

## **Design Advance for Northern Province Sustainable Fisheries Development Project - 2018**

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The audit of financial statements of the Design Advance for Northern Province Sustainable Fisheries Development Project for the year ended 31 December 2018 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 Article IV (4.04) of the Loan Agreement No. PDA 6011 dated 17 March 2017 entered into between the Democratic Socialist Republic of Sri Lanka and the Asian Development Bank.

### **1.2 Implementation, Objectives, Funding and Duration of the Project**

According to the Loan Agreement, the Ministry of Fisheries and Aquatic Resources Development is the Executing and Implementing Agency of the Project. The objectives of the Project are to carry out detailed designing of fisheries harbours anchorages and landing sites for suitable utilization of infrastructure for fishing industry. The activities of the Project are implemented under a component namely designing of fisheries harbours ,anchorages and landing sites. As per the Loan Agreement, the estimated total cost of the Project amounted to US\$ 1.59 million equivalent to Rs. 242.43 million and out of that US\$ 1.30 million equivalent to Rs.198.11 million was agreed to be financed by the Asian Development Bank. The balance amount of Rs.44.32 million is expected to be financed by the Government of Sri Lanka. The Project commenced its activities on 20 March 2017 and scheduled to be completed by 01 June 2018. However, the date of completion of the activities of the Project had been extended up to 31 December 2019.

### **1.3 Opinion**

In my opinion, accompanying financial statements give a true and fair view of the financial position of the Project as at 31 December 2018, financial performance and its cash flows for the year then ended in accordance with Generally Accepted Accounting Principles.

### **1.4 Basis for Opinion**

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 the 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 opinion.

### **1.5 Responsibilities of management and those charged with governance for the Financial Statements**

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with Generally Accepted Accounting Principles and for such internal control as management determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Those charged with governance are responsible for overseeing the Project's financial reporting process.

## **1.6 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's 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 internal control of the Project.
- 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 those charged with governance regarding, among other matters, significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

## **2. Physical Performance**

### **2.1 Physical progress of the activities of the Project**

The activities of the Project consisted with designing of the construction of the fisheries harbors at Pesalai and Point Pedro. However, designing of fisheries harbor at Pesalai had been withdrawn from the scope of the Project subsequently after being incurred a sum of Rs 10.39 million and decided to change the designs of the fisheries harbor at Point Pedro. Further, the records on physical progress of the activities implemented by the Project for the year under review had not been maintained by the Project.