

## **Head 290 – Department of Fisheries and Aquatic Resources**

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### **1. Financial Statements**

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#### **1.1 Qualified Opinion**

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The audit of the financial statements of the Department of Fisheries and Aquatic Resources for the year ended 31 December 2018 comprising the statement of financial position as at 31 December 2018 and 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 to be 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 Fisheries and Aquatic Resources was issued to the Accounting Officer on 31 May 2019 in terms of Section 11(1) of the National Audit Act No.19 of 2018. The Annual Detailed Management Audit Report relating to the Department was issued to the Accounting Officer on 31 May 2019 in terms of Section 11(2) of the National Audit Act. 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 Fisheries and Aquatic Resources as at 31 December 2018, and of its financial performance and its cash flows for the year then ended in accordance with Generally Accepted Accounting Principles.

#### **1.2 Basis for Qualified Opinion**

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

#### **1.3 Responsibility of the Chief Accounting Officer and the Accounting Officer on the Financial Statements**

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

As per 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 the preparation of annual and periodic financial statements.

In terms of Sub-section 38(1)(c) of the National Audit Act, the Accounting Officer shall ensure that an effective internal control system for the financial control exists in the

Department 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**

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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'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 judgement and maintain professional scepticism 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 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 appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Evaluate the overall presentation, structure and content of the financial statements including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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**

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I express the following matters in accordance with Section 6(d) and Section 38 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 was consistent with the preceding year.

- (b) Since there was no requirement for the Department 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 Statement of Financial Performance

The following observations are made.

Audit Observation	Recommendation	Comments of the Accounting Officer
(i) According to the Annual Estimate the value of revenue code No 10.03.07.06 amounting to Rs. 32,497,474 under revenue categorization had been shown as non –tax revenue and other revenue instead of shown as licence fees and other revenue receipts in the financial statements.	According to paragraph 7(i) of the Circular No 267/2018 dated 21 November 2018 and the annual revenue estimate, the licence fees revenue to be considered as tax revenue and brought to account.	Noted down to furnish accurately in future years.
(ii) Even though a sum of Rs.176,826,426 had been shown under other non – revenue receipts in the statement of financial performance of the Department, the total of the other revenue receipts of the Department according to the monthly summaries for the year under review amounted to Rs.188,022,375 thus observed a difference of Rs. 11,195,949	Even though it was stated that the value shown in the statement of financial performance was accurate, the evidence has to be furnished to ensure the computation of other non-revenue receipts according to the monthly summaries	This error was shown due to calculation errors.

### 1.6.2 Statement of Financial Position

The following observation is made

Audit Observation	Recommendation	Comments of the Accounting Officer
The value of the property, plant and equipment had been shown as Rs.639,936,960 under non- current assets as at 31 December 2018 while that balance was shown as Rs.644,987,568 in the statement of non-current assets as at that date. Thus observed a difference of	In preparing of statement of financial position the Departmental books should be reconciled with the Treasury books and identified the accurate value of the assets and to be brought to account.	Accepted As the opening balance was not brought to account in accounting of the fixed assets, as at 31 December 2018, the value in the Treasury books had been shown without the opening balance. The value of the assets shown in the

Rs.5,050,608 Similarly according to the Treasury books the total value in the report of the assets amounted to Rs.537, 559,392. It was observed that action had not been taken to reconcile the above differences and to identify the correct value of the assets and to take in to account.

ACA – 6 format is correct. This error was occurred due to relinquish the assets such as motor bicycles and security equipment.

**1.6.3 Non – maintenance of Registers and Books**

The following observation is made

<b>Audit Observation</b>	<b>Recommendation</b>	<b>Comments of the Accounting Officer</b>
A Register of Losses had not been maintained.	A Register of Losses to be maintained in terms of the provisions of Financial Regulation 110.	Replies not furnished.

