Rs.5,012,700 existed at SeethaEliya Seed Potato Warehouse had not been accounted as assets and depreciation for the year under review had been understated by Rs.125,318. Depreciation should be provided by value the fixed assets and bring those values into the books. The first recorded documents of these assets cannot be found as they had decayed and destroyed.
- (k) Balance confirmation and details about asset acquisition and disposal were not provided for 03 subjects of assets and liabilities totalling Rs.49,827,685 included in financial statements for the year under review. The information about confirming balances should be submitted. Much attention has been focused on collecting money from creditors since 2012 and strict actions have been taken in that regard. This creditor's balance confirmation should be obtained from the Secretary. The replies were not received up

to now for our inquiries in that connections in that regard.

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| (l) | There was a difference of Rs.17,694,398 in between the closing balance of the preceding year and the opening balance of the fixed assets. | The opening balance must be shown accurately. | We were done that corrected the balance as at 31 December 2017 and continue as take the 2018 opening balance as the correct value. |
| (m) | There was a difference of Rs.500,800 in between the debtor balance confirmations and the debtor values shown in schedules. | Debtor's schedules and the debtor's balance should be compared. | The differences were occurred in sending balance confirmations by some debtors. Therefore, the balance in our books is accurate. |

1.6.3 Winding-up Advance Accounts

The following observations are made.

Audit observation

Recommendation

Comments of the Accounting Officer

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| (a) | The total unapproved accumulated working losses existing since a period from 17 to 26 years in respect of the 4 winding-up advance accounts was Rs.65,842,264. | Should act in accordance with Standing Order 132A (3) and (4) of the Parliament and Financial Regulations 513. | The 04 advance accounts have only working losses. Therefore, a cabinet paper has been prepared to remove it. |
| (b) | The balances due to be settled amounting to Rs.76,157 over 28 years and receivable balances amounting to Rs.1,303,832 existing since over 28 years relating to the Certified Seed and Planting Material Advance Purpose Winding-up Account were existed. | Should act according to the Financial Regulation 518 | It has been decided to carry out inquiries regarding the creditors and credit to the Government revenue. An inquiry has been conducted under Section 14 (4) of the Financial Regulations on |

Debtors.

1.6.4 Statement of Financial Position

The following observations are made.

Audit observation	Recommendation	Comments of the Accounting Officer
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The difference of Rs.8,092,884 was being existed in between the value stated in the Statement of Financial Position as at 31 December 2018 and Statement of Non-financial Assets included in the financial statements.	The correct value should be accounted by comparing with Treasury Reports	Accounting of assets under new provisions had introduced for this year's financial statements and these errors will be corrected by the introduction of the computer program by the Treasury for those errors.

1.6.5 Cash Flow Statements

The following observations are made.

Audit observation	Recommendation	Comments of the Accounting Officer
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Even though a sum of Rs.620,741,594 receipts from the Treasury for the Farm Advance Account and Received under the Public Officers Advance Account had shown as an overpayment under financial activities in the cash flow statement during the year under review, that value had not been shown under cash generated from financial activities and investment activities.	Cash inflow and outflows should be shown in the relevant activities.	Consider these two totals together, the overpayment was Rs.620,741,594 over the actual value received as cash. It was included in the account.

1.6.6 Statement of Financial Performance

The following observations are made.

Audit observation	Recommendation	Comments of the Accounting Officer
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Even though the imprest received from Treasury for the year under review was Rs.5,497 million, a difference of Rs.19.4 million is being existed due to the imprest received was Rs.5,477.6 in the financial	Imprest receipts should be properly accounted.	This change is due to the change of columns when copying information to the final report.

performance statement.

1.6.7 Non-maintenance of Books and Registers

The following observations are made.

Audit observation	Recommendation	Comments of the Accounting Officer
<p>(a) Fixed Assets Register for Computers, Accessories and Software</p> <p>-----</p> <p>The Fixed Assets Register on Computers, Accessories and Software has not been updated as per Treasury Circular No.IAI/2002/02 dated 28November2002.</p>	<p>The register should be updated as per the circular instructions.</p>	<p>Arrangements have been made to update.</p>
<p>(b) Security Register</p> <p>-----</p> <p>A Security Register had not been maintained by including details of employees and officers required to give security in accordance with Financial Regulation 891 (1).</p>	<p>A Security Register should be maintained.</p>	<p>This has mostly updated.</p>
<p>(c) Vehicle Log Book</p> <p>-----</p> <p>The vehicle Log Books had not been maintained as per Financial Regulation 1645(a).</p>	<p>Vehicle Log Book should be maintained relating to every vehicle.</p>	<p>-do-</p>
<p>(d) Vehicle List Out Register</p> <p>-----</p> <p>A Vehicle List Out Register had not been maintained as per Financial Regulations 1647 (e).</p>	<p>A Vehicle List Out Register should be maintained.</p>	<p>Currently the relevant lists have been prepared by the Asset Management Branch on the instructions of the Comptroller General.</p>

1.6.8 Lack of audit evidence

The following observations are made.

Audit observation	Recommendation	Comments of the Accounting Officer
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The replies for 08 audit queries furnished during the year under review to the Department had not been presented even as at 31 March 2019, the value of countable transactions pertaining to those queries is Rs.32.35 million.	The answers should be furnished promptly for audit queries in terms of Financial Regulation 155 and if there are any queries that may be delayed in answering such questions, an action should be taken to issue an interim report for that.	The comments had not been furnished.

1.6.9 Responsibilities of the Accounting Officer

Although the Accounting Officer should have been ensured in respect with regards to the following in accordance with the provisions of section 38 of the National Audit Act No. 19 of 2018, actions had not been taken accordingly.

