

1. Financial Statements

1.1 Qualified Opinion

The audit of the financial statements of the Ministry of Fisheries for the year ended 31 December 2023 comprising the statement of financial position as at 31 December 2023 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 Ministry was issued to the Chief Accounting Officer on 20 May 2024 in terms of Section 11(1) of the National Audit Act, No.19 of 2018. The Annual Detailed Management Audit Report relevant to the Ministry was issued to the Chief Accounting Officer on 12 June 2024 in terms of Section 11(2) of the 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 paragraph 1.6 of this report, the financial statements give a true and fair view of the financial position of the Ministry of Fisheries as at 31 December 2023, and its financial performance and cash flows for the year then ended in accordance with Generally Accepted Accounting Principles.

1.2 Basis for Qualified Opinion

My opinion is qualified based on the matters described in paragraph 1.6 of this report. I conducted my audit in accordance with Sri Lanka Auditing Standards (SLAuSs). My responsibility for the financial statements is further described in the Auditor's Responsibilities Section. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

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

The Chief 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 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 Ministry 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 Chief Accounting Officer shall ensure that an effective internal control system for the financial control exists in the Ministry 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 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 and its materiality depends on the influence on economic decisions taken by users 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:

- Appropriate audit procedures were designed and performed to identify and assess the risk of material misstatement in financial statements whether due to fraud or errors in providing a basis for the expressed audit 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.
- An understanding of internal control relevant to the audit was obtained 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 Ministry's internal control.
- Evaluate the 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.
- Evaluate the overall presentation, structure and content of the financial statements including 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

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

- (a) The financial statements are consistent with the preceding year,
- (b) The following recommendations made by me on the financial statements of the preceding year had not been implemented.

Referring to the paragraph of the report related to the previous year	Recommendation that had not been implemented	Reference to the Paragraphs of this report
1.6.6	Non-presenting details needed for audit	1.6.4.(a)

1.6 Comments on Financial Statements

1.6.1 Accounting Deficiencies

(a) Reconciliation Statement of the Advances to Public Officers

Audit Observation	Comment of the Accounting Officer	Recommendation
The total amount of outstanding loan balances of recovery as at the date of 31 December 2023 as per the reconciliation statement of the Public Services Advance "B" Account was Rs. 743,452 and out of that outstanding loan balances Rs. 629,842 that is 84 percent had been past due for more than 20 years and the Ministry had failed to recover that loan balances even in the year under review.	The outstanding loan balances as at the date of 01. 01. 2023 was being Rs.1,095,937 had been reduced up to Rs.743,452 the date of 31.12.2023 due to taking action as per the Circular No. 1/2020 of Public Finance. Out of that outstanding loan balances Rs. 629,842 had been past due for more than 20 years. However action is being taken to recover that loan balance also following the instructions of the Circular No. 1/2020 of Public Finance.	The outstanding loan balances Should be recovered.

(b) Deposits

Audit Observation	Comment of the Accounting Officer	Recommendation
(i) As per the Circular No. 07/2015 dated 23 July 2015 of Department of Pension although it was the responsibility of the Chief Accounting Officer to take action sending the contribution money of each month to the Public Service Provident Fund before the date of 10 in the next month, although an amount of Rs. 545,256 of the Public Service Provident contribution had been recovered relating to the period from the month of November 2022 to the month of April 2023 from the personnel cadre of the State Minister of Fisheries and an amount of Rs.816,123 of the Public Service Provident contribution had been recovered relating to the period from January to December 2023 from the personnel cadre of the State Minister of Fisheries had been remained in the temporary retention for statutory payments deposit account action had not been taken to settle.	Due to the relevant officers being non-registered in the Public Service Provident Fund an amount of Rs. 545,256 in the in the temporary retention for statutory payments deposit account No. 6000-0-0-18-0-151 and an amount of Rs.816,123 in the in the temporary retention for statutory payments deposit account No. 6000-0-0-18-0-45-151 has been remained in the General Deposit account. Those officers are being made aware to be registered.	Action should be taken as per the Circular No. 07/2015 dated 23 July 2015 of Department of Pension.