**1.6.4 Lack of Evidence for Audit**

The following observation is made

<b>Audit observation</b>	<b>Recommendation</b>	<b>Comments of the Accounting Officer</b>
Due to non - submission of documents to audit such as the agreement entered in to with an institution of supply of satellite information services and the invoices for payments and related documents for the payment of Rs.31,214,943 made to above institution and non – submission of tender documents etc. relating to the payment of Rs.8,089,401 made to a new service institution of supplies , it could not be satisfactorily vouched in audit.	Even though it was stated that an agreement and invoices had been furnished, only one agreement relating to one institution had been furnished As non – submission of documents relating to selection of suppliers, all documents relating to the transactions to be furnished to audit.	The agreement and the invoices relating to supply of satellite information are furnished herewith.

### 1.6.5 No- compliance with Laws, Rules and Regulations

The Instances of non-compliance with the provisions of laws, rules and regulations observed during the course of audit test checks are given below.

Audit Observation	Recommendation	Comments of the Accounting Officer
<p>(a) Reference to Laws Rule and Regulations</p> <p>Establishments Code of the Democratic Socialist Republic of Sri Lanka.</p>	<p>Non – compliance</p>	<p></p>
<p>(i) Chapter VIII Section 2.1</p>	<p>The Head of the Department or a responsible officer deputed by him should personally satisfy himself that adequate overtime work had been actually and fairly earned. For this purpose it is incumbent on the Head of the Department to devise and maintain a system of checks and records to ensure a proper output of work. Nevertheless, that action had not been taken so on in respect of the overtime work of the officers deployed in overtime work in the District Fisheries Offices.</p>	<p>Action to be taken to control overtime works in terms of the provisions of the Section 2.1 of Chapter VIII of the Establishments Code.</p> <p>Replies not furnished.</p>
<p>(ii) Section 1.6 of Chapter XXIV and Paragraph 1.1.6 of the National Budget Circular No 118 dated 11 October 2004</p>	<p>In an event of non-settlement of a loan balance within 3 months of 2 officers transferred on station transfers amounting to Rs.234, 800, the Department should confirm that the officers are deploying in service of the new</p>	<p>Action to be taken to recover the loan balances recoverable from the officers who transferred on station transfers in terms of the provisions of the Section 1.6 of the Chapter XXIV of the Establishments Code and Paragraph 1.1.6 of the</p> <p>In the instances of loan balances were not recovered within 03 months which recoverable from the officers transferred, the relevant institutions had been informed through telephone calls and settled the loan balances Action will be taken to inform</p>

Departments for which they transferred and should recover the loan balances through Monthly Accounts Summaries in the 3<sup>rd</sup> month after informing the respective Department in writing. Similarly that should be informed to the Auditor General and the Department of National Budget. But it was not observed that action had been taken so on.

National Budget Circular No 118 dated 11 October 2004.

them by writing in future.

(iii) Chapter XXIV Section 4.2.4 The loan balances recoverable from 08 retired officers totalling Rs.690,216 had not been recovered for over a period of 3 years.

Action to be taken to recover the loan balances recoverable from retired officers in terms of the provisions of Section 4.2.4 of Chapter XXIV of the Establishments Code.

Action has been taken to settle the loan balance of Rs.486,812 out of the loan balance recoverable amounting to Rs.690,216 through the Monthly Account Summary of May 2019.

Action had not been taken to recover the loan balances remained outstanding over a period of 5 years totalling Rs.484,216 recoverable from 11 officers who vacated the posts and interdicted.

Action to be taken in terms of the provisions of the Establishments Code in respect of the officers who had not taken action to settle the loan balances within the due periods and not executed the duties properly

The approval of the Secretary of the Ministry had been received to write off the part of the balances and action is being taken to account of those.