Audit observation	Recommendation	Comments of the Accounting Officer
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(a) The Accounting Officer shall ensure that the Department has developed and maintained an effective internal control system for financial control and the effectiveness of the system should be reviewed periodically and the necessary modifications should be made to ensure that the system is operated effectively. Although these reviews made in writing and copy of those should be submitted to the Auditor General, The statements for such reviews were not submitted to the audit.	Should comply with the provisions of Section 38 of the National Audit Act No. 19 of 2018.	The comments had not been furnished.
(b) The Accounting Officer should ensure that annual and other financial statements are prepared within the required time period. Although in addition, the Accounting Officer is responsible for submitting the annual reports relating to the audited entity, to Parliament, the audit observations set out in paragraph 3.9 of the report had not been met those requirements.	-do-	-do-

- (c) Although the Chief Accounting Officer and the Accounting Officer should ensure that all audit queries are answered within the specified time period as required by the Auditor General, the answers for the Audit Queries had not been replied as per paragraph 1.6.8 of the report. -do- -do-

1.6.10 Non-compliance with Laws, Rules and Regulations

The following observations are made.

Observation	Recommendation	Comments of the Accounting Officer
Reference to Laws, Rules and Regulations Amount Rs. Non-compliance		
(a) Statutory provisions ----- Section 47 of the Pradeshiya Sabha Act No. 15 of 1987.	The newly constructed sales outlet of the Deputy Director of Agriculture (Seed) office at Thelijjawila had been constructed by attaching to the main wall despite the provisions of the Housing and Urban Development Ordinance.	Should act in accordance with the provisions of the Ordinance. The Director (Seed and Planting Material Development) informed me that the intention was not to act in ignoring the existing construction limits.
(b) Establishment Code of the Democratic Socialist Republic in Sri Lanka -----		
(i) Section 5 of Chapter xix	150,996 Rent of the official quarters had not been collected from two officers working in the office of the Deputy Director of Agriculture (Inter-Provincial) office in Moneragala.	Rent of official quarters should be charged as specified in the Establishments Code I have informed to the Accountant (Salary Management-I) regarding the way of how to deal with this.
(ii) Section 6.1 of Chapter xix	It was observed that the officers serving in the five institutions of the Department have been	The maximum rental period of all houses except a house reserved for a The lease period was extended in terms of Section 6.12 of the Establishments Code

residing continuously in quarters for a period of 01 to 13 years. particular post should be acted by limiting to 05 years. and action will be taken to hand over the houses if they requesting a house for the staff officers on the waiting list by removing those who were over 05 years.

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

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| (i) Financial
Regulation 103 | The action had not been taken as per Financial Regulations regarding loss and damage incurred to plants and seeds kept for sale in the sale centre of seed and planting material in Maduruketiya. | Action should be taken as per Financial Regulations. | Proper actions will be made regarding dead plants. |
| (ii) Financial
Regulation
104(3) | The action had not been taken regarding Preliminary report submitted in terms of Financial Regulation 104 (3) to the Director of Seed & Planting Material about narrow viability stocks received to the office of the Deputy Director of Agriculture, Narahenpita in November 2002. | -do- | The Director has been informed about the action to be taken. |
| (iii) Financial
Regulation
143(2)(c) | The receipts had not been issued when selling seedlings at the Seed and Planting Material Sales Piyasa in Gannoruwa due to the cash register had inactive since 02 March 2018. | Receipts should be issued in terms of financial regulations. | I am informed to the Director (Seed and Planting Material Development) to use General 172 receipts when the cash register does not work. |
| (iv) Paragraph 1.7 of
the Circular of
Director General | A sum of Rs.2,670,404 had been banked after a delay of 4 days to 13 days at four | The money received from sales should be banked immediately | Money will be deposited to the bank without delay. |

of Agriculture
No.08/2010
dated 23
September 2010
and Financial
Regulation 177.

regional offices.

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| (v) Financial
Regulation
502(2) | A fixed asset register had not been maintained for the purpose of advanced accounting. | A fixed asset register had not been maintained in terms of Financial Regulations. | Arrangements have been made to rectify the asset register, combine with the General Treasury by comparing it with their information and enter those into the National Accounts. |
| (vi) Financial
Regulation
753(2) | Receipt orders had not been brought back for materials issued by various units of the Department. | The receipt of goods should be confirmed through receipt orders. | It has been stated that certain receipts orders have been received up to now and advised to avoid such a situation in the future. |
| (vii) Financial
Regulations
880 and 881
and Department
Order
No.17/2015
dated 11
December
2015. | The Securities had not been given by officers of the Bombuwala Paddy Research and Development Centre and the Gannoruwa Vegetable Seeds Center. | Action should be taken to obtain Securities in accordance with the Security Ordinance. | It was informed about this and the Management Assistant has been instructed to carry out the necessary activities. |
| (d) Other Circulars

Paragraph No.04 of
Director General's
Circular
No.08/2010 dated
23 September 2010. | A Research Register had not been maintained by some research units of the Department. | A Research Register should be maintained with all the information. | This almost updated |

2. Financial Review

2.1 Imprest Management

The following observations are made.

Audit observation -----	Recommendation -----	Comments of the Accounting Officer -----
Although the imprest was requested by the Department for the year under review, total bills amounting to Rs.916.36 million remained as at 31 December 2018 due to the Treasury did not issue adequate imprests.	Action should be taken to provide imprest on time.	The comments had not been furnished.

2.2 Expenditure Management

The following observations are made.

Audit observation -----	Recommendation -----	Comments of the Accounting Officer -----
(a) Savings in the range of 21per cent to 151 per cent were observed in the provisions transferred to 03 expenditure codes in terms of the provisions of the Financial Regulation 66.	Should prepare accurate expenditure estimates.	These provisions were saved due to the payment of telephone expenditure from the Capital Expenditure and separate provisions were been given for control of the Armyworm.
(b) The provision of Rs.60 million for repairs of Plant Genetic Resources Bank at Gannoruwa had totally been saved.	-do-	These provisions were saved due to more time taken to prepare the specifications and the higher prices were furnished by the bidder.
(c) After utilizing provisions of those expenditure codes, the savings were 20 per cent and 24 per cent respectively due to over provision had been provided for 38 recurrent expenditure codes and 33 capital expenditure codes.	-do-	The savings have been attributed due to the management of expenditure, inability to perform procurement due to the rise in the value of the Dollar, inability to furnished bills as planned, and recruitments are not being done properly.