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| <p>(ii) In terms of F.R. 571(3) total amount of Rs. 167,195,801 of deposit balances between 2 to 5 years, amount of Rs. 31,910,669 of 5 years lapsed deposit balances had been remained in the deposit account as at the date of 31 December in the year under review without taking action to settle or to take in to government revenue.</p> | <p>The reasons for keeping further the balances more than 2 years lapsed in the General Deposit Account had been presented with that account.</p> | <p>Action should be taken in terms of F.R 571 (3).</p> |
| <p>(iii) Financial assistance of Rs 2,920,000 had been given to the Ministry of Fisheries for World Fisheries Day of Dala Rala Saviya 2023 by various private institutes and incurring of Rs, 2,313,791 out of that the balance amount of Rs.606,209 had been retained in the deposit account No. 6000-0-0-13-0-40 of temporary retained for repayment for third party as at the date of 31 December in the year under review and action had not been taken to credit it to the government revenue.</p> | <p>From the money received to the Ministry from various institutes for World Fisheries Day of Dala Rala Saviya 2023, action will be taken to credit the amount of Rs.606,209 of money savings further to the government revenue, after certifying that the payment had been completed to all the bills which were presented for that task,</p> | <p>The balance money of the General Deposit should be credited to the Government income.</p> |

(c) Property Plant and Equipment

Audit Observation	Comment of the Accounting Officer	Recommendation
<p>(i) As per the statement of cumulative non-financial assets (SA 82) had been presented with the Financial Statements in the year 2022, although the balance of non-financial assets as at the date of 31 December 2022 was Rs.721,915,845 since the balance of the 01 January 2023 had been stated as Rs.701,459,049 in the statement of cumulative non-financial assets) had been presented with the Financial Statements in the year 2023, a difference was Rs.20,456,796.</p>	<p>The payments up to the month of August relating to the construction of additional 03 storages of the Ministry building under the Office Building (611/201), instead of including into the CIGAS assets system, had been stated in the financial statements as increase in construction of 03 storages relevant to the previous year, and after that considering these expenses as a purchase in the year 2023 removed from the opening balance of the year and has been shown in the statement of non - financial assets as purchases in the year under review. The above facts had been the difference of opening balance and the total balances of assets acquired during the year.</p>	<p>Acquiring of capital assets made during the year should be submitted accurately in the financial statements.</p>
<p>(ii) Although acquisition of capital assets amounting to Rs.27,525,864 of building and constructions had been made under the vote of 151-1-2-0-2104 in the year 2023, since the purchases during the year stated as Rs.45,207,775 in the statement of cumulative non - financial assets (SA 82), there was a difference of Rs.17,681,911.</p>	<p>Acquisition of capital assets during the year should be presented in the financial statements.</p>	<p>Acquisition of capital assets during the year should be presented in the financial statements.</p>

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| (iii) | Since the detailed schedule of non - financial assets value of Rs.994,254,549 owned to the Ministry of Fisheries as at 31 December 2023 had not presented for audit and it was impossible to check these assets or to check whether these assets were physically owned to the institute | No answers have been submitted. | A detailed schedule should be submitted to the audit for the existence and secure of the Government assets. |
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(d) Failure to maintain Records and Books

Audit Observation	Comment of the Accounting Officer	Recommendation
(i) Security Register		
In terms of Financial Regulation 891 (1) a Security Register including information of the officers and servants required to give security had not been prepared.	Instructions have been given to the officers to maintain said registers in terms of the Financial Regulation.	The Security Register should be prepared in terms of Regulation.
(ii) Inventory of Electrical Fittings		
An Inventory of Electrical Fittings had not been maintained in terms of Financial Regulation 454(2)	Instructions have been given to the officers to maintain said registers in terms of the Financial Regulation.	The Inventory of Electrical Fittings should be maintained in terms of Regulation.
(iii) Catalogue of Books		
Catalogue of Books had not been maintained in terms of Financial Regulation 454(3).	Instructions have been given to the officers to maintain said registers in terms of the Financial Regulation.	The Catalogue of Books should be maintained in terms of Regulation.

