

Head- 285 Department of Agriculture

1. Financial Statements

1.1 Unqualified Opinion

The audit of the financial statements of the Department of Agriculture the year ended 31 December 2019 comprising the statement of financial position as at 31 December 2019 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 read in conjunction with provisions of the National Audit Act No. 19 of 2018. The summary report containing my comments and observations on the financial statements of the Department of Agriculture was issued to the Accounting Officers on 30 June 2020 in terms of Section 11 (1) of the National Audit Act No. 19 of 2018. The Annual Detailed Management Audit Report relevant to the Department was issued to the Accounting Officer on 15 June 2020 in terms of Section 11 (2) of the National Audit Act No. 19 of 2018. This report will be tabled in Parliament in pursuance of provisions in Article 154 (6) of the Constitution to be read in conjunction with Section 10 of the National Audit Act, No.19 of 2018.

In my opinion, the accompanying financial statements prepared in accordance with the provisions in the State Accounts Circular No.271/2019 dated 03 December 2019 give a true and fair view of the financial position of the Department of Agriculture as at 31 December 2019, 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 Unqualified 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.

1.3 Responsibility of the Chief Accounting Officer and the Accounting Officer for the Accounts and Reconciliation Statements

The Chief Accounting Officer and the 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 as management determine 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.

In terms of Sub-section 38 (1) (c) of the National Audit Act, the Chief Accounting Officer and 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

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 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 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 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 and Regulatory Requirements

I express the following matters in accordance with Section 6 (1) (d) and Section 38 of National Audit Act, No. 19 of 2018.

- (a) The financial statements were consistent with the preceding year.
- (b) The recommendations made by me with regard to the financial statements of the preceding year had been implemented.

1.6 Comments on the Financial Statements

1.6.1 Statement of Financial Position

Audit Observation	Recommendation	Comments of the Accounting Officer
-----	-----	-----
Although closing balance of non-financial assets of the previous year amounted to Rs.17,961,282,882, the opening balance of the year under review amounted to Rs.21,994,435,383, thus overstating by Rs.4,033,152,501	Financial statements should be prepared properly.	It has been informed that this had been omitted during the computerization owing to working within the relevant format in preparing the final financial statements and action will be taken to reveal it in the financial statements in the future.

1.6.2 Commercial Advance Account

The Department had dealt with the Commercial Advance Account No. 28502. The deficiencies observed during the audit test check on that account submitted to the audit are as follows.

Audit Observation	Recommendation	Comments of the Accounting Officer
-----[-----	-----	-----
(a) Although Rs.18,570,224 had been brought to account as crop damage and stock damage in the financial statement for the year under review, the basis for calculating the damage had not been disclosed in the financial statements.	The basis for calculating stock damage should be disclosed in the financial statements.	It has been informed that the basis for calculating these damages will be revealed in the financial statements in the future.

- | | | | |
|-----|---|--|--|
| (b) | Although assets had to be revalued and brought to account, 13 motor vehicles belonging to 11 institutions had not been revalued and accounted for. | The value of the assets should be properly accounted for | It has been informed that information has been sought from the General Treasury to determine the method of depreciation of the fixed assets in this advance account, the basis of depreciation, and what assets should be applied for depreciation and, accordingly, further action will be taken as per the final decision reached. |
| (c) | According to the stock assessment report of the Office of the Deputy Director of Agriculture, Batatha, the stock of stationery worth Rs. 45,992 had been stated at Rs. 399,192 in the financial statements, thus overstating by Rs. 353,200. | Financial Statements should be prepared properly | It has been informed that it will be corrected according to the Financial Regulations 505 in the preparation of financial statements for the year 2020. |
| (d) | According to the stock assessment report of the Pidurutalagala Seed Production Farm, the value of the other consumer goods stock was Rs.1,315,140, whereas it had been stated at Rs.135,140 in the financial statements, thus understating by Rs.1,180,000. | Financial Statements should be prepared properly | It has been informed that it will be corrected according to the Financial Regulations 505 in the preparation of financial statements for the year 2020. |
| (e) | Depreciation in respect of buildings valued at Rs.174,439,461 of 15 offices of the Deputy Director of Agriculture had not been calculated and accounted for | Depreciation adjustments should be made. | It has been informed that information has been sought from the Treasury to determine the method of depreciation of the fixed assets in this advance account, the basis of depreciation, and what assets should be applied for depreciation, and that further action will be taken in accordance with the final decision reached. |

- | | | | |
|-----|---|--|--|
| (f) | The value of office equipment and furniture, machinery and equipment totaling Rs.7,288,412 which had not been stated as purchase during the yearAccording to the Fixed Assets verification records of SeethaEliya Branch Complex and Gannoruwa Vegetable Seed Center had been cited as purchases in the financial statements and depreciation provision of Rs. 200,898 had been adjusted for the year under review. | Accurate values should be shown in financial statements. | It has been informed that as per the Financial Regulations 505, it will be corrected in the preparation of financial statements for the year 2020. |
| (g) | According to the Fixed Assets Verification Report of Malwatta Seed Production Farm, the opening balance of the tractor and traveler was Rs. 25,149,500, but it had been stated as Rs. 27,749,500in thefinancial statement, thus overstating Rs.2,600,000. As such, the depreciation for the year had been overstated by Rs.130,000in the accounts. | Accurate values should be shown in financial statements. | It has been informed that as per the Financial Regulations 505, it will be corrected in the preparation of financial statements for the year 2020. |
| (h) | The value of the lorry belonging to the Kandapola Seed Potato Farm and acquired on 03 December 2019, the value of 47machinery in the Fixed Assets Verification Report and the value of 15buildings on the Karadiyanaru Farm had not been properly accounted for. | Action should be taken to account for fixed assets and related depreciation. | It has been informed that information has been sought from the Treasury to determine the method of depreciation of the fixed assets in this advance account, the basis of depreciation, and what assets should be applied for depreciation, and that further action will be taken in accordance with the final decision reached. |
| (i) | According to the Fixed Assets Verification Report of the Gannoruwa Vegetable Seed Center, although machinery and equipment had not been purchased during the year, the Annexure 03submitted together with the financial statements had stated the value thereof as Rs.5,156,132and Rs. | Accurate values should be shown in financial statements. | It has been informed that this will be rectified in the preparation of financial statements for the year 2020. |

1,428,660 respectively. As such, the acquisitions and the depreciation of the year had been overstated by Rs.164, 620 in the account.

1.6.3 Lack of Evidence for Audit

As audit evidence on the following transactions was not presented, they could not be satisfactorily observed during the audit.