2.3 Entering Commitments and Liabilities

The following observations are made.

Audit observation	Recommendation	Comments of the Accounting Officer
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A sum of Rs.2.99 million of expenditure had paid in 197 instances during the year 2019 for the year under review had not been stated in the Statement of Liabilities.	All liabilities should be recognized and accounted in accordance with Financial Regulation 150.	I have been informed through the accountant (Finance Management)- S.L.A.S.-I that the unreported liabilities had been paid in the year 2019.

2.4 Deposit Balances

The following observations are made.

Audit observation	Recommendation	Comments of the Accounting Officer
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Actions had not been taken as per the provisions of the Financial Regulations 571 (3) relating to the General Deposit balance of Rs.11,861,970 had lapsed over 02 years after deposited.	Action should be taken as per the Financial Regulation 571(3).	Steps had been taken to credit some deposits to the government revenue.

2.5 Operating of Bank Accounts

The following observations are made.

Audit observation	Recommendation	Comments of the Accounting Officer
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Actions had not been taken as per Financial Regulation 396(d) on 11 Chequestotalling Rs.127,927 were issued but not presented to the bank more than 06 months.	Should act in accordance with Financial Regulations.	It was informed to settle

2.6 Statement of Reconciliation of Advance Accounts to Public Officers

The following observations are made.

Audit observation	Recommendation	Comments of the Accounting Officer
The total of outstanding balances as at 31 December 2018 was Rs.8,197,445 and those outstanding balances ranged from 01 to 24 years.	Action should be taken to recover the outstanding balances	We have tried hard to settle these loan balances and it has further been outstanding due to unable to find enough information because it's too old.

3. Operational Review

3.1 Plaining

The following observations are made.

Audit observation	Recommendation	Comments of the Accounting Officer
The Annual Action Plan of the Department has been revised on 14 occasions and it was observed that the plan had been prepared without a proper feasibility study based on the annual budget since it was last revised even on 28 December.	Action should be taken as per Public Finance Circular No. 1/2014 dated 14th February 2014.	Comments had not been furnished.

3.2 Non-execution of Functions

The following observations are made.

Audit observation	Recommendation	Comments of the Accounting Officer
(a) Although the National Seed Production and Purchase Program is implemented with the basic objective of increasing the availability of quality seeds, it was observed that the contribution provided by the Department to the national seed requirement is prevailed to be a lower level between 2 per cent and 30 per cent.	It should be operated the Departmental resources to produce seeds in sufficient quantities to suit the needs of the country.	I would kindly point out that the severe drought of the last few seasons has affected seed production.
(b) In the year 2017, a project of providing suitable fertilizer recommendations at the regional level by inspecting the soil	The resources of the Department should be operated to	Since the soil samples provided are inadequate, it is not

samples at the GramaNiladhari Divisions level was implemented through the Horticulture Crop Research and Development Institute. Accordingly, although the responsibility of testing soil samples in two districts of Colombo and Gampaha has entrusted to the Horana Fruit Research and Development Institute, no action had been taken to provide suitable fertilizer recommendations even as at October 2018.

- (c) Even though conducting research on temperate vegetables and fruits is an objective of the SeethaEliya Agricultural Research Centre, attention had not been paid relating to research on the introduction of varieties of imported crops.
- Action should be taken to introduce new varieties by conducting researches on imported seeds.
- The Director (Horticulture Research and Development) has informed me that this research on the development of new varieties of cabbage and carrots and their production of hybrid seeds has commenced.

3.3 Activities Contrary to the Main Functions

The following observations are made.

Audit observation	Recommendation	Comments of the Accounting Officer
(a) Although a sum of Rs.2,310,052 had incurred on behalf of determining the time of harvesting of bananas named "MillewaSuwadel" under the Horana Fruit Research and Development Centre and Impact Study Project on Enlargement of Nuts by Botanical Science Experiments, it was observed that these researches do not the burning farmer's issues of society.	The officers should be directed accordingly for that by identifying divisional farming issues and preparing a research plan.	The Director (Fruit Research and Development) informed me that prior to this research, the approval was obtained by present to the panel of experts of the Sri Lanka Council for Agricultural Research Policy and progress of this research was presented before this panel of experts and discussed it once in six months.
(b) Although the provision of Rs.25 million had been allocated to the Horana Fruit Research and	Plans should be prepared and implemented to	It is decided to do by this special project because a water supply system was a top

Development Institute by achieve the priority need and the normal included a special project for expected objectives provision is not sufficient for improving climate adoptive green of the project. that. technology for food crops production by confirming food security in Sri Lanka in the initial Action Plan,those provisions had been incurred for normal activities.

- (c) 70 per cent out of the total provision of Rs.30 million had provided to the Horticultural Crops Research and Development Institute for the year 2018 had been allocated for improvement of laboratory facilities in 07 places. Accordingly, The main objective of the project is to increase vegetable production to ensure a continuous supply throughout the year, regardless of climate change could not be achieved.
- Plans should be prepared and implemented to achieve the expected objectives of the project.
- The facts had asked from the Director (Horticultural Crop Research and Development)I will kindly inform you that it will be submitted to the audit after the answers would be received.

3.4 Non-achievement of Expected Output Level

The following observations are made.

Audit observation	Recommendation	Comments of the Accounting Officer
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(a) Even though the amount of vegetable seeds expected to be purchased in 2018 under the National Seed Production and Purchase Program is 20,000 Kg, it was observed that 67 per cent or 13,418 kg had been achieved at the end of the year.	Action should be taken to achieve the desired goals.	The purchase was reduced due to excess stocks of some crops are being existed and the amount of seeds that could be bought was lower than the expected amount due to bad weather.
(b) Since the national seed requirement of chili crops does not meet the total demand through imports or domestic supply, the other quantities of seeds required are automatically fulfilled by the farmers and since the high	Action should be taken to operate the resources of the Department to produce seeds in sufficient quantities to suit the needs of	It is targeted to supply 25 per cent of the national chili seed requirement and at present, 800 kg of chili is being existed and it supposed to be issued in the future.