(b) Financial Regulations of the Democratic Socialist Republic of Sri Lanka

(i) Financial Regulation 118 The refunds of revenue should be made with the approval of the Department of Public Accounts of Treasury according to the provisions but the

Even though, the approval of the Director General had been obtained, the payments should be made by obtaining the approval of the Department of Public Accounts according to the

As the Director General is the Revenue Accounting Officer, the payments were made on the approval of the Director General.

payments of Rs.900, 000 had been made without obtaining the approval as stated in the provisions.

provisions of the Financial Regulation 118.

- (c) Paragraph 02. II of the Public Administration Circular No 09/2009 dated 16 April 2009. It was observed that the officers in 4 District Fisheries Offices had not used the finger print machines to support their attendance in Saturdays and Sundays in terms of the provisions. In terms of paragraph 02.11 of the Circular No 09/2009 dated 16 April 2009, the finger print machines should be used. Replies not furnished.

**2. Financial Review**

**2.1 Revenue Administration**

The following observations are made

<b>Audit Observation</b>	<b>Recommendation</b>	<b>Comments of the Accounting Officer</b>
(a) If the fees recover at present for various services provided by the Department had not been revised within a period of past 03 years, it should be referred for the approval of the Secretary to the Treasury to increase that fees by 15 per cent in terms of the paragraph 02 of the Public Finance Circular No 01/2018 dated 01 January 2018, but action had not been taken so on.	In accordance with the Paragraph 02 of the Public Finance Circular No 01/2018, dated 01 January 2018 it should be referred to the Secretary to the Treasury to revise the service charges.	Action is being taken to revise the service charges. Required action was taken to review again of all services supplied by the Department and to revise. the service charges Prompt action will be taken to issue the Gazette Notification on those charges.
(b) The operating licence revenue was not reported during the period of 07 months from May to November in the year 2018 in the Tangalle District Fisheries Offices whereas the receipt of revenue for other 05 months had ranged from Rs.10,000 to Rs.54,000 But it was not investigated in respect of non – implementation of Fisheries operations and not receiving revenue for a long period.	Despite that the operating licences revenue had been recovered throughout the year it was not revealed that the licences had been obtained before 31 January in every year As such the investigations to be carried out regularly on collection of revenue accurately.	The operating licences should be obtained by the fishermen for fishing in International sea before 31 January in every year. Therefore the revenue collection was not made throughout the year.
(c) A sum of Rs.900,000 collected in the	In refunding of revenue	The issuing licences for lifeless

year 2016 by issuing 18 transportation licences of lifeless oyster shells had been refunded from the revenue as per the request made by a business association in September of the year 2018. But a clear reason to make this refund had not been furnished. It was shown as per the discussions made with the Department of Attorney General, the function of issuing licences had been assigned to Geological survey and Mines Bureau. Even though, it was reported that the money had been refunded due to not issuing of licences by the Department even after elapsed of 02 years, it was questionable in audit for non – submission of original copies of the receipts that the payments were made by 18 licence holders.

that should be considered whether there are any reasonable facts to refund the revenue as that revenue was a revenue from a licence issued prior to 2 years.

oyster shells transportation was assigned to Geological Survey and Mines Bureau from September 2016. The licences could not be issued on those days for 18 persons who paid money to the Department to obtain licences and as such that money was refunded.

## 2.2 Expenditure Management

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The following observations are made

<b>Audit Observation</b>	<b>Recommendation</b>	<b>Comments of the Accounting Officer</b>
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(a) The original estimate for foreign travelling amounting to Rs.4.5 million had been increased by 133 per cent or Rs 6 million up to Rs. 10.5 million and the reason for above increase was reported as the participation of offices for international conferences on fisheries activities had to be carried out compulsorily. Accordingly, it was observed that the estimates had not been prepared on realistic basis.	The estimates to be prepared on realistic basis for the activities that could be carried out during the year. More Attention of the offices should be paid in respect of the adverse effects could be arised to the National Budget because of the unrealistic estimates.	The foreign expenses incurred during the year 2018 had related to the seminars and conferences held on the field of fisheries.
(b) The entire amount of Rs.243 million allocated under Object 290-01-07-2506 for Development of Modern Technological Infrastructure Facilities of the fisheries industry obtained through the Supplementary Estimates in January 2018 but not included in the annual action plan had not been utilized	The estimates to be prepared on realistic basis for the activities which could be carried out during the year.	The provisions of Rs.243 million, were made in the Budget proposals 2018 to provide multi day fishing boats longer than 55 feet under 50 per cent concessionary rates to the fishermen. Even though, the procurement activities had been

and awarding procurements as well had not been carried out while the project had been abandoned.