Audit Observation -----	Recommendation -----	Comments of the Department -----
(a) Although expenditure on removal of assets in the Farm Advance Account during the year under review amounted to Rs.50,456,727 the relevant schedules for accurate calculation of depreciation had not been submitted to the audit.	Necessary information should be furnished to Audit	It has been informed that information has been sought from the Treasury to determine the method of depreciation of the fixed assets in this advance account, the basis of depreciation, and what assets should be applied for depreciation, and that further action will be taken in accordance with the final decision reached
(b) Evidence required confirming the credit balance of Rs. 12,175,459 included in the financial statements for the year under review relating to the Farm Maintenance and Seed Sales Advance Account activities had not been submitted to the Audit.	Necessary information should be furnished to Audit	This credit balance is the money provided by the Ministry of Agriculture at the end of the year for certain activities. The relevant confirmation should be obtained from the Secretary. It has been informed that inquiries were made but no replies were received.

1.6.4 Non-compliance with Laws, Rules, Regulations and Management Decisions

The instances of non-compliance with Laws, Rules and Regulations observed during the audit test checks are analysed below.

Observation -----	Recommen- dation	Comments of the Accounting Officer -----
<p>Reference to Laws, Rules and Regulations -----</p> <p>(a) Section 6.1 of Chapter xix of the Establishments Code of the Democratic Socialist Republic of Sri Lanka.</p>	<p>Non-compliance -----</p> <p>Although the lease period of all government quarters except for quarters reserved for a certain post is 05 years, it was observed that 10 officers of 02 institutions have been continuously residing in government quarters for a period of 03 years to 14 years and 11 months beyond 05 years.</p>	<p>Action should be taken in accordance with the provisions in the Establishments Code.</p> <p>It has been informed that the officers who have been residing for a longer period of time will be removed and action will be taken to provide quarters to the other officers who are on the waiting list.</p>
<p>(b) Financial Regulations of the Democratic Socialist Republic of Sri Lanka</p> <p>(i) Financial Regulation 104(4)</p>	<p>Investigations on the damage and losses totalling Rs. 11,994,367 caused to the Seed and Plant Material Development Center and its local units on 90 occasions had not been completed, although a period from 1 to 28 years had elapsed as at 31 December of the year under review.</p>	<p>Action should be taken in accordance with the Financial Regulations.</p> <p>It has been informed that steps have been taken reported in accordance with Financial Regulation 104 (4) on the damage and losses caused on 90 occasions.</p>

(ii)	Financial Regulations 175 (2 and Treasury Circular Letter No. 320 dated 21 July 1993	Although a period of 01 year to 07 years had elapsed, the total debtors' balance of Rs.14,667,199 with respect to the Farm Advance Account had not been recovered even by 31 December of the year under review.	Action should be taken in accordance with the Financial Regulations to recover the debtors balance	It has been informed that action will be taken to comply with the Financial Regulations and to collect that revenue.
------	--	---	--	--

(iii)	Financial Regulations 177	Although the daily receipts should be banked daily, 04 institutions had banked the daily receipts after a delay of 2 to 11 days.	Action should be taken in accordance with the Financial Regulations	It has been informed that banking activities will be carried out in a more systematic and efficient manner in the future
-------	---------------------------	--	---	--

(c) Circulars of the Ministry of Agriculture

Circular of the Secretary to the Ministry of Agriculture No. 01/2003 dated 12 May 2003	The economic rent for government residences should not be collected continuously. The relevant government residences should be repaired and after the repairs, the rent should be determined as per Sections 5.2 and 5.4 of Chapter XIX of the Establishments Code and recovered the rent accordingly. Although economic rents have been levied continuously for more than 10 years for 61 government houses owned by the Kundasale College of Agriculture, no annual assessment reports have been obtained.	Action should be taken in accordance with the circulars.	It has been informed that action will be taken to charge rent for these government houses after receiving the assessment reports from the Department of Valuation.
--	--	--	--

2. Financial Review

2.1 Imprest Management

Audit Observation

In order to effectively control the financial activities, the Department should plan the amount of imprest required on a monthly basis and request the required imprest amount accordingly, but the imprest had been applied for 07 months in excess of the monthly imprest plan.

Recommendation

Imprest requirement should be planned properly.

Comments of the Accounting Officer

It has been informed that effective financial control can be exercised if the Treasury release funds as planned at the beginning of the year, and that the imprest has been requested in excess of the amount planned.

2.2 Expenditure Management

The following observations are made.

Audit Observation

(a) Although it is the responsibility of the Accounting Officer to prepare the Expenditure Estimates as accurately as possible in accordance with the Financial Regulations⁵⁰, out of estimated provisions for 15 Objects, Rs. 88,256,273 or 4 per cent had been transferred to other Objects. The percentage of such transfers among the Objects ranged from 1 per cent to 80 per cent.

Recommendation

Estimates should be correctly prepared in accordance with the Financial Regulations

Comments of the Accounting Officer

It has been informed that these provisions had to be transferred due to the paying personal emoluments, the increase in the value of stationery due to the appreciation of the dollar, payment of combined allowances as per Public Administration Circular No. 20/2018 and the provision of communication facilities to public officers as per Public Administration Circulars 03/2014, 03/2014 (1).

- (b) In terms of Budget Circulars No. 04/2019 dated 17 June 2019 and 07/2019 dated 04 December 2019, all Chief Accounting Officers and Accounting Officers are responsible for formulating and implementing the criteria in a manner able to control the consumption of electricity, purchase of telephone services, stationery and office equipment and control local and foreign travel expenses. However, in the relevant Object, the expenditure for the year under review was Rs.167,707,521 compared to the expenditure totalling 153,267,003 for the preceding year. Accordingly, expenditure of Rs. 14,440,518 or 9 per cent had been incurred in excess.
- Action should be taken in accordance with the Circulars.
- It has been informed that the increase in the prices of all stationery and office equipment due to appreciation of the value of the dollar, an increase in the number of officers claiming fuel allowances, and an increase in field duties due to the unexpected army caterpillar epidemic has attributed to the above rise in the expenditure
- (c) The total outlay of 27 recurrent expenditure items was Rs. 226,234,559. Out of the net total allocation of Rs. 226,234,559 a sum of Rs. 32,977,959 or 15 per cent had been saved. That savings ranged from 6 per cent to 74 per cent
- Estimates should be correctly prepared.
- Herein, a very small amount of money has to be allocated when allocating the funds received under these Objects to the Directors' units. It has been informed that there is a saving at the end of the year since existing provisions are not sufficient, although there are needs to bear the necessary expenses.
- (d) According to the National Budget Circular No. 03/2019 dated 08 April 2019, 25 per cent of the allocations made for capital expenditure had to be saved at 15 per cent and 10 per cent respectively. However, out of the net provisions totalling Rs. 1,723,810,000 of 44 Capital Objects, a sum of Rs. 640,458,943 or 37 per cent had been saved. But in addition to that 25 per cent in 10 Objects, a further 3 to 75 per cent of the provision had been saved. Further, provision of 25 per cent had not been saved as per the circular in respect of another 36 Capital Objects.
- Action should be taken in accordance with the Circulars.
- Although the Budget Department was informed through the Ministry to take over the capital provisions, those provisions had not been taken over and therefore, it has been informed that this provision was saved due to this uncertainty and insufficiency of the imprest.