- possibility of these seeds not being quality seeds would have prevented the farmer from earning a good harvest. the country.
- (c) Attention was not drowned on increasing seed potato production through alternative opportunities by identifying potential barriers to increasing local seed potato production. Attention should be drowned to increase production by conducting research. The required regulation had been done by following suitable methodologies.
- (d) Out of the three most popular orange species in Sri Lanka, the number of plants released into the field during the last five years had been very low and Accordingly, it was observed that the role of the Extension Division was insufficient. In addition, although research on HoranaEhim 1, 2, 3 Mandarin (Jamanaran) species were started in 2006 and completed in 2013, the cost incurred on it had idle owing to the results of the research that did not flow into the field. Action should be taken to develop and maintain such research by finding out why the results of the research are not in the field. Although the query from the Director(Seed & Planting Material Development)about answers, the answer had not been received yet.
- (e) The Horana Fruit Research Institute had commenced research on a new hybrid species called the 'Horana Papaya' in the year 2002 and released in the year 2014. Contribution to the seed production of this variety was only 3.38 kg in 04 years because the Department had not taken adequate measures to disseminate research results to the field. -do- Due to competition with imported hybrid varieties, the expansion of this variety is quite slow.
- (f) Seed varieties had not been released by Weerawila Agricultural Research Centre for the last 10 years and More research had conducted focus on the field such as experimentation and evaluation. Officers should be directed to prepare a research plan so that they can identify the regional farming problems could be It is expected to act by discussing with the Research Division and Agriculture Extension Division through a dialogue between the newly reopened Research and Extension Divisions in recently

provided with to identify farmers' timely immediate and issues. permanent solutions.

- (g) Although launch training programs mixed with new technology for government officials, non-government officials, farmers and university students is one of the main objectives of the Bible Horticulture Training and Development Institute, the progress of the training had been in the range of 41 to 69 percent over the past 05 years. Needed training programs should be conducted to enhance the knowledge and skills of officers and farmers. Launch training programs mixed with new technology for government officials, non-government officials, farmers and university students is one of the main objectives.
- (h) Since it was observed that the number of successful seedlings obtained from the villages tested under the Fruit Villages program ranged between 6 per cent and 49 per cent, it was observed that they were not directed towards the intended objectives. The physical and human resources of the institute should be used effectively to achieve the desired objectives. Although the progress of the successful quantity of seedlings ranged between 6 per cent and 49 per cent, I would kindly inform you that the progress of the follow-up report by the Socio Economic and Planning Centre had been a greater valued than that.

3.5 Non-achievement of Expected Outcome

 The following observations are made.

Audit observation	Recommendation	Comments of the Accounting Officer
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(a) Although a variety named MillewaSuwadel was released in 2010 after evaluating for about 07 years after planting various banana varieties in the field of research in the year 2002, there were only 763 seedlings had distributed out of this variety to the field from 2010 to October 2018.	Action should be taken to develop and maintain the research by finding the reasons for research results not being fielded.	About 600 plants from preserved MillewaSuwandelmother plants had been distributed to the farmers up to 16 November 2018 from time to time.

- (b) The research activities of "Indu" Jamanaran (Mandarin) variety under the Fruit Research and Development Centre at Horana were started in the year 2002 and had been released in the year 2009. It was shown a decline in production in 2016, 2017 and 2018 by 79 per cent, 22 Per cent and 04 Per cent respectively compared to 2015 and the reason for this was not confirmed to the audit. -do- Although the query from the Director (Seed & Planting Material Development) about answers, the answer had not been received yet.
- (c) The research of "HoranaJushi" Jamanaran (Mandarin) variety under the Fruit Research and Development Centre in Horana was launched in the year 2004 and released in the year 2017 and although the Seed and Planting Material Centre had provided 150 plants, the plants had not been distributed to the field. -do- -do-
- (d) The Orange Research Institute in Bibile, which was started in 1979 has being existed under a Research Assistant after the year 1989 without a Research Officer and the institution had not acted as fulfill the national requirements. The Research centre should act to solve farming problems. A Research Officer will be attached to this centre immediately after recruiting Research Officers.
- (e) The Horticultural Crops Research and Development Institute had established 21 soil research laboratories at a cost of Rs.93.9 million connecting with the Ministry of Agriculture through V F8 project. Although out of it Rs.4.47 million materials and equipment were provided to the Moneragala Inter-Provincial Office, no technical advice or recommendations had been made Resource management should be done to enable to achieve the expected objectives of the project. The research activities in 15 soil samples had been completed as at 23 August 2018 and the results had been finalized. The Director (Extension and Training) had informed me that the Soil Research Laboratory had been officially opened on 11 October 2018.

to the farmers or the Agriculture Office even as at 07 September 2018 by inspecting soil samples.

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| (f) | Although the Research Officers of the SeethaEliya Agricultural Research and Development Institute had carried out research in the last 04 decades and issued 06 varieties of seed potatoes, these varieties had not been introduced to the consumers and the farmers. | Action should be taken to develop and maintain those research by findings the reasons for the lack of field results from research. | Although around 10 foreign potato varieties were tested during a year, farmers still cultivate the Granola Potato variety. Considering these facts, special potato breeding programs are being implemented using Gamma Radiation. |
| (g) | Although the Gannoruwa Horticulture Research and Development Institute presented the cultivation technology to the use of Pine leaves instead of refuse of coiras a cultivation medium in 2010 to the New Technology Launching Committee, cultivation technology had not been released even as at December 2018. As a result, the technology of using fine leaves couldn't be introduced to agriculture. | Action should be taken to utilize new technology results effectively. | The approval was not received from the relevant committee to release of any such new technology presented. |
| (h) | Research Officials had not paid attention to addressing the basic problem faced by banana cultivators through the Panama disease resistance improvement project under Rs.01 million provision implementing through Horana Fruit Crops Research and Development Institute. | Action should be taken to conduct the research needed to solve the problems. | I would kindly inform you that the relevant research will be carried out in the future to alter the intensity of gamma rays given to tissue-cultured banana plants. |
| (i) | Releases were very low compared to the stock receipts at the Gannoruwa Vegetable Seed Centre and It had been observed that there is a stock of 2,080 kg of various varieties of seeds with a risk of germination due to laps of over around 04 years as at 31 December 2018. | Purchase and production of seeds should be conducted by identifying the requirements accordingly | The answers were requested from the Director (Seed and Planting Material Development) |

- (j) The 05 rain canopies constructed in the year 2014 by incurred a sum of Rs.6.55 million under the provisions of the Ministry of Agriculture for the purpose of producing B onions at the Government Seed Farm in Kundasale had not been used for that objective after 2016/2017 Maha Season.
- The resources should be managed effectively and efficiently to achieve the desired objective.
- Although the answers were requested from the Director (Seed and Planting Material Development), the answers had not been received yet.