carried out and submitted for the Cabinet approval, to purchase 5 boats was not received due to the political changes at the end half of the year 2018 and as such the purchases could not be made.

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| (c) Despite that, a sum to Rs.2 million was allocated under the original provisions for the Object No 290-01-01-2103 Acquisition of Machinery and Equipment, another provisions of Rs.11.401 million had been transferred through the Financial Regulation 66 transfers Nevertheless the entire net provisions of Rs.13.401 million made had been saved. | More attention of the officers to be paid for the adverse effects could be arised to the National Budget due to unrealistic estimates. | Due to non- receiving of imp rests to settle the bills for purchasing of radio machines for investigations of operation centres, these provisions were saved. |
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### 2.3 Liabilities and Commitments

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The following observations are made.

<b>Audit Observation</b>	<b>Recommendation</b>	<b>Comments of the Accounting Officer</b>
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(a) Even though, in terms of Financial Regulations 94(2) and (3), the expenditure to be incurred for the ensuing year and not required to incur payment in the year 2018 should be shown under note (iv) in the financial statements, the liabilities for the payments which exceeded the savings of the year 2018 had not been shown under the above note.	The expenditure to be incurred for the ensuing year should be shown under liabilities in terms of Financial Regulation 94(2) and (3).	Accepted. The instructions were given to respective offices to avoid such deficiencies in future.
(b) The liability for overtime allowances to be paid as at 31 December 2018 amounted to Rs.2.54 million and the savings of provisions of that Object amounted to Rs.395 Accordingly; it was observed that the duties had been assigned to pay overtime allowances without considering the provisions.	Action to be taken within the limits of the provisions made.	There are many vacancies in the approved cadre of the Department and as such it was difficult to control of deploying officers for overtime work.
(c) Even though, the liability to be settled	Action should be taken to	This position had arisen due to

for local travelling as at 31 December 2018 amounted to Rs.1.55 million, the savings of provisions had been Rs.18,431. Accordingly, it was observed that the local travelling had been approved without considering the savings under above object.

prepare estimates on realistic level and to pay local travelling expenses within the annual provisions.

increase of travelling allowances from August 2018. The offices are situated in all island basis and had to be travelled to attend for official duties and as such this position was arised.

**3. Operating Review**  
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**3.1 Non – execution of expected output Level**  
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The following observation is made

**Audit Observation**  
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Two thousand four hundred and twenty eight electronic tablets purchased by spending Rs.195.5 million had been given free of charge to the fishermen and the officers of the port, but it was observed that the objective of purchasing of electronic tablets to utilize the electronic tablets instead of log book system existed then. had not been carried out successfully as at the end of the year under review.

**Recommendation**  
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A study in respect of misusing of those equipment to be carried out and provide them and follow-up actions to be taken.

**Comments of the Accounting Officer**  
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Could not be decided that all hundred per cent of fishermen will operate these tablets. These machines which given free of charge will not work in two or three years or will be changed as could not be utilized. In such instances new machine should be purchased by the fisherman himself, But if operating electronic tab method even for a small percentage. it will be a advantageous position.

**3.2 Delays is Execution of Project**  
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The following observations are made.