2.3 Incurring Commitments and Liabilities

Audit Observation	Recommendation	Comments of the Accounting Officer
----- Liabilities totaling Rs. 583,143 had been incurred in excess of the net provision of 02 Capital Objects.	----- Liabilities should not be incurred in excess of the provision.	----- It has been informed that the payment values under the above Objects which have exceeded the liabilities will be paid by the due provisions of the year 2020.

2.4 Issuance and Settlement of Advance

The following observations are made.

Audit Observation	Recommendation	Comments of the Accounting Officer
-----	-----	-----
(a) According to the Reconciliation Statement of the Advances to Public Officers Accounts submitted for audit, the total debtors balance that remained outstanding for the period from 1 to 25 year as at 31 December of the year under review was Rs.7,286,808 and no action had been taken to recover that outstanding balances.	Action should be taken to recover the loan granted immediately.	It has been informed that action will be taken to recover the outstanding loan balance expeditiously.
(b) The total unapproved cumulative losses exceeding 18 to 28 years relating to 05 Winding up Advance Accounts amounted to Rs.67,146,096.	Action should be taken in accordance with Financial Regulation 513 and Standing Orders 132a (3) and (4) of Parliament.	It has been informed that action will be taken expeditiously to wind up completely this Winding up Advance Account.
(c) The outstanding balance of the Certified Seed and Planting Material Winding up Advance Account Item No. 285-05 for over 28 years was Rs.76,157.	Action should be taken in accordance with Financial Regulation 518.	It has been informed that action will be taken expeditiously to wind up completely this Winding up Advance Account.

3. Operating Review

3.1 Failure to achieve the expected output level

The following observations are made.

Audit Observation	Recommendation	Comments of the Accounting Officer
(a) After the fictitious charges are adjusted, the financial result for the year under review had deteriorated by Rs.14,159,141 compared to the previous year.	Action should be taken to maximize profits.	It has been informed that the adverse weather conditions, rising input prices and non-revision of selling prices have been cited as the reasons for this situation.
(b) The targeted total seed paddy production of the Karadiyanaru Farm for the last 05 seasons was 50,620 bushels, but the production was 23,909 bushels or 47.23 per cent.	Action should be taken to achieve the desired targets.	It has been reported that heavy rains in the Maha season and water shortage in the Yala season in this area have affected the paddy harvest
(c) Under the Contract Seed Paddy Production Program conducted by the Office of the Deputy Director of Agriculture, Kantale, out of the target of 24,500 bushels given for contract seed production in the last 07 seasons, achieved level was 11,484 bushels or 46.87 per cent.	Action should be taken to achieve the desired targets.	It has been informed steps will be taken to limit the purchase of seeds during the season if it feels unfavorable to the government to purchase seeds due to declining demand for certain varieties of seeds annually.
(d) According to the Physical and Financial Progress Report on Vegetable Seed Production for the 2018 Yala Season, the expected seed production of 5.75 hectares of Ambepussa Vegetable Seed Production Farm was 1,693 kg, but the achievable seed production was as low as 470.1 kg or 27.7 per cent. Similarly, the failure to achieve the desired seed targets in all 15 crop species out of 18 crop varieties produced ranged from 51 per cent to 99 per cent.	Action should be taken to achieve the desired targets.	It has been informed that the main reason for this is the receipt of 18 crop targets for an area of 5.4 hectares for vegetable and supplementary seed production for the 2018 Yala season. It has also been reported that some crops are affected by lack of breeding seeds and basic seed stocks, and the drought conditions.

- | | | | |
|-----|---|--|--|
| (e) | The number of seedlings transplanted at Walpita Farm from mango, durian and avocado seeds was 150,980 out of 292,656 units used as inputs during the period from 2011 to July 2019. Out of which, the number of successful seedlings was 40,956. It was as low as 14 per cent as a percentage of total seed inputs. | Action should be taken to improve the output. | At present there is only one person for transplanting in the nursery and the nursery workers are being trained and employed to produce the seedlings to fill the gap. Therefore, their transplanting potential is less than that of trained transplanters. It has also been reported that the success rate of transplantation has decreased due to continuous rains and extreme dry weather conditions experienced during the last 6 months. |
| (f) | Although a mushroom cultivation unit and a mushroom seed factory were started and maintained at the Pasyala Horticultural Research Farm on 04 April 2014 under the KOPIA Mushroom Project, the unit had not been used for the intended purpose as at 17 July 2019, the date of the audit. | Action should be taken to utilize resources to achieve the desired objectives. | It has been informed that the production of the mushroom unit maintained at the farm is not carried out at present. |

3.2 Delays in the implementation of projects

The following observations are made.

Audit Observation	Recommendation	Comments of the Accounting Officer
-----	-----	-----
(a)	A contract had been signed on 28 August 2019 for a project worth Rs. 44,548,357 to repair the gene bank of the Seed Conservation Division of the Plant Genetic Resource Center. Accordingly, the contract should have been completed before 30 March 2020, but the contractor had started the work after a delay of 60 days.	Aactions should be taken to complete the work on time as per the agreement. It has been informed that the delay was due to depending the entire repairs on imported machinery and equipment.

- | | | | |
|-----|---|---|---|
| (b) | The construction work of 16 contracts valued at Rs. 61,257,998 to be completed as per the contract agreements had not been so completed even by 13 August 2020. | Action should be taken to complete the work on time as per the agreement. | It has been informed that due to the Corona epidemic, it was difficult to operate all the work sites normally and the work was slow due to the limited number of employees who had to follow safety measures. It has been further informed that work will be completed in the next weeks. |
| (c) | The installation of the water pipeline system at the Kundasale Seed Production Farm was to be completed within 90 days from 06 July 2018 or earlier as per the agreement, but it had not been completed even by 06 June 2020. | Action should be taken to complete the contract in accordance with the agreement. | It has been informed that continuous efforts were made to rectify the shortcomings identified during the implementation of the project and the main objective of the project, that is, to provide irrigation water to the farms, is being achieved using this system. It has been informed that continuous efforts were made to rectify the shortcomings identified during the implementation of the project and the main objective of the project, that is, to provide irrigation water to the farms, is being achieved using this system. |

3.3 Projects Initiated after a Delay

Audit Observation	Recommendation	Comments of the Accounting Officer
-----	-----	-----
Construction of 20 construction contracts worth Rs. 57,023,295 implemented by the Engineering Division in the year 2019 had been initiated after a delay without commencing work on the due date.	Arrangements should be made to start the construction work on the due date.	It has been informed that the contractor was unable to start work on time due to heavy rains experienced during that period.