3.6 Projects AbandonwithoutCompleting

The following observations are made.

Audit observation	Recommendation	Comments of the Accounting Officer
(a) The provision of Rs.17 million had allocated for the year under review for a project use of biological pest controllers for vegetable pest control and the project had been abandoned after utilized Rs.1,145,000 or 6.74% of the total provision as Administrative and Field Research Expenditure.	The allocated provisions to achieving the objectives and targets expected through the project should be utilized efficiently and effectively.	Although the answers had been requested from Seed Certification and Plant Protection Director, the answers were not received yet.
(b) A project had been prepared without following provisions of Financial Regulation 03 (2) to construct and furnish 40 semi-automatic safety shelters with the main objective of supplying expensive vegetables to the local and overseas market under the provisions of the Food Production National Programme (2017-2020) and the project had been abandoned by December 2018.	Action should be taken to achieving the objectives and targets of the project.	This project was abandoned by the contractor. The main reason for that is the unexpected rise in the value of the dollar as the government and suppliers couldn't be predicted.
(c) The 11 contracts valued at Rs.15.48 million expected to be implemented and implemented by the Engineering Division in the year 2018 had been canceled without being completed.	Action should be taken to complete the constructions as scheduled.	The comments had not been given.

3.7 Delays in the execution of the projects

The following observations are made.

Audit observation -----	Recommendation -----	Comments of the Accounting Officer -----
(a) Although the Deputy Director of Agriculture's office in Moneragala plans to provide mango plants for a total of 20 hectares of land and passion fruit plants for 04 hectares during the year under review, those cultivations had not yet been established in the field as at 07 September 2018.	Employees of the organization should be deployed efficiently and effectively to be able to achieve the expected objectives of the project.	Sometime has elapsed since the officers had to be given reasonable time to select the farmers and since weather conditions at that time in the area were not suitable for crop establishment.
(b) The expected goals had not been achieved from those projects due to the construction works of 40 contracts valued at Rs.60.47 million were not completed on or before the due date and date to be completed of 18 construction contracts with a contract value of Rs.32.41 million has not been specified.	Action should be taken to complete the constructions during a stipulated time period as scheduled.	Although replies were requested from Chief Engineer and Assistant Director of Progress Operations through my number, the answer has not been received yet.

3.8 Projects that Started Work after a Time Delay

The following observations are made.

Audit observation -----	Recommendation -----	Comments of the Accounting Officer -----
Construction works had been commenced after a time delay of 83 contracts valued at Rs.159.74 million implemented by the Engineering Division in the year 2018. In addition, the dates of commencement of work on 24 construction contracts were not specified and the work had not been completed in accordance with the agreement, including the extension of 22 contracts that had not commenced work on the due date.	Action should be taken to complete the constructions during the stipulated time period as scheduled.	The comments had not been furnished.

3.9 Annual Performance Report

The following observations are made.

Audit observation	Recommendation	Comments of the Accounting Officer
----- According to the Public Finance Circular No. 402 dated 12 September 2002, the Department had not tabled the Performance Report in Parliament relating to the year under review within 150 days of the end of the financial year.	----- The performance report should be tabled in Parliament as per the circular.	----- The comments had not been furnished.

3.10 Procurements

The following observations are made.

Audit observation	Recommendation	Comments of the Accounting Officer
----- (a) The leasing of 03 canteens belonging to the Department had been given to the welfare societies without following the provisions of the Government Procurement Guidelines and the income from the restaurant was credited to the Association's fund.	----- Action should be taken to comply with the Government Procurement Guidelines when leasing government properties.	----- All Directors had been informed with a copy to you on how to act in this regard.
(b) A value of Rs.3,630,000 contract had been awarded to lay concrete on the floor area in polythene houses in the SeethaEliya seed potato farm. The following observations are made in this connection.		I had informed the Chief Engineer to send an answer with specific facts with responsibility.
(i) Even though a difference of 23.12 per cent or Rs.1,091,738 were being observed in between the approved engineering estimate and the bid value, the detail bid evaluation had not been conducted by the Technical Evaluation Committee in accordance with Guideline 7.9.2.of the Government Procurement Guideline.	The accurate estimates should be prepared by inspecting the relevant work sites.	The comments had not been furnished.
(ii) Even though the concrete should be laid in 6,000 square meter area with 40 mmthickness under subject No.02 of the estimate, the construction had not been	Relevant activities should be performed in accordance with specifications.	The comments had not been furnished.

completed in accordance with the approved specification according to the physical verification. Although the scope had changed by the Engineering Assistant after inspecting the work site, a formal and written approval had not been obtained for that.