(e) Lack of evidence for audit

Audit Observation	Comment of the Accounting Officer	Recommendation
<p>Out of the provision had been given to the ministry an imprest amounting to Rs. 638,016,000 for the National Aquaculture Development Authority and Rs.486,393,000 for the National Aquatic Resources Research and Development Agency, Rs.689,535,000 for Ceylon Fishery Harbours Corporation had been given for recurrent and capital expenses. Accordingly total of imprest Rs.1,813,944,000 had been given to these 3 state institutes by the Ministry during the year 2023. However due to non-submitting of information or reports prepared as possible to separately identify about progress of each project and information, expenditure reports including details of the amount of imprest given to the sub projects in each vote, amount of imprest requested, the way of incurred those, the accuracy of expenditure amounting to Rs. 1,813,944,000 was impossible to confirm. Accordingly compilation, implementation, follow-up and evaluation of policies, programs and projects related to the subjects of the Departments, Statutory institutions and State Corporations under the Ministry.</p>	<p>Follow up and evaluation relating to the balance capital provision of Rs. 213.718 million, after deducting the recurrent expenditure out of these provisions will be quarterly done through the Planning and Development Section of this Ministry. In special occasions also instructions needed are been issued and information of quarterly evaluations will be forwarded to the General Treasury and also with copy to the Auditor General.</p>	<p>The recurrent and capital expenditure reports relating to the money given to these 3 state institutions regulated under the Ministry should be separately prepared and follow up and evaluation should be continuously done.</p>

2. Financial Review

2.1 Expenditure Management

The following observations are made.

Audit Observation	Comment of the Accounting Officer	Recommendation
(a) The vote for the improving production of inland fish and additional provision had been made for the settlement of commitments in the year 2023, however out of that had been utilized only 44 percent. Only 49 percent out of the supplementary estimate provision made for the transportation and distributor fees payable to the Petroliam Corporation for the distribution of that fuel to the fishing vessels, which the Kerosene oil subsidy had been given to the fishing vessels as a grant by the People's Republic of China, had been utilized. Accordingly, action had been taken to increase the initial estimate by the supplementary estimate, however that provision had not been utilized as optimally.	In the month of November provision had been given to the Sri Lanka National Aquaculture Development Authority for the implementation of the program, only 44 percent of progress had been achieved. As well it was being expected to complete the distribution totally in the year 2023 the Kerosene oil subsidy given to the fishermen under the grants of the People's Republic of China, as the distribution of Kerosene oil could not be completed, the remaining amount is scheduled to be distributed in the year 2024.	In terms of the provisions stated in the Financial Regulation 50, action should be taken to achieve the objectives of the Ministry realistically and accurately preparing estimates.
(b) Provision of Rs. 100,000,000 had been allocated under other operational expenditure under the vote No. 151-2-4-2-1509-0-11 for the National Aquatic Resources Research and Development Agency through the annual budget and Rs. 28,000,000 of additional provision had been allocated by the Financial Regulation 66 however, an amount of Rs. 31,517,000 that is 28 percent had not been utilized as at the date of 31 December 2023 including Rs. 28,000,000 transferred by the Financial Regulation 66.	Although Rs.28 million of provisions had been transferred as per financial regulations 66 Rs.6 million for National Aquatic Resources Research and Development Agency, Rs.22 million for the maintenance of the marine vessel, since transferring that provision has been occurred at the end of the year obtaining imprest for that provision was being a difficult. Therefore saving of provision of this vote had been occurred.	In terms of the provisions stated in the Financial Regulation 50, action should be taken to achieve the objectives of the Ministry realistically and accurately preparing estimates.

2.2 Incurring of Liabilities and Commitments

Audit Observation	Comment of the Accounting Officer	Recommendation
(a) Although the balance of liabilities according to the liability register which is being maintained by the Ministry of Fisheries as at the date of 31 December 2023 was Rs. 2,005,845, as per the report of the Treasury cumulative commitment to liabilities as at the date being a Rs. 2,605,845 there was a difference of Rs.600,000.	It was mentioned in the audit query that the commitment/liability reported by another institute relating to the year 2023. Action will be taken to remove informing the Department of State Account in the future.	Liabilities existing in the Liability register which is maintaining by the Ministry should be included in to the SA 92 report of the Treasury cumulative commitment to liabilities.
(b) As per the progress report submitted on the date of 28 December 2023 by the Ministry of Fisheries, for the revised annual action plan although it has been mentioned that Rs. 185,910,000 of bills at hand payable for development activities as at the date of 31 December 2023, those bill amount had not been identified under the commitment to liabilities of the Ministry.	Liabilities shown are omitted from the financial statements by mistake, and instructions are being given to the officers to ensure that this does not happen again.	The bills payable as at the date of 31 December 2023 in the Ministry should be recorded under the commitment to liabilities.