3.4 Annual Performance Report

Audit Observation	Recommendation	Comments of the Accounting Officer
-----	-----	-----
In terms of the Public Finance Circular No. 402 dated 12 September 2002, the Department should table the Performance Report for the year under review in Parliament within 150 days after the end of the financial year, it had not been so done even by 05 July 2020.	Action should be taken in accordance with the Circular.	It has been informed that the delays in receipt of forms, closure of offices due to Covid-19 epidemic, delay in preparation of Sustainable Development Index, delay in receipt of audit report and lack of Tamil translator had caused the above delay.

3.5 Procurement

The following Observations are made

Audit Observation	Recommendation	Comments of the Accounting Officer
-----	-----	-----
(a) Bids for the construction contract for the repair of the gene bank of Seed Conservation Division of the Plant Genetic Resources Center had been called for under the item 03 and the estimated value of the first item was Rs. 32,200,000. The bids had been submitted by three bidders for that purpose. Accordingly, the third lowest bidder, who presented the bid valued at Rs. 44,548,357, had been awarded the contract in excess of Rs. 12,348,357, or 38.20 per cent than the estimated contract value.	Action should be taken to prepare complete and accurate estimates.	It is clear that the prices offered are reasonable as per the market prices and. If this repair is not further carried out, damage to this site could destroy the plant genes that have been preserved so far. Therefore, these repairs need to be done expeditiously without further delay. Therefore, it has been informed that a decision was reached to award this work to a successful bidder in view of the above matters.
(b) The estimate relating to the repair contract of the Gene Bank of Seed Conservation Division of the Plant Genetic Resources Center had been prepared to the value of Rs.56.22 million in January 2018. Without being updated that estimate by taking into account inflation and other factors as per the Guideline 4.3.3 of	Action should be taken in accordance with the Government Procurement Guidelines.	It has been informed that due to the lack of standard prices for such items, it was not possible to make estimates taking into account market prices and as such, significant amendments could not be made at the time of preparing estimates. However, the

the Government Procurement Guidelines, bids had been called again in May 2019.

initial cost estimate for 2018 is Rs. 40.5 million and it has been revised to Rs. 56.22 million in 2019.

- (c) According to Guideline 8.9.1 (a) of the Government Procurement Guidelines, a formal agreement had not been reached for the construction of the main gate and name board in front of the office of the Deputy Director of Agriculture, Karadiyanaru at a cost of Rs. 408,255. Further, the prices (BSR) applicable to the Batticaloa District should have been used for this purpose, but it had not been so done.
- Action should be taken in accordance with provisions in the Government Procurement Guidelines.
- It has been informed that the provisions of the Government Procurement Guidelines will be followed.
- (d) Although the Procurement Committee of the Office of the Deputy Director of Agriculture, Karadiyanaru had awarded two construction contracts worth Rs.595,400 According to guidelines 2.8.5 of the Government Procurement Guidelines, no expert on the subject of construction had participated in the committee and no action had been taken to appoint a Technical Evaluation Committee and obtain their recommendations.
- Action should be taken in accordance with provisions in the Government Procurement Guidelines.
- It has been informed to make arrangements to carry out the work in accordance with Section 2.7.7 of the Procurement Guidelines in the appointment of Regional Procurement Committees and to take steps in accordance with the procurement guidelines, procurement manuals and related circulars in future procurement activities.
- (e) The bidding conditions for the contract worth Rs. 4,251,350 awarded for the supply and installation of 15 nameplates under the Good Agricultural Practices (GAP) project in accordance with Guideline 5.6 of the Government Procurement Guidelines had not been drafted in brief with clear specifications. As a result, the first two bidders who submitted the lowest bid out of the four bids had been rejected.
- Action should be taken in accordance with provisions in the Government Procurement Guidelines.
- It has been informed that in order to test the financial viability of the bidder in relation to this contract, the terms of the bidder stated that there should be ten times as much income as the estimated amount

- | | | | |
|-----|---|--|---|
| (f) | In relation to the contract for the purchase of a color separator with an estimate of Rs. 4,000,000 at a cost Rs. 7,960,000 under the green gram cultivation project of the Department of Agriculture, a total cost estimate including all the related cost (TCE) as per guidelines 4.3.1 and 4.3.2 of the Government Procurement Guidelines had not been prepared. In this case, the contract had been awarded in excess of 99 per cent of the estimated cost. | Action should be taken in accordance with provisions in the Government Procurement Guidelines. | When specifying the specifications for the purchase of this machine, it has been stated that the supplier is also required to provide, install and provide the electrical connection for this machine |
| (g) | The Manager of the Walpita Farm had purchased nursery equipment worth Rs. 302,200 by fraudulently including prices using letterheads of the registered suppliers. | Action should be taken in accordance with provisions in the Government Procurement Guidelines. | It has been informed that the preliminary investigation has been completed and the report has been received and further action is being taken accordingly. |
| (h) | A sum of Rs. 4,344,075 had been paid from 2016 to 2019 for the purchase of seeds, cow dung manure and sand by following a poor procurement process using the wives of the guards working at the Walpita farm as fake suppliers. Accordingly, the internal control of the farm was in a very poor condition. | Action should be taken in accordance with provisions in the Government Procurement Guidelines. | It has been informed that the preliminary investigation has been completed and the report has been received and further action is being taken accordingly. |
| (i) | A contract worth Rs. 9,962,000 (VAT free) had been awarded on 09 August 2018 for the construction of a new water pumping system to supply water to the Kundasale Government Seed Production Farm. Procurement time table had not been prepared as per guidelines 4.2.2 (a) and (b) of the Government Procurement Guidelines. 8.13.4 According to guidelines 8.13.4, a 5 per cent discount on bills of quantity and a 10 per cent price variation should be limited, whereas the contract had been awarded in excess | Action should be taken in accordance with provisions in the Government Procurement Guidelines. | The project had been started without preparing a procurement schedule for the project. Due to the need to change the mounting location of the inline booster pump, the cost for the extra work is Rs.791,875, which is 8.77 per cent of the original cost estimate. Due to the error of failing to request a detailed price description when bidding, the high price variation for each of the items pointed out in the query had |

of Rs.2,889,500, or 40.85 per cent over the contract estimate. According to the guidelines 7.9.2, the variance of the contract estimated value (Sub Total) and the bid value ranged from 30 per cent to 520 per cent, but the reasons had not been analyzed. Further, according to Guideline 5.4.8, performance security should be obtained so as to be valid for 28 days ahead from the expected date of completion, the performance security had been obtained so as to be valid for 90 days.

failed to be considered in the technical evaluation. The decision of the technical evaluation has been given only after considering the total value. It has been informed that the performance security has been obtained till 21 May 2019.