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| (iii) A sum of Rs.265,000 had been overpaid for non-performing works of 4,000 meters due to apply of cement mortar thickness by 05 mm less than that to be existed in the several polythene houses. | Ensure that the relevant work has been done properly before making the payment and the extra payments should be recovered. | The comments had not been furnished. |
| (iv) The cement layer had been cracked within a month from construction was done due to expansion joints were not used within the specified range. | Bill of Quantities should be prepared accurately. | The comments had not been furnished. |
| (c) A contractor who had left from the contracts without complete the works totalling Rs.4,686,467 or 61 per cent relating to 05 construction contracts had not been blacklisted. | The most suitable contractor should be selected by evaluating the bids as per the Government Procurement Guideline. | The comments had not been furnished. |
| (d) It was observed that an amount of Rs.576,634 should be recovered to the Government as late payment and surcharge of the contractor according to the audit sample test check on 05 construction contract work subjects. | Action should be taken to recover the proceeds should be recovered to the Government | The comments had not been furnished. |
| (e) The contract valued at Rs.6.27 million had been awarded for the construction of a new warehouse complex at Seetha Eliya farm. The following observations are made in this connection. | | |
| (i) The Engineering Estimate had been prepared exceed the provision of Rs.4.6 million by Rs.1.67 million contrary to | Action should be taken according to the Government | The replies were requested from the Director (Seed & |

Guideline 2.5.1 of the Government Procurement Guideline.	Procurement Guidelines	Planting Material Development) and Chief Engineer on 28 March 2018.
(ii) The Bid value was 24.74 per cent higher than the Engineering Estimate and rates for 32 works subjects ranged from 23 per cent to 56 per cent and the action had not been followed as per Guideline 7.9.2 of the Government Procurement Guidelines in this connection	Contracts should be awarded based on experience, capability, and capacity when selecting contractors according to the Procurement Guidelines.	-do-
(iii) Although the procurement entity should determine that the contractor has the capability and capacity to perform the Contract in accordance with 7:10 of the Procurement Guidelines, bidder had been selected by considering more about minimum bid price in the evaluation of the bid. As a result, a part of this contract had been performed by the contractor and vacated.	-do-	The comments had not been furnished.
(iv) According to the approved engineering estimate, a sum of Rs.900,819 had been paid for tying of clay bricks within the thickness of 225 mm, the clay bricks had not been used for that.	The construction should be done according to Bill of Quantities.	The comments had not been furnished.
(v) The total sum of Rs.121,918 had been paid while the floor was concrete without the required thickness and quality	The Technical Officer should verify that the relevant work has been done properly before making the payment.	The comments had not been furnished.

3.11 Assets Management

The following observations are made.

Audit observation	Recommendation	Comments of the Accounting Officer																		
<p>(a) It was observed that the following categories of assets were idle or underutilized</p> <table border="1"> <thead> <tr> <th style="text-align: left;">Category of Assets</th> <th style="text-align: left;">Number of Units</th> <th style="text-align: left;">of Idle and Underutilized period</th> </tr> </thead> <tbody> <tr> <td>Buildings</td> <td>99</td> <td>More than 3 years</td> </tr> <tr> <td>-do-</td> <td>25</td> <td>More than 01 year and less than 03 years</td> </tr> <tr> <td>Motor Vehicles</td> <td>124</td> <td>More than 3 years</td> </tr> <tr> <td>Machineries</td> <td>342</td> <td>More than 3 years</td> </tr> <tr> <td>-do-</td> <td>37</td> <td>More than 01 year and less than 03</td> </tr> </tbody> </table>	Category of Assets	Number of Units	of Idle and Underutilized period	Buildings	99	More than 3 years	-do-	25	More than 01 year and less than 03 years	Motor Vehicles	124	More than 3 years	Machineries	342	More than 3 years	-do-	37	More than 01 year and less than 03	<p>Action should be taken to utilize the Department's assets efficiently and effectively.</p>	<p>The comments had not been furnished.</p>
Category of Assets	Number of Units	of Idle and Underutilized period																		
Buildings	99	More than 3 years																		
-do-	25	More than 01 year and less than 03 years																		
Motor Vehicles	124	More than 3 years																		
Machineries	342	More than 3 years																		
-do-	37	More than 01 year and less than 03																		
<p>(b) During the sample test check of the land belonging to the Department, no action was taken to acquire 100 hectares of land in 6 institutions.</p>	<p>Action should be taken to settle all lands which are being enjoyed by the Department and to take over the ownership.</p>	<p>Work on the transfer of ownership is underway.</p>																		
<p>(c) Although 2.15 acres of the land out of land owned by the Horana Fruit Crops Research and Development Institute had been occupied by unauthorized settlers, action had not been taken to clear these lands.</p>	<p>Action should be taken to settle all lands which are being enjoyed by the Department and ensure the security.</p>	<p>I have kindly informed that the process of clearing the unauthorized settlements and taking over the land are being conducted by joining with the Horana Divisional Secretary.</p>																		
<p>(d) The Hersonber-type seed packing machine purchased on 14 December 2000 at a cost of Rs.987,188 from a private company had been removed 07 months after purchase.</p>	<p>The assets owned by the Institute should be utilized efficiently and effectively.</p>	<p>Although the reply inquired from the Director Seed and Planting Material Development, an answer was not</p>																		

received yet.

- (e) Although the Kundasale farm has 26.5 hectares of cultivable land, less land extend such as 9.02 hectares, 4.26 hectares and 11.69 hectares had been utilized for cultivation during the Yala 2017, Maha 2017/2018 and Yala 2018 seasons respectively. -do- -do-

3.12 Losses and Damages

The following observations are made.

Audit observation	Recommendation	Comments of the Accounting Officer
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(a) A final investigation had not been conducted until 06 July 2018 regarding the loss of Rs.119,250 had estimated from preliminary investigation relating to a cab accident that occurred on 16 March 2017.	Action should be taken as per Financial Regulation 104.	I had informed the Director (Administration) to appoint the relevant Board of Inquiry and proceed with it.
(b) No Claim Bonus totalling Rs.24,873 had not been recovered from the parties responsible for the accident relating to 02 vehicle accidents.	Action should be taken to recover the loss according to the Financial Regulations.	The advised had been given by the letter No.කෘෂ/ම/ 8/6/2018/23 dated 24 May 2019 regarding further action to be taken in this regard.
(c) The shortage of 14 cattle belonging to 04 categories was identified according to the Cattle Register and necessary actions had not been taken by examined the reasons for those deficiencies.	Action should be taken to recover the loss by conducting the investigations as per Financial Regulation 104.	The Director (Extension and Training) had informed me that investigations had already begun on the shortage of 14 cows in the Cattle Register.
(d) Although at the time of the establishment of the Horticulture Research and Development Institute in 2003, a warehouse under the Horticulture Research Farm had identified a shortage of 3883 kilograms and 610 grams relating to 58 productive subjects and 394 seed packets related to 25 productive subjects, action had not been taken	Action should be taken to recover the losses by conducting an investigation as per Financial Regulations.	The Director (Extension and Training) had informed me that arrangements are underway to conduct financial regulation inquiries with regard to the productive items in the warehouse where the shortage has been