2.3 Non Compliance with the Laws, Rules and Regulations

Instances of non-compliance with Laws, Rules and Regulations were observed in the audit test checks are being analyzed as follows.

Observation Reference to Laws, Rules and Regulations	Value	Non-compliance	Comment of the Accounting Officer	Recommendation
(i) Financial Regulations 104 (1)	Rs. 1,808,262	All the government inventory goods which has been provided through the inventory register has been misplaced for the Narahenpita Police Circuit Bungalow allocated for the post of secretary to the Ministry of Fisheries	Preliminary inquiries had been done in terms of Financial Regulations 104 and in addition to that a complaint has been made to the Narahenpita Police Station. Action is being taken to identify the relevant parties responsible for.	Action should be taken in terms of the Financial Regulation 104 (1).

located at No.18/146 /B
 Muhandiram E.B.
 Dabare Mawatha,
 Narahenpita that had
 been reported to the
 audit and door locks had
 been fixed in the
 building and fittings of
 the building had been
 removed. Accordingly
 due to all the
 government inventory
 goods in this Circuit
 Bungalow being
 misplaced and due to
 damage to the
 government buildings,
 and taking action in
 terms of Financial
 Regulations regarding
 the loss amounting to
 Rs. 1,808,262 and action
 had not been taken to
 recover the loss
 identifying the
 responsible parties.

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| (ii) | Financial Regulations 880 | Although officers will be required to give security in accordance with the Public Officers Security Ordinance Act, relevant officers of the Fisheries Ministry had not given security. | Action will be taken to give security, the officers who are required to give security in terms of the Financial Regulations 880. | Action should be taken in terms of the Financial Regulation 880. |
| (iii) | Sub Section 13.6 of Paragraph XXIV of the Establishment Code of Democratic Socialist Republic of Sri Lanka | 40,000
Although the festival advance should be given only once in twelve months period, festival advance had been given in twice for the 4 officers each of Rs.10,000 in the year 2023 by the Ministry. | Festival advances were mistakenly given to 4 officers within the year itself after it had been fully recovered, instructions are being given to the officers to ensure that this does not happen again. | Action should be taken in accordance with the Sub Section 13.6 of Paragraph XXIV of the Establishment Code of Democratic Socialist Republic of Sri Lanka |

(iv) Ministry of Public Administration and Management Circular No.05/2008 dated 06 February 2008	The Citizen/Client Charter had not been prepared for the year 2023 by the Ministry of Fisheries.	The Citizen/Client Charter had been prepared for the year 2024.	Action should be taken in accordance with the Circular No.05/2008 dated 06 February 2008 of Ministry of Public Administration and Management.
(v) Public Administration Circular No.02/2018 dated 24 January 2018	A Human Resources Development Plan had not been prepared for the year 2023 by the Ministry of Fisheries.	A Human Resources Development Plan had been prepared for the year 2024.	Action should be taken in accordance with the Circular No.02/2018 dated 24 January 2018 of Public Administration.
(vi) Government Procurement Guideline 5.4.12	Although after making the payment to cover VAT details of such payment should be inform to the Commissioner General of Inland Revenue with a copy to Auditor General, on or before the 15 th day of the following month, action had not been taken accordingly by the Ministry.	Instructions are being given to the officers to do as per the 5.4.12 of the Government Procurement Guideline.	Action should be taken in accordance with the 5.4.12 of the Government Procurement Guideline.

2.4 Operating of Bank Accounts

The following observations are made

Audit Observation	Comment of the Accounting Officer	Recommendation
Information relevant to the Bank Account No. 7042730 had not been included in the annexure (viii) of the financial statement and in the position report as at the date of 31 December 2023.	It was informed to the Director to the Treasury Operation on the date of 03 May 2024 to make arrangements to close the Account No. 7042730	Since this was an official bank account which had been in operation in the year 2023, information of this bank account should be included in the annexure (viii) and in the position report as at the date of 31 December 2023.