- (j) Although bid securities should be obtained in accordance with Guideline 5.3.11 of the Government Procurement Guidelines, bid securities worth Rs. 2,235,750 had not been obtained so as to be valid for more than 2 to 65 days beyond the specified number of days in respect of 90 contracts totalling to Rs. 159,622,609.
- Action should be taken in accordance with provisions in the Government Procurement Guidelines.
- Herein, the validity period of the bid security has been determined by 28 days more than the bid security period. After the bids are opened, the awarding period will be decided on the efficiency of the Evaluation Committee and the Procurement Board. It has been informed that according to Procurement Guidelines 5: 3: 10, 5: 3: 11 and SPD-3, dates have been set for each task.

- (k) Although the Plant Genetic Resources Center had carried out procurement activities during the year under review to procure 08 dehumidifiers used to retain atmospheric moisture during seed processing, drying and packaging, the Procurement Committee informed on 24 July 2019 necessity for re-procuring due to inability to select suitable bidders. That was stated. However, the relevant procurement work had not been completed even 31by December 2019.
- Action should be taken to correctly identify the requirements, prepare specifications and make maximum use of the provisions
- Bidders had to be excluded due to the observation that the bid price for the repairs was too high compared to the cost of the new purchase and due to problems with the provisions. The machines have also been handed over to the Agri Business Center at the University of Peradeniya to test the potentiality for repairs.

3.6 Assets Management

The following observations are made.

Audit Observation	Recommendation	Comments of the Accounting Officer
-----	-----	-----
(a) According to Section 224 of the Government Lands Code, action should be taken to properly take over lands belonging to government departments after conducting surveys, but according to the audit test check carried out, action had not been taken to legally take over an area of 592.62 hectares belonging to 11 institutions of the Department of Agriculture.	Action should be taken to settle all the lands owned by the department and to take over the ownership.	It has been stated that the relevant activities for the transfer of ownership are being carried out.
(b) According to the audit test check it was observed that 13 tractors, 5 motor vehicles and 9 motorcycles valued at approximately Rs. 10,820,000 belonging to 8 institutions had been kept idle in the office premises for a period of 02 to 20 years.	Action should be taken to utilize the resources of the institution efficiently and effectively.	It has been informed that these tractors, motorcycles and motor vehicles will be repaired and used, disposed of or transferred to other units where required.

- | | | | |
|-----|---|--|--|
| (c) | According to the audit test check it was observed that 17 machines and 26 stores items worth Rs.11,498,859 belonging to 5 institutions remained idle for 2 to 18 years. | Assets should be used with maximum efficiency and effectiveness and purchase should be made after correctly identifying the necessity. | Some materials are used here and arrangements are being made to use some materials. It has been informed that action will be taken to transfer these machines to another place where there is a need or to dispose of these machines or provide them to technical learning institutes. |
| (d) | It was observed according to the audit test check that two motor vehicles existed in two institutions had not been registered in the name of the Director General of Agriculture even as at 17 January 2020. | Action should be to properly acquire and use the assets of other institutions. | It has been informed that further action will be taken regarding the acquisition of the ownership of the cab No. 57-0527. |
| (e) | The average capacities of cold storage at Gannoruwa Vegetable Seed Center is Kg. 30,000 but at present storage have been done with an over storage capacity of about Kg 45,000, whereas the management had not focused attention on building a new cold storage system. | Action should be taken to build a new cold storage system. | It has been informed that steps will be taken to construct a new cold storage system taking into account the provisions received in the year 2020. |
| (f) | The Hersonber Seed Packing Machine purchased for Rs.1,096,875 from a private company on 14 December 2000 had been withdrawn from use 7 months after purchase due to the high drying rate of the seeds during operation. | The assets of the department should be used as efficiently and effectively as possible. | To determine the responsibility related to the submission of technical reports on the seed packaging machine, a new Committee of Inquiry has been appointed on 21 March 2019 as per F.R104 (4) and it has been informed that the investigation could not be completed due to the Covid-19 epidemic situation in the country. |

- | | | | |
|-----|---|---|--|
| (g) | Nearly 74.4 hectares or 36.5 percent of the total land owned by the Office of the Deputy Director of Agriculture, Karadiyanaru, is occupied by illegal occupants and two houses had been built by unauthorized occupants on the land belonging to the Fruit Development Institute on two occasions. | Action should be taken to settle all the lands occupied by unauthorized occupants and to take over the ownership of them | It has been informed that further activities are being carried out in collaboration with the Batticaloa Divisional Secretary to survey the relevant land and take over the ownership. |
| (h) | There was an undeveloped hilly area of approximately 60.4 hectares of land with a forest cover belonging to the Office of the Deputy Director of Agriculture, Karadiyanaru. This area could have been used for cultivation by providing water supply, labour supply and other facilities. | Assets of the institution should be used as efficiently and effectively as possible. | It has been informed that arrangements will be made to make maximum use of the available resources by looking into the potential for utilization of undeveloped land for cultivation. |
| (i) | The Kantale Seed Production Farm does not have adequate storage space for fertilizer and the building with 1085sq. Ft. (35x31) constructed in 1974 for storage of fertilizer has been in a state of disuse since 2016 due to the need to repair the roof. | Action should be taken to provide adequate infrastructure facilities. | It has been informed that steps will be taken to construct a new fertilizer warehouse as per the provisions received. |
| (j) | The total area of the Ambepussa Seed Production Farm is 60 hectares and only 12 hectares or 20 percent of the total land area had been used for seed production, which is the primary function of the farm. | The assets of the institution should be used efficiently and effectively. | Depending on the nature of the physical resources, human resources and other resources available on the farm, the seed production program has to be limited to the relevant land area. It has been informed that steps will be taken to make maximum use of the resources available in the future. |
| (k) | Although eviction orders had been issued with effect from 06 December 2010 for 20 unauthorized occupants who had been occupied 85 perches of land belonging to the Bandarawela Regional Agricultural Research and Development Center for a period of 43 years from 1976, | Action should be taken to settle all the lands belonging to the department and to take over the ownership of those lands. | A group of so-called unauthorized occupants have been living in the Punagala land of the Bandarawela Regional Agricultural Research and Development Center and it has not been specifically possible to |

no action had been taken to evict the residents up to date.

ascertain whether that part belongs to our apartment. Accordingly, it has been informed that the Badulla District Survey Office has been informed to survey the land and further action will be taken accordingly.