**Audit Observation**  
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(a) The value of the accumulative work done with the variations and extra works of the contract of Extensions of Boats Observation Centre Building commenced on 28 September 2017 amounted to Rs.76.23 million as at 27 February 2019 while the value of the work to be carried out further amounted

**Recommendation**  
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The relevant contract to be completed within the due periods as per the agreement and to be utilized as expected.

**Comments of the Accounting Officer**  
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Accepted. This position had arised due to the revisions of the original estimate and the plan of the building.

to Rs.86.15 million or 53 per cent of the total contract value. Even though, the contractual period in respect of the construction had elapsed by 261 days, the work had not been completed.

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| <p>(b) Even though a sum of Rs.1.37 million had been paid to the National Aquatic Resources Authority for designing of fish gathering fixture the due date of the completion of the project was elapsed for over one year and the above work had not been executed.</p> | <p>Creating grips to gather of fish project to be completed within the due period and to be executed the expected objectives.</p> | <p>It was informed that the basic accessory of above equipment was completed by May 2019 and the anchorage only was not completed and the project will be completed before end of this year.</p> |
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**3.3 Annual Performance Report**  
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The following observation is made

In terms of Public Finance Circular No 402 dated 12 September 2002, the Annual Performance Report should have been furnished to table in Parliament within 150 days after the end of the financial year. Nevertheless the Department of Fisheries and Aquatic Resources had not furnished the Performance Report of the year under review to be tabled in Parliament even by 30 June 2019.

**3.4 Foreign Aid Projects**  
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The following observation is made.

<b>Audit Observation</b> -----	<b>Recommendation</b> -----	<b>Comments of the Accounting Officer</b> -----
<p>Out of the provisions of Rs.2.1 million allocated under foreign aid grants for the year 2018 for the preparation of Fisheries Development and Management Plans, a sum of Rs.1.9 million had been spent to settle the bills relating to the programmes held in the year 2017.</p>	<p>The provisions allocated should be utilized for the activities relating to the same year.</p>	<p>This foreign aid had been granted in the year 2017, and the related work should be carried out during the same year. Even though, the corresponding letters had been transacted with the Treasury to obtain an Expenditure Head for above matter continuously the Expenditure Head had been given in the year 2018 only. Therefore an advance had been granted only on the instructions of the officials of the Treasury for those functions.</p>

### 3.5 Procurements

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The following observations are made

<b>Audit Observation</b>	<b>Recommendation</b>	<b>Comments of the Accounting Officer</b>
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(a) Construction Contract of Extension of Boats Observation Centre Building in the Department of Fisheries and Water Resources		
(i) In terms of Guideline 4.3.2(b) of the Procurement Guidelines it was shown if the total cost estimate is exceeding Rs.100 million it should be approved by the Secretary to the Ministry. Nevertheless, the approval of the Secretary of the Ministry had not been obtained for the Engineering Estimate amounting to Rs.166.94 million for the contract of Extension of the Boats Observation Centre Building amounting to Rs.141.20 million.	Approval of the Secretary to the Ministry should be obtained for the Engineering Estimate in terms of Guideline 4.3.2(b) of the Procurement Guidelines.	Replies not furnished.
(ii) Even though the value of the Engineering Estimate amounting to Rs.166.94 million according to the specifications prepared for inviting bids had been revised as Rs.168.13 million in evaluation of bids, the approval of the Secretary to the Ministry had not been obtained for said revised estimate, in terms of above guideline.	The approval of the Secretary of the Ministry should be obtained for the revised estimate in terms of Guideline 4.3.2(b) of the Procurement Guidelines.	Replies not furnished.
(iii) In terms of Guideline 4.3.2 of the Procurement Guidelines the contingencies/physical contingencies should be Rs.8.97 million on the direct construction cost, it was computed and shown as Rs.14.55 million and as such consultancy service charges had been overstated by Rs.5.58 million.	In terms of Guideline 4.3.2 of the Procurement Guidelines, contingencies/physical contingencies should be computed on direct construction cost basis.	Replies not furnished.
(iv) In terms of Guidelines 4.3.1 and 4.3.2 of the Procurement Guidelines in preparing	In terms of Guideline 4.3.1 and 4.3.2 of the	Replies not furnished.