- according to Financial Regulation as at 28 August 2018. identified.
- (e) The action had not been taken as per Financial Regulations until as at 31 December 2018 relating to 793 kilograms and 150 grams of expired seeds that had been destroyed by the animals had identified during the last 05 years according to the records maintained by the Bibile Horticultural Crops Training and Development Institute. Action should be taken to recover the loss by conducting investigations as per Financial Regulation 104. Although the answers were requested from Director Extension and Training, the answers were not received up to now.
- (f) The damage of Rs.110,143 caused by the accident of the vehicle belonging to the Plant Protection Service on 23 November 2011 had not yet been recovered from the responsible parties in accordance with the Financial Regulations 105 as at 5 February 2019. Action should be taken to recover the loss as per Financial Regulations. The answers had requested from the Director seed certification and plant protection, the answers had not been given so far.
- (g) Although the plants included in 79 plant varieties totalling Rs.758,027 had died according to the Register on Dying of Plants related to fruit plants and vegetable seedlings from 1 January 2018 to 30 November 2018, formal investigation had not been conducted in this regard. Carry out investigations in accordance with the Financial Regulations 104 and action should be taken accordingly. Although the answers were requested from Director Seed and Planting Material Development, the answers were not yet received.
- (h) Although according to the stock verification reports for 2017, actions had taken to write-off the stocks totalling Rs.41,332,743 from the books as per Financial Regulation 104(03) investigations, the actions taken against the officers who gathered the stocks without identifying the proper vision, plan and requirements were not furnished to the audit. The production of seedlings should be done by identifying the requirement properly. The comments had not been furnished.

- (i) The investigations as per Financial Investigations Regulation 104(4) relating to the damages and losses amounting to Rs.4,132,212 over a period from 01 to 11 years of the Seed and Planting Materials Development Centre and its regional units as at 31 December of the year under review had not been finished. The comments had not been furnished. Investigations should be conducted as per Financial Regulations.

3.13 Management weakness

The following observations are made.

Audit observation	Recommendation	Comments of the Accounting Officer
(a) Although there are two engineering workshops operating in the Kandy district, the vehicle repairs and vehicle servicing of the Seed and Planting Material Development Center had been carried out by outside agencies and a sum of Rs.869,235 had been incurred in 39 instances from June 2017 to June 2018.	Action should be taken to perform the services efficiently and effectively through engineering workshops.	The Chief Engineer had been instructed to develop a suitable system for repairs and periodic services.
(b) According to the crop documents maintained at the Seed and Planting Material Sales Centre in Gannoruwa, when considering the physical balance and the balance in the crop register, a plant shortage of Rs.772,400 and a plant excess of Rs.51,000 were being existed.	Necessary corrective action should be taken by identifying excesses and shortages	Further, there are counting errors as the varieties are shuffled when submitting plants to the audit thus there are no excesses or shortages in individual plant types.
(c) The canals built to drain the water in the field where the research is being carried out by the Paddy Research and Development Center at Bombuwala had not been properly maintained and there were invasive weeds such as 'salvinia' and 'JapanJabara'. Attention had not been paid to it because these plants directly affect the outcome of the research.	Maintaining works should be done in a timely manner to utilize the resources efficiently and effectively.	When necessary, 'salvinia' and the 'Japan Jabara' are removed from the field before the commencement of the research so as not to disturb them.
(d) 22 Officers from 03 institutions of the Department had not submitted their advance programs and work done reports	Advance programmes and related work done	Instructions had been given to submit the advance programmes and

- properly. reports should be work done report in a furnished in a timely manner. manner.
- (e) It was observed that the Department had not considered the possibility of strengthening the farmer's community, increase the production of oranges in the country and reduce the import cost of oranges through identifying the problems of oranges in Sri Lanka accordingly by planning and implementation of research, and solving farmer problems. Action should be taken to reduce the import cost by increasing the local production through identifying the problems in orange cultivation and conducting the research accordingly. Orange cultivation is again prevalent in those regions, based on the progress made by research.
- (f) It was observed that the training provided by the Bibile Horticultural Crops Training and Development Institute was not effective training to meet the timely requirements due to lack of infrastructure and lack of adequate training staff. Action should be taken to improve sanitation facilities of the students, provide adequate training equipment, increase the training officers and develop infrastructure facilities in the training centres. Action will be taken to obtain training equipment, develop infrastructure, build hostels and employ trainees and deploy the trained officers and it is practically impossible to follow up on trainees.
- (g) It had been observed that some officers of the Gannoruwa Horticulture Crop Research and Development Center have been working at the site for over 15 years from the date of appointment. Action should be taken to make the transfers properly for the officers. These officers have requested annual transfer.
- (h) It was observed that action had not been taken to increase the demand for local hybrid seeds by plaining the research as suit the needs of the farmers to be able to compete with imported seeds. Research should be done to produce hybrid vegetable seeds to suit local needs. The seeds of up country vegetables cannot be produced in our country due to lack of suitable natural climate.09hybrid varieties of vegetables had been released for cultivation at present and these varieties are popular among farmers.
- (i) The Department had commenced an agro-tourism project in the SeethaEliya farm in The main objective of the farm is to The answers were requested from the