- (l) Although a rain shelter house had been constructed at the Fruit Research and Development Institute at a cost of Rs. 795,000 in the year 2016 in order to strengthen rain water resistant grafted fruit seedlings, its polythene cover was in a state of decayed and disrepair 24 by January 2020.
- Action should be taken to utilize resources efficiently and effectively.
- It has been informed that the relevant work will be completed as expeditiously as possible with the receipt of provisions.
- (m) Although the renovation work of Vijerama Hostel of Kundasale College of Agriculture has been completed in the years 2016, 2017 and 2018 at a cost of Rs. 5,125,803, it had remained idle for nearly five years by 20 January 2020 due to the inability to procure the necessary furniture.
- The assets of the institution should be utilized efficiently and effectively.
- It has been informed that steps will be taken to provide accommodation to the students in the future after obtaining the essential items required for this hostel.
- (n) Although the Homagama Plant Virus Center had built a 1125 sq. Ft. (75x15) net house on 03 September 2018 at the Walpita farm at a cost of Rs. 366,920 to obtain and harden tissue grafted seedlings, it had not been used for the relevant purpose and remained idle till 05 December 2019.
- Action should be taken to use the resources to achieve the desired objectives.
- Since tissue grafted seedlings cannot be obtained, the net house is not used for seedling hardening. However, it has been informed that the net house has been provided for the needs of the nursery to be utilized effectively without being idle.

3.7 Deposit Securities by the Public Officers

Audit Observation	Recommendation	Comments of the Accounting Officer
----- According to Financial Regulations 880 and 881 (1), Departments Regulations No. 17/2015 and dated 11 December 2015 of the Department of Agriculture and Chapter 612 of the Public Officers Security Ordinance, 67 officers who are required to deposit securities in 09 institutions had not deposited relevant securities even by 10 December 2019.	----- Securities should be deposited by the relevant officers as per the financial regulations and departmental orders.	----- It has been informed that arrangements are being made to deposit the securities of the officers who have not deposited their securities.

3.8 Losses and Damages

The following observations are made.

Audit Observation	Recommendation	Comments of the Accounting Officer
----- (a) Due to poor germination of vegetable seeds produced during the period from 2014 to 2019 at the Vegetable Seed Center, approximately 15000 kg of seeds valued at Rs. 38,338,200 had to be disposed of.	----- Seed production and release should be done as per the requirement and seed production targets should be accurately predicted.	----- It has been informed that introduction of high yielding imported hybrid varieties in the market by the private sector will move away the local varieties from the market and accordingly, some stocks of seeds produced during such times have remained

- | | | | |
|-----|--|--|---|
| (b) | The Office of the Deputy Director of Agriculture, Kantale had issued 846004 kilograms or 41268 bushels of seed paddy purchased under the Seed Paddy Production and Contract Seed Paddy Production Programme as consumer paddy without issuing them as seed paddy. | Seed paddy should be properly stored to maintain the quality of such seed paddy. | It is not always possible to sale all varieties produced on the farm and it depends on the demand in that season. I have instructed the Director to identify the need for seed paddy and to prepare a storage system to maintain the quality of the seed paddy. |
| (c) | Cultivation damage related to paddy, vegetables and supplementary food crops of the Karadiyanaru Farm during the last 03 years was Rs. 4,531,335 | Action should be taken to minimize crop damage. | It has been informed that the said damage has caused due to drought, floods, wild elephants and wildl animals. |
| (d) | According to item number 09 in the engineering estimate for the construction of car parks at the Kundasale Agricultural College, concrete should be applied to the ground with a thickness of 125 mm, but according to the physical inspection conducted on 13 January 2020, the thickness thereof was 80 mm. Accordingly, a sum of Rs. 162,350 had been overpaid to the contractor for 78.43 cubic meters which had not been carried out by the contractor. | Action should be taken to complete the relevant work as per the estimates. | It has been informed that a decision has been reached to consider the item as 75mm in full and make payments accordingly and to recover the balance payment. |

3.9 Management Weakness

The following observations are made

Audit Observation -----	Recommendation -----	Comments of the Accounting Officer -----
(a) Although estimation of construction of water pumping station system for Kundasale Seed Production Farm should have been done on the basis of Building Standards Rate (BSR) and National Water Supply and Drainage Board Rate (Water Board Rate), it had	Bills of Quantity should be prepared accurately in accordance with the standards of the Standard Measurement Method.	It has been reported that it was not possible to prepare this estimate on special rates (SSRs) prepared according to the rates of the National Water Supply and Drainage Board and further reported that the mistake caused

not been so done. Further, the rate of item No. 02 in the estimate is Rs. 5,000 each and the estimated value for the 150 meter area is Rs.750,000 but it had been shown as Rs.900,000 and the approval had been given without properly checking the engineering estimate.

in the calculation had contributed to the error in the preparation of the estimate.

- | | | | |
|-----|--|--|--|
| (b) | Out of the stocks of seeds available at the Vegetable Seed Center by the end of 2015, the issuance of 10 varieties of seeds during the last 4 years was in the range of 0 to 36 per cent. Thus, if the seeds were rejected due to poor germination on their storing for nearly 5 years, the possible loss of the sales revenue would be approximately Rs.14,629,064. | Action should be taken to release seeds before the viability of such seeds decreases. | It is the duty of the Department to keep buffer stock of seeds to provide for the orders made for the programmes that are being implemented at the national level. It has been informed that seeds should be produced and stored for this purpose. |
| (c) | No research has been done to ascertain how long the basic, breeding, registered and standard seeds produced by the Department of Agriculture can be stored in cold storage while maintaining optimum vitality. | Action should be taken to initiate researches. | It has been informed that attention will be drawn on conducting future researches on maintaining the optimum vitality of these breeding, basic and standard seeds. |
| (d) | The Vegetable Seed Center had stored 16887 kg of basic, breeding and standard vegetable seeds for more than 5 years and according to the sample data obtained relating to 21 vegetable seeds, their germination strength has been gradually declining. Germination of these seeds ranged from 98 to 73 per cent. The prolonged storage of these seeds had weakened their germination capacity. | When providing high quality seeds, action should be taken to provide them to the farming community as expeditiously as possible. | Since the minimum germination percentage considered in seed sales is 75%, it has been informed that steps have been taken to release such seeds as soon as possible by observing the "C" reports taken once a year. |
| (e) | Although the Vegetable Seed Center had provided approximately 476 kg of seeds related 09crops worth | Action should be taken to recover the dues. | It has been informed that action will be taken to recover the money due for the seeds issued |

Rs.1,818,573 on credit basis from the year 2011 to 16 November 2019, that amount had not been recovered even by 23 December 2019.

on 02 weeks credit basis by sending reminders to the relevant institutions once in every 06 month per year.