total cost estimate and in payments Procurement Guidelines, make relating to above constructions, the payments for physical the variation that could be paid should contingencies should be be Rs.8.97 million as per maximum made at the amount of 10 undetermined/contingencies amount per cent in preparing total Nevertheless a sum of Rs 15.93 million cost estimate and in making payments had been paid for physical contingencies. Accordingly a sum of Rs.6.95 million had been over paid without any approval contrary to the Procurement Guidelines.

- (v) In terms of Guideline 8.13.4 of the Procurement Guidelines as amended by the Supplement No14 dated 03 October 2007, in making a payment for a contract variation, it was not allowed to round off the amount mentioned in the specifications more than 5 percent by the all professionals who involving in preparation of bills. Similarly the variation orders should not be made on the changes of the scope affected to increase of contractual price without obtaining the prior approval by following the due procedure, But the consultancy firm had taken action in a way to arise a variation of 31 per cent or Rs.43.8 4 million from the contractual price for this contract without obtaining the approval of the client. Nevertheless a sum of Rs.6.44 million had been already paid as consultancy fee to the consultancy firm by 30 June 2019.
- Should not be allowed more than 5 per cent for rounding off the amount mentioned in the bills in terms of Guideline 8.13.4 of the Procurement Guidelines and should not be made variation orders on the changes of scope which affected to the increase of contractual price without being obtained an approval.
- Replies not furnished.

(b) Purchase of Backup Server amounting to Rs.1.45 million on 28 February 2018

- (i) Despite that, the tender documents had been issued to 4 institutions it was reported that quotations had been called from 05 institutions.
- The evidence to issue tender documents should be documented accurately.
- The tender documents for 4 institutions had been sent by post and for one institution it was delivered by hand.
- (ii) In terms of Guideline 2.8.1(b) and (c) of the Procurement Guidelines, -2006 the Technical Evaluation Committee should consist of a subject specialist and where
- Action to be taken to obtain expertise advice in terms of Guideline 2.8.1 of the Procurement
- As it was identified that there should be a one member from an extraneous institution, the

necessary may be obtained the expertise advice. Nevertheless the Department had not taken action accordingly.

Guidelines.

Director of NARA had been appointed as the Chairman on 30 November 2017 and the Technical Evaluation Committee had been revised.

- (iii) Even though, in terms of Guideline 2.11.1 (c) of the Procurement Guidelines the first meeting jointly with Procurement Committee and Technical Evaluation Committee to agree for the Procurement Time Schedule. procurement method and type of bidding document should have been held, action had not been taken so on  
 The first meeting to be held jointly with Procurement Committee and the Technical Evaluation Committee in terms of Guideline 2.11.1 of the Procurement Guidelines  
 Accepted. Action will be taken to rectify this in future procurement activities
- (iv) In terms of Guideline 8.9.1 of the Procurement Guidelines a formal contract agreement should be signed with the contractor for any goods or service contract exceeding Rs. 500,000  
 A contract agreement should be signed with the contractor in terms of Guideline 8.9.1 of the Procurement Guidelines.  
 Accepted. Action will be taken to rectify this in future procurement activities

### 3.6 Assets Management

The following observation is made

#### Audit Observation

The Department had distributed 1606 electronic tablets through District Fisheries Offices to fishermen while 374 electronic tablets had remained in the stores of the District Fisheries Offices. Even though, 256 electronic tablets remained in the stock of the Department had been distributed among the officers of the Department, it was observed that those tablets had not been utilized for the office purposes.

#### Recommendation

Even though, it was stated that the plans had been made for maximum utilisation of electronic tablets purchased, the fishermen and the officers are not utilized those equipment As such action to be taken to obtain maximum productivity from the money spent.