3. Operational Review

3.1 Planning

The following observations are made.

Audit Observation	Comment of the Accounting Officer	Recommendation
(a) Provisioning of Rs. 6,360,000 had been allocated for 3 activities for development of Fisheries sector infrastructure facilities included in the annual action plan of the year 2023, although 100 percent of performance is expected, the physical performance relating to that had been a less than 75 percent.	This information has been called from the relevant institute and soon as it received will be forwarded.	Planning and monitoring of projects should be done as per possible to achieve the performance.
(b) An amount of Rs. 200,000,000 had been given to the National Aquaculture Development Authority as a provision under the vote of Ministry of Fisheries in the year 2023 by the General Treasury. In the progress report of the annual action plan given to the Government Audit, due to preparing of the progress as allocation of provision was mentioned as Rs. 300,000,000, the progress of the way of incurring the money provisioned by the General Treasury could not be checked.	According to the special Cabinet approval an additional provision also had been received in addition to the budget provision of 2023.	Separate progress reports should be prepared for the allocation given to the state institutes from the provision of the Ministry.
(c) The detailed progress indicating the way of incurred the money provisioned amounting to Rs.196,685,000 had been given to 4 development votes under the vote of Ministry of Fisheries.	Rs. 7.05 million for Oruwella newspaper, Rs. 73.27 million for the payment of bills in hand relating to the year 2002 of the Aquaculture Development Authority and Rs. 2.9 million of cash payment had been made for given 25 Canoes to the small scale fishermen in Negombo area. The balance provision had been utilized under the Financial Regulation 208 for given provision for Urban Development and Housing Ministry for the price variances relating to the renovations of fisheries houses in Hikkaduwa.	Regarding the financial and physical progress of the activities included in the annual action plan should be included in to the evaluation report.

3.2 Abandonment of projects without completing

The following observations are made.

Audit Observation	Comment of the Accounting Officer	Recommendation
(a) (i) According to the approval had been given to the Cabinet Memorandum No. 1/5/1/1/CB.ME/2013-09 dated 04 July 2013 regarding the constructions and renovations of harbour and anchorage, for the construction of anchorage in Kaikawala coastal area in Galle District calling for bids in package 1 and 2, package 1 at a contract value of Rs.132,602,410 and package 2 at a contract value of Rs. 113,198,400 for both package altogether contract agreements had been signed on 14 September 2014 on completing within a year. Accordingly, construction works for both 2 packages are being commenced by the contract company and Rs.49,160,162 of mobilization advance money for both 2 packages had been paid on 29 September 2014 by the Ministry. However due to the non-availability of construction permit for these contracts, the construction works had to be stopped as soon as it started, and the advance money was not recovered.	This project was a project which submitted through the budget proposals in the year 2013. It has been stated in the observations of the Minister of Finance that those projects should be completed within the framework of the mid-term budget during the period from 2013-2015. Accordingly this project should have been commenced very urgently and finished before the start of the year 2015. This project has been started with the expectation that the approval would be received.	Advance money should be paid after obtaining all types of approvals for the constructions.
(ii) Due to the non-submission of files maintained by the institute that acted as the consultant for this construction contract of the anchorage, it could not be confirmed to the audit, whether an agreement was properly signed with that company, whether that agreement was cancelled. However as per the contract money payment register submitted to the audit Rs. 4,377,234 of consultancy fee for 2 packages had been paid to this consultancy company. Although an amount of Rs. 443,975 had been paid to this company to obtain Initial Environment Evaluation Report for the construction of the anchorage on the date of 31 December 2015 that Initial Environment Evaluation Report had not been submitted to the audit.	No answers have been submitted.	Files relating to appointing the consultancy company should be submitted to the audit.

3.3 Projects without progress despite the release money

The following observations are made.

Audit Observation	Comment of the Accounting Officer	Recommendation
It has been made aware of the officer of Management Information Technology on the date of 04 September 2023 that 39 Cameras fixed in the Kalametiya fishing harbour had been inactivated from after the day on 01 September 2023 after repairing, by the Manager of Kalametiya fishing harbour. Since there had been two years of warranty period for the fixed cameras by the contract institute, paying attention for that action had not been taken to restore the camera system.	These inactivated cameras have been restored by the relevant contractor.	The Ministry should take action to correct defects that occur within the warranty period.