- (f) Although 10 districts have been identified as areas covered by this Act to fulfill the functions specified in the Soil Conservation Act No. 25 of 1951, the provisions covering the entire island had not been amended even by 02 December 2019.
- Action should be taken in accordance with the circular provisions
- It was decided to issue a gazette notification containing the new regulations prepared to cover the whole island. It has been informed that having translated the same into all three languages and completed the work to be done by our department, it has been forwarded to the Ministry of Agriculture for necessary action to obtain the approval of the Cabinet of Ministers.
- (g) The meeting of the Soil Conservation Board appointed under Section 3 (2) of the Soil Conservation Act No. 24 of 1996 had not been held after 28 September 2017.
- Action should be taken in accordance with the circular provisions.
- It has been informed that the Soil Conservation Board will be held very soon.
- (h) Meteorological Measurement Centers belonging to the Natural Resource Management Center had not been established in the three districts of Mannar, Mullaitivu and Colombo.
- Arrangements should be made to set up meteorological measurement centers in other districts as well.
- It has been informed that the meteorological data requirements of these districts are met from the Meteorological Department.
- (i) For the purpose of collecting, analyzing and communicating agro meteorological data for the needs of the Department of Agriculture, 46 agro-climatic zones have been identified to measure precipitation, soil temperature, humidity, wind speed, wind direction, etc., but agro-meteorological measurements have not been established in 18 of them.
- Action should be taken to establish agro meteorological measurements.
- It has been informed that agro meteorological units are being set up in agro ecological zones where agro meteorological units have not been established.
- (j) Due to the changing 03 cultivated varieties of seed paddy produced in 26 hectares under the contract seed production program carried out by the Office of the Deputy Director of
- Action should be taken to achieve the desired goals.
- It has been informed that due to use of the fields with other varieties for cultivation and mixing during harvesting by the harvesters, such varieties have

Agriculture, Kantale in the 2019 Yala season, approximately 5600 bushels of seed paddy could not be obtained as they had been rejected.

been rejected by the Seed Certification Service

- (k) According to the stockverification reports of the Office of Deputy Director of Agriculture, Kantale, 8138 kilograms of seed paddy had been converted into consumable paddy on 12 occasions due to germination failure, expiration, insect and mechanical defects.
- Steps should be taken to keep the warehouses in a very clean condition.
- It has been informed that the warehouse will be repaired and maintained very clean and tidy.
- (l) The Gene Bank at the Plant Genetic Resources Center had stored 15,806 gene plasmas and, due to the matters such as crop field narrowing and climate changes, the number of gene plasma characterized by 25 October 2019 stood as lower as 6,891 or 44 per cent.
- Action should be taken to identify endemic crops and plants through genetic plasma characterization.
- As this division deals with both the multiplication and characterization of genetic resources, about 200 genetic resources are characterized in a single season. It has been informed that the multiplication of genetic resources is already being done in coordination with other research institutes under the department as the field of cultivation is narrowing and the labour is insufficient.
- (m) Although attention had been focused on the installation of a solar power system in 2017 with the objective of minimizing the additional fuel costs incurred in the event of a power outage at the Plant Genetic Resources Center, which consumes more than Rs. 06 million a year in electricity, that task had not yet been accomplished even by 30 October 2019.
- Action should be taken to achieve the desired objectives.
- It has been informed that a special report in this regard has been prepared and sent to the Ministry of Renewable Energy this year as well and the work is expected to be done depending on the provisions received.
- (n) Although Pasyala Farm has been established as a Horticulture Research Farm, a research on Rambutan cultivation started in 2010 and a research on papaya cultivation started in 2015 are being maintained and the
- Attention should be focused on conducting new researches.
- It has been reported that new researches and cultivation have been done at present.

number of research activities carried out during the last 03 years was as low as 03.

- | | | | |
|-----|---|--|--|
| (o) | At the time of handing over the Central Library of the Gannoruwa Horticultural Crops Research and Development Institute to the Information and Communication Center, the Chief Librarian had not taken any action regarding the shortage of 96 books in the library. | Action should be taken to conduct a formal investigation and determine responsible persons and take action to recover the relevant losses. | Preliminary activities have already commenced to rectify the deficiencies in the Central Library. It has been informed that an investigation regarding the shortage of the relevant books is being done as per the Financial Regulation 104. |
| (p) | The Kundasale Fruit Variety Conservation Center had transplanted and planted in the field and marketed shoots of fruit varieties such as Mango, Rambutan, Tangerine and Orange which had not been identified as mother plants. | Transplantation should be done using shoots obtained from mother plants registered with the Seed Certification Service. | It has been informed that certification has been requested from the Seed Certification Service and only a limited number of seedlings are currently being produced on the instructions of the Director (Fruit Research and Development). |
| (q) | The Kundasale Fruit Variety Conservation Center has not separately planted in the field or labeled the fruit varieties provided by research institutes and outsiders from time to time since 2013. | Actions should be taken to conserve fruit varieties in such a way that any person can easily understand about the fruit varieties. | It has been informed that the labeling is in progress. |
| (r) | The Kundasale Fruit Variety Conservation Center received 903 fruit seedlings of various varieties from 2013 to 06 February 2020 out of which 196 or 22 per cent were dead and weak fruit seedlings. No formal arrangement had been made to remove the dead and weak plants. Instead, the plants should have been brought back from the places from where they were received and conserved, it had not been so done. | Action should be taken to implement a proper programme for the removal of dead and weak plants and replace the plants with those varieties from where they were received and to conserve them. | It has been informed that a programme has been implemented to obtain and replace the plants from the relevant registered mother plants for such dying or weakened plants. |
| (s) | In the examination the number of students enrolled at NVQ 6 level in the last 05 years and the progress of students who have completed the course at the Kundasale School of Agriculture, the number of students | Measures should be taken to increase the participation of students who are well versed in the field of agriculture. | It has been informed that the students are thus leaving the course as it is not certain whether they will get a permanent job at the end of the course |

who did not complete the course ranged from 7 per cent to 28 per cent compared to the number of students enrolled in the relevant course.