#### Comments of the Accounting Officer

The plans were arranged for maximum utilisation of the all equipment purchased and these plans are being carried out successfully at present.

### 3.7 Uneconomic Transactions.

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The following observation is made

Audit Observation -----	Recommendation -----	Comments of the Accounting Officer -----
A sum of Rs.18.81 million recovered as satellite charges through deposit account during the year 2018 had been paid to a private institution Similarly another sum of Rs.12.39 million from Departmental funds as well had been paid to above institution Aa such it was observed that a sum of Rs.12.39 million paid from the funds of the Department without obtaining any service had been an uneconomic transaction.	The attention of the officers to be paid to acquire sufficient economic benefits on behalf of the payments made from the Government funds.	This amount of Rs.12.39 million had been paid to NSSL Global Institution on the approval granted for extra payments under item 69 of the cabinet paper No 18/1053/825/002 dated 18 May 2018.As the service of the NSSL Global Institution was not satisfactory, this activity had been handed over to E3X Global pvt Ltd through an agreement on 07 June 2018.

### 3.8 Management Weaknesses

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The following observations are made.

Audit Observation -----	Recommendation -----	Comments of the Accounting Officer -----
(a) The following observations are made in respect of the administration of contract of extension of Boats Observation Centre Building.		
(i) The percentage of Value Added Tax requested by the recommended bidder mentioned in the Detailed Bid Evaluation Report had been 12 per cent but it was computed as 15 per cent and a sum of Rs.1.55 million had been paid as Value Added Tax without an approval.	To be checked whether the approval had been obtained for making payments.	Replies not Furnished.
(ii) Even though the contractual period had been, exceeded by 261 days, the work had not been completed. The delay	The charges recoverable for the Government should be recovered as per	Replies not Furnished.

charges at the rate of Rs.70,600 per day the agreement.  
had not been recovered in terms of the agreement.

(iii) Action had not been taken to recover the variation value amounting to Rs.6.95 million paid exceeding 10 per cent of the original contract price from the responsible parties in terms of Financial Regulation 156(1) due to not taking action in terms of the conditions of 28.2, 32.1, 36.2, 39.2, 39.6 and 40.5 of the agreement. Action should be taken in terms of Financial Regulation 156(1) for any loss caused to the Government Replies not Furnished.

(b) The balance stock of log books in 10 District Fisheries Offices as at the end of the year 2018 amounted to 2297 and the stock existed in the stores of the Head office amounted to 690. Accordingly, the total balance stock of log books had been 2987 and the value of the stock amounted to Rs.3.88 million approximately. Even though, the printing of log books should have been minimised in terms of purchasing of above electronic tablets, it was not observed that action had been taken accordingly. Action to be taken to minimise the utilisation of stationery. Replies not Furnished.

(c) The following observations are made in respect of printing of 8000 operating licences amounting to Rs.960,000

(i) Operating licences were printed without being estimated the necessity at the District Fisheries Offices level. Purchases to be made with recognising the necessity Replies not Furnished.

(ii) Sums of Rs.292, 050 paid for invoices without being confirmed the receipts of the items when handing over the operating licences to main stores. Payments to be made confirming the receipts of goods in terms of Financial Regulation 237. Replies not Furnished.

(iii) Not adopting a formal methodology to deliver the licences to District Fisheries Offices. A formal methodology should be followed in obtaining and delivering of goods.

4. **Execution of Sustainable Development Goals**

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The following observation is made.

**Audit Observation**

**Recommendation**

**Comments of the Accounting Officer**

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According to the Sustainable Development Agenda, the Department had recognised the development goals on the basis of economic development, social development and providing protection for environment. Nevertheless, the necessary performance indicators and the methodologies relating to management of physical resources had not been prepared.

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Action to be taken in accordance with the Sustainable Development Agenda.

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The instructions had been given to the officers to include performance indicators in future and action will be taken to recognise the physical resources.