3.4 Local Funded Projects

Audit Observation	Comment of the Accounting Officer	Recommendation
(a) The Rekawa anchorage development project had been awarded to the contractor an amount of Rs.311,482,215 (without VAT) on the basis of completion of works in 365 days and works had been commenced on the date of 20 October 2020. Although entered into an agreement with the Ministry to finish the work on the date of 19 October 2021, due to impossibility to finish the work on due date the contract period had been extended in 4 instances. Accordingly, the project should be ended in 365 days however after extending more 384 days of 08 November in the year 2022 completing the project handed over to the Ministry. However an amount of Rs. 3,398,637 of late interest and Value Added Tax on late interest of Rs. 464,637 total of Rs. 3,863,274 had been paid to the company by the Ministry.	When starting a project, the contract data mentioned in the agreement made with this contract company are considered as the dominant rules and regulations, and for additional matters followed as per the standard bidding document 02 of (SBD 02) Sri Lanka Contract Administration institute. Although for the payment of the bills related to this project the vouchers had been forwarded within the proper time to the accounts section A limited amount of imprest had been released from the General Treasury relating to these projects due to the economic crisis had been prevailed in the year 2022. Therefore relevant settlements could not be made in proper time and then action has to be taken as per the agreement. However instructions are being given to the officers to minimize this condition.	Payment should be planned so as not to incur late interest.
(b) All the construction projects included in the annual action plan 2023	Under the pandemic situation had been prevailed in the	Construction projects should be planned as per promptly

implemented by the Ministry of Fisheries had not taken action to complete the construction activities within the proper agreement period and extension of time had been made from 309 days to 541 of time period. Therefore the benefits expected to be fulfill through the projects could not be promptly obtained.

country, this situation has arisen since the unexpected issues such as approving daily activities.

receiving benefits.

- (c) Project completion date of the 04 major construction projects had been extended by the Ministry of Fisheries, and due to the late payment of bills submitted by the construction contractors' significant late interest payment was incurred. The government had incurred a huge financial loss due to having to use the government funds for such additional late interest expenses. An amount of Rs. 206,295,210 had been paid to the two construction contractors for construction of 04 fishing harbor projects by the Ministry of Fisheries by the date of 31 December 2023 and Rs. 20,029,039 of late interest amount had been certified to pay further. Accordingly total value of late interest had been paid was Rs.226,324,249.

As per the Circular No. 03/2022 dated 26.04.2022 the provision given to the projects had to be limited and due to the issuing of imprest is being limited by the Treasury payment for the projects were being late and these bills were correctly forwarded to the account section.

Project initiation and payments should be planned to avoid incurring late interest.

- (d) Due to non- paying for the bills had been forwarded by the contractor of Wellamankara Fishing Harbour Development Project by the Ministry, the contractor has appealed regarding the late interest of Rs.36,351,185 to the Dispute Tribunal and the Ministry has incurred Rs.960,000 for legal expenses.

Due to the lateness of giving imprest by the general treasury for the year 2021 and 2022 of the Wellamankara Fishing Harbour Project, payment for the bills were being late and those bills were correctly forwarded to the account section. But due to lack of imprest, there have been delays in payments.

payments should be planned to avoid incurring late payment when payment made for constructions.

3.5 Failure to reply Audit queries

The following observations are made.

Audit Observation	Comment of the Accounting Officer	Recommendation
In terms of Sub-section 38 (e) of the National Audit Act although should be answered all the audit queries within the specified time as required by the Auditor General answers had not been given for the 4 audit queries had been issued for the year 2023.	The 04 audit queries had been further remained out of the audit queries which had been issued for the year 2023 but not answered yet. Prompt action will be taken to answer for that.	Answers for the audit queries should be given within proper date.

3.6 Management Weaknesses

The following observations are made.