- 2014 in collaboration with the Nuwara Eliya Municipal Council and this resulted roads on the farm are subject to heavy soil erosion, slowing down growth in those cultivated areas due to dust particles deposit up to 1.5m on either side of the road, diseases such as Post-Blight and Early Blight in potatoes, the decrease in the germination of seeds, arising small oil spots on potato leaves and declined seed potato production had happened.
- produce seed Director (Seed and potatoes and Planting Material priority should be Development), but so far given for it. no reply had been received.
- (j) 35,000 kilograms of seeds of the unit were temporarily stored at the government seed farm in Seetha Eliya due to inadequate storage space of the Deputy Director of Agriculture (Seeds) unit of Pelwehera. These seed stocks were damaged by rodents and insects and long-term protection measures had not been implemented for that. Action should be taken to store the seeds produced safely. -do-
- (k) 14 motor vehicles that had been received to the Seetha Eliya Regional Engineering Workshop for repair had spent a period of 01 to 34 months and park in the yard without repair as at 13 February 2019. Motor vehicle repairs should be carried out as soon as possible. -do-
- (l) The target seed production for the Maha season in 2017/2018 and the Yala season in 2018 were at a low level at the Kundasale Government Seed Production Farm and this progress was in the range of 17 percent to 61 per cent as a percentage of target seed production. The resources of the farm must be used efficiently and effectively for the production of targeted seeds. -do-
- (m) Adequately water could not be supplied to Capsicum, Tomatoes and Brinjal cultivated of land extended 1.65 hectares due to due to the failure of the drip irrigation system used for the cultivation of Capsicum and Tomatoes in the Kundasale Government Seeds Production Farm. Action should be taken to provide adequate water supply to the cultivation -do-
- (n) The action had not been taken to The action should be Combine these two

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| <p>minimize the cost by simultaneously conducting TV recordings with radio recordings connecting with farmers in remote areas and an agricultural officer in those areas when conducting broadcasts by the Radio Farming Service Unit functioning under the Department.</p> | <p>taken to control the cost by simultaneously making audio and video recordings and as well as create more efficient and effective programs.</p> | <p>functions and formulate future plans and also enable to create audio and video programs more efficiently and effectively through it.</p> |
| <p>(o) Pipes and Iron Bars purchased for Rs.195,610 on 25 November 2016 for the construction of the nursery section of the Agricultural Research Station, Maduraketiya, remained idling even by September 2018.</p> | <p>Purchases should be made by identifying the needs properly</p> | <p>Action will be taken to carry out this activity in the future.</p> |
| <p>(p) The farmers were not given seedlings during the season under the Fruit Village Program and seedlings were distributed during the heavy drought season.</p> | <p>Action should be taken to make the seedling program a success.</p> | <p>The bad weather conditions in some areas was a challenge to the program a success</p> |
| <p>(q) The Department had not paid attention relating whether the cultivation of pomegranate fruit in Beraligama and Baragama in the Hambantota District were fructified but they are not in good condition and whether cultivation in some fruit villages is in fructifying age, but not fructifying.</p> | <p>The needed action should be taken to inform the farmers promptly by investigating it.</p> | <p>The Director (Fruit Research and Development) had informed me that research had already begun on cultivations which are not fructifying as well as weakness in quality of fructifying although matured.</p> |
| <p>(r) Banana cultivation at commercial level especially for the export market under Fruit Villages Program had been considered priority and only one village with 400 banana plants had been established in the last 06 years by the year 2018 and the basic objectives had been broken through it.</p> | <p>Action should be taken to achieve the expected objectives by the project.</p> | <p>At the beginning of the project villages were established with priority to perennial crops and priority had been given for banana cultivation which is a medium-term crop in 2018.</p> |
| <p>(s) The department had 23,112 kg of expired pesticides materials and 2,040 liters and they were stored as of 31 December 2018 without proper disposal.</p> | <p>Action should be taken to dispose pesticides ensure proper disposal of pesticides without harming the</p> | <p>The comments had not been furnished.</p> |

environment.

- (t) Although the Plant Protection Act No. 35 of 1999 had been passed in Parliament to provide the provisions connected therewith or incidences thereto to protect the health of the plants, the action had not been taken to even as at 25 April 2019 to issue regulations including provisions relating to the importation of plant products in terms of section 12 of the Act. Should issue regulations regarding the importation of plant products. The National Plant Quarantine Service is making new regulations in relation to this Act. The Director (Seed Certification and Plant Protection) had informed me that it is in the final stage and the final draft has been submitted for approval.
- (u) There was no computerized procedure for issuing import licenses, and registration, documentation, and issuance of licenses of importers relating to physical inspections. Although a database of information on physical inspections was maintained at the Plant Quarantine Service located within the port premises, the system had not been maintained up to date. A systematic procedure should be followed to the process such as registration, documentation and issuance of licenses of importers. The Director (Seed Certification and Plant Protection) had informed me that a computerized software system is being developed to be able to maintain a database for all sections of the National Plant Quarantine Service including the Import Licensing Division. The Deputy Director of the Plant Quarantine Station at the Colombo Port had been assigned to monitor the upkeep of the computer database maintained at the port premises.

4. Achievement of Sustainable Development Goals

The following observations are made.

Audit observation	Recommendation	Comments of the Accounting Officer
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The officers were not sufficiently knowledgeable about how to work towards Sustainable Development Goals	Plans and actions should be taken to achieve the	Steps have been taken to implement the Productivity Program in

in certain centers of the Department and the activities that were not organized accordingly were observed in on-site inspections. Sustainable Development Goals collaboration with the National Productivity Secretariat to increase efficiency and productivity.

5. Human Resources Management

The following observations are made.

Audit observation	Recommendation	Comments of the Accounting Officer
(a) The total number of vacancies in the Department is 2,184 and the ongoing litigation hinders to fill senior and tertiary vacancies. It was observed that this problem had a direct impact on the effectiveness of the organization.	Vacancies should be filled expeditiously.	The comments had not been furnished.
(b) Management had not focused on effective use by properly managing recruited workers as per the approval was given by the Department of Management Services in the year 2015 and 2017 to the employing of 1,443 workers.	Workers should be properly managed and utilized efficiently and effectively.	The answers were requested from the Director (Seed and Planting Material Development), but so far no reply had been received.
(c) The training opportunities provided to the Research Assistants and Technical Assistants working at the Agricultural Research Station at Weerawila and the Maduraketiya Agricultural Research Station during the last 05 years existed at the minimum level.	Action should be taken to deploy human resources efficiently and effectively by providing training opportunities needed to enhance the knowledge and skills of officers.	Maximum attempts will also be made to provide training opportunities needed for officers even in future years.