- | | | | |
|-----|---|--|---|
| (t) | Hostels of the Kundasale School of Agriculture also cater to lecturers at concessionary rates. The concessionary prices of such food items had not been revised for more than 10 years. | Action should be taken to revise the concessionary prices in relation to the market prices. | It has been informed that the committee appointed to revise the prices has submitted the relevant report and accordingly, necessary steps will be taken to revise the prices. |
| (u) | Two officers holding the post of Agriculture Instructor had been appointed to manage 04 hostels of the Kundasale School of Agriculture. As a result, the officers had lost the opportunity to develop their subject knowledge and gain knowledge and understanding of the field. | Steps should be taken to employ officers with professional skills and competencies as efficiently and effectively as possible. | It has been informed that necessary steps are being taken to create a post of Warden for the Agricultural School and to make the relevant recruitment. |
| (v) | The infrastructure, sanitation and kitchen facilities in the four hostels of the Kundasale School of Agriculture were inadequate and they had not been properly maintained. | Action should be taken to provide adequate infrastructure and sanitation facilities for students. | It has been informed that action will be taken to provide the required infrastructure facilities according to the allocations received in the future. |
| (w) | The manager of the Walpita farm had given permission to bring 20 bags of waste containing black powder from a private factory into the coconut plantation area and the weight of one bag was about Kg.500. As a result, the premises as well as the external environment had been polluted. | Action should be taken to protect state property. | It has been informed that the farm manager who was on duty at that time has been transferred and a preliminary investigation is underway. The Commission to Investigate Allegations of Bribery or Corruption has also initiated an investigation on the alleged irregularities committed by the farm manager. |
| (x) | The total amount of Rs. 30,739,883 due to the government from 44 officers who had gone abroad for foreign scholarships and breached their agreements had not been recovered even by 06 June 2020. | Action should be taken to recover the amount due to the government. | It has been stated that the addresses of 44 officers could not be traced to recover their dues. |

- | | | | |
|------|--|---|---|
| (y) | Although the value of the scholarships that could not be collected from 05 officers amounted to Rs. 2,445,820 it had not been possible to initiate legal action to recover the amount due to the government owing to the time constraints. | Management's strict attention should be paid to recover the money due to the government. | It has been informed that the cases related to the making recovery from those officers have been delayed due to unavoidable reasons such as not being able to find their addresses and taking time to calculate the penalty amount. |
| (z) | Even though tissue culture plants had been used as a solution to least number of seedlings obtained from the rootbuds used in the production of apple seedlings, they too succumbed to rust disease (Rust Disease). No collective contribution had been made by the plant pathology departments and other divisions of the department to find solutions to this disease. | Action should be taken to conduct researches on new technologies and thereby prevent diseases. | It has been informed that experiments have already been initiated on new varieties of Apple and researches are in progress on a new shoot variety that is less susceptible to rust disease. |
| (aa) | Although the Gannoruwa Food Research Unit had issued about 100 quality certificates to manufacturers during the year under review, the Unit had not introduced a follow-up process to test the samples and thereby subsequently test the quality of the production. | Action should be taken to maintain the quality of the products through follow-up process and prevent possible irregularities. | It has been informed that as the Department of Agriculture, it may assist in moving towards the proposed methodology in collaboration with the Consumer Affairs Authority. |

4. Achievement of Sustainable Development Goals

The following observations are made.

Audit Observation	Recommendation	Comments of the Accounting Officer
-----	-----	-----
(a) According to the Sustainable Development Objectives 2030 Agenda, the Department of Agriculture had outlined the Sustainable Development Goals and Objectives within its scope, but a final decision thereon had not been reached even by 23 June 2020.	Sustainable development goals and objectives of should be identified and necessary plans should be prepared and implemented to achieve them.	The Department of Agriculture has informed that the Sustainable Development and Goals and Targets have been drafted in relation to its scope.

- (b) Since the sustainable development goals are to be achieved by 2030, a plan has to be prepared for the amounts that can be achieved in each year and the relevant allocations have to be made accordingly. Nevertheless, the Department had not prepared any plans pertaining to achieve the sustainable development goals for each year.
- A plan should be prepared to achieve the sustainable development goals.
- It has been informed that the necessary activities have been planned with the contribution of all the relevant institutions of the Department of Agriculture to prepare a plan on the quantities that can be achieved in each year.

5. Good Governance

5.1 Performing Service to the Public

The following observations are made.

Audit Observation	Recommendation	Comments of the Accounting Officer
(a) In terms of Section 10 of the Right to Information Act No. 12 of 2016, the information required to be provided by the Department of Agriculture to the Right to Information Commission covering the entire department for the year 2019 had not been submitted even by 30 June 2020.	Action should be taken in accordance with the circular provisions.	It has been informed that necessary action is being taken to submit information regarding the reports pertaining to the year 2019 to the Commission by calling for such information from the Information Officers under all the Directors' Divisions covering the entire Department.

- (b) Section 26 of the Act referred to in paragraph (a) above the Department should display the details of the Commission, contact details of the Commission and the members of the Commission, contact details of the Information Officers, the nominated officers and the fees charged for obtaining information in a prominent place in the office premises or should have been displayed on the official website, but the department had not taken action accordingly.
- Action should be taken in accordance with the provisions.
- Action will be taken to display all relevant details on the official website. Further, it has been informed that the details of the application regarding the Information Act and the details of the fees charged have been displayed in the Head Office premises.

6. Human Resource Management

The following observations are made.

Audit Observation	Recommendation	Comments of the Accounting Officer
-----	-----	-----
(a) Although the service requirements should be identified and recruitments should be made at the appropriate time to maintain the activities of the department in a proper and orderly manner, the institution had not taken action to fill 2426 vacancies by the end of the year under review.	Action should be taken to fill the vacancies expeditiously.	It has been informed that due to the case No. SC (FR) 283/2014 for recruitment to the Sri Lanka Agricultural Service, 678 posts in the Sri Lanka Agricultural Service have been suspended. Approval has not yet been received to fill 325 posts of Agriculture Instructor and 90 posts of Research Assistant in the Sri Lanka Technological Service. Other recruitments are being made and all recruitments have been suspended due to the election.
(b) Even though 08 years have elapsed since the establishment of the Kundasale Fruit Variety Conservation Center, no action has been taken to approve a cadre assessment for the Centre.	Action should be taken to approve the required cadre.	It has been informed that staff requirement has been submitted for approval.
(c) Although the provisions in Rule 202 of Chapter xvii in Section I	Action should be taken in accordance	It has been informed that necessary steps will be taken in the year 2021

of the Procedural Rules published with procedural to make the internal transfers of in the Gazette Extraordinary rules. the officers of other primary Gazette No. 1589/30 of 20 February 2009 by the Public Service Commission of the Democratic Socialist Republic of Sri Lanka and the paragraph 04 of the accordingly prepared Annual Transfers Scheme of Technical Assistant Officers (Agricultural Extension/ Agricultural Research/ Engineering) and Officers holding posts of primary service segments in the Department of Agriculture should be complied with, 71 officers belonging to 05 institutions and 15 officers belonging to the services of the Engineering Division had worked in the same institution from 05 years to 31 years.

- (d) According to the circular of the Secretary to the Ministry of Public Administration No. 02/2018 dated 24 January 2018, training opportunities for not less than 12 hours per year had not been given to 234 officers belonging to 07 institutions. Action should be taken in accordance with the Circular. It has been informed that training opportunities will be provided to all officers taking into account the allocations received.