Audit Observation	Comment of the Accounting Officer	Recommendation
(a) For the construction of 3 additional floors of ministry building as per the Cabinet decision No. CP/ 16/2333/725/044 dated 23 November 2016, the contract had been awarded for Rs.242,511,455 on 12 June 2018. Accordingly the contract company has commenced the work on 26 June 2018. Although it was to be completed in 365 days on 25 June 2019 due to contractor not working with expected efficiency, the Ministry had cancelled the contract on 06 September 2019. Information related to backlist this contractor was not submitted to the audit. During the construction of these 3 additional floors, rainwater seeped into the floors of the Ministry due to the negligent construction work of the contractor and damaged the government property value of Rs.10,061,054, since this damage occurred more than 5 years passed, by the end of the year under review the Ministry had not pay attention to recover the damage to the government property and to prevent such damages.	As per the decision taken in the meeting held on 10.09.2019, although a committee has been appointed to calculate the loss and recover the loss, it has not happen due to properly non-receiving of relevant information from various parties including Department of Fisheries and Aquatic Resources, Department of coastal conservation. After that a committee has been appointed on the date of 26.06.2023 and the report of that has been submitted on the date of 05.11.2023. A committee has been appointed to act in terms of the Financial Regulation 104 26.02.2024 Those activities are being carried out.	The loss had been occurred to the Government properties, should be recovered from the parties responsible for it.

- (b) By the officer who had bare the position of Translator has not been reported to the duty from the date of 07 September 2022 and a notice of vacated of post has been issued by the Ministry of Fisheries on the date of 27 March 2023. Further by a Development officer also has not been reported to the duty from the date of 06 December 2023, the notice of vacated of post has been issued 02 February 2024. Accordingly for the officer of Translator had been paid for the over payment of salary and also one month salary and since entered into the agreement subjected to compulsory services period of 112 month Rs. 563,818 of penalty should be paid for that and for the Development officer had been paid Rs.71,297 of over payment of salary and allowances as a total value of Rs. 635,115 one month salary and allowances by the Ministry would have to be recovered to the government.
- To recover the agreed Money agreed and amount had been requested salary over paid to the Attorney General and should be promptly letter relevant to recover the recovered to the salary has been forwarded to Government. the Divisional Secretary.

4. Human Resource Management

The following observations are made.

Audit Observation	Comment of the Accounting Officer	Recommendation
(a) These existing 09 vacancies relevant to the 09 senior executive posts and 32 vacancies relevant to the 02 posts of secondary level could be a constraint in achieving the objectives of the Fisheries Ministry.	Ministry of Public Administration, local affairs, Provincial Councils and Provincial Administration has been made aware of regarding this and officers have been appointed for the several posts were vacant.	Vacancies could be a constrained to achieve the objectives of the Ministry should be completed.
(b) As per the cadre details submitted to the audit about approved cadre and the cadre in service 4 officers in the posts of Management Assistant, Driver and Office Assistant which had not taken the approval of the Department of Management Service have been in service even by the date of 31 December 2023.	As per the Public Administration Circular No. 29/2019 dated 18.09.2019 appointment has been given for these posts and forwarded to the Department of Management Service to obtain a relevant approval. However two of them have been resign from the post.	Action should be taken to obtain the prior approval of the Director General of Management Service in the occasion of any revision made regarding the approval cadre.

- (c) In the performance Report of the Fisheries Ministry in the year 2023 had been forwarded to the Parliament as per the Public Finance Circular No.2/2020 dated 18 August 2020, it was mentioned that under the paragraph of Management of number of cadre that there were deficiency of 32 officers of Secondary Service Category. However 48 number of graduate development officers belonging to the Secondary Service Category were assigned to the other institutes under the Ministry and it was stated in the performance report that there was a shortage of staff, was problematic in audit.
- No answers have been submitted.
- Cadre vacant should be covered by the excess cadre in the other institutes.
- (d) Although it was stated in the details of approved cadre there had been 5 vacancies in 3 Secondary level posts of Budget Assistant, Supply Assistant and Planning Assistant, the information submitted to the audit confirmed that when the position becomes vacant after the officers in the positions are formally absorbed to another service, the positions is abolished but on the date of 31 December 2023 the positions were listed as vacant without being abolished.
- It has been informed to the department of Management Service to abolish those posts.
- For the revision of approved cadre, the required revisions should be made and the cadre should be approved.