

Pulses and Cereals Research and Production Authority - 2017

The audit of liquidation of the financial statements of Pulses and Cereals Research and Production Authority for the year ended 31 December 2017 comprising the statement of financial position as at 31 December 2017 and the statement of financial performance, statement of changes in net assets for the year then ended and a summary of significant accounting policies and other explanatory information, 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 Section 13(1) of the Finance Act, No.38 of 1971. My comments and observations on the transactions relating to the liquidation appear in the following paragraphs.

1:2 Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Sri Lanka Public Sector Accounting Standards and for such internal controls as the management determines is necessary to enable the preparation of financial statements that are free from material misstatements whether due to fraud or error.

1:3 Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Sri Lanka Auditing Standards. Those Standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the liquidation of the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatements of the financial statements, whether due to fraud or error. In making those risks assessments, the auditor considers internal control relevant to the Authority's preparation and fair presentation of the financial statements 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 Authority's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of financial statements. Sub-section (3) and (4) of Section 13 of the Finance Act No.38 of 1971 give discretionary powers to the Auditor General to determine the scope and extent of the audit.

2. Financial statements

2:1 Opinion

In my opinion, the financial statements give a true and fair view of the financial position of the liquidating Pulses and Cereals Research and Production Authority as at 31 December 2017 and its financial performance and cash flows for the year then ended in accordance with Sri Lanka Public Sector Accounting Standards.

2.2 Comments on Financial Statements

2.2.1 Delays in the Liquidation

The approval of the Cabinet of Ministers for liquidation of the Authority had been received by the Cabinet Paper No.13/0361/536/005 and liquidation activities had been initiated in the year 2014. Nevertheless, liquidation had not been completed even by 30 September 2019.

3. Financial Review

3.1 Financial Results

(a) According to the financial statements presented, the financial results of the Authority for the year ended 31 December 2017 had been a deficit of Rs.20,384 as compared with the corresponding deficit of Rs.374,940 for the preceding year, thus indicating an improvement of Rs.354,556 in the financial result as compared with the preceding year.

(b) In terms of Section 21 3 (1) of the Finance Act No.38 of 1971, any surplus remaining after the application of funds to the payment of any claim shall be vested in the Secretary to the Treasury. Nevertheless, a sum of Rs.1,578,850 in the current account remained idle since 01 January 2017 without being taken steps to remit it to the Treasury.

4. Accountability and Good Governance

Presentation of Financial Statements

In terms of Section 6.5.1 of the Public Enterprises Circular No.PED/12 dated 02 June 2003, the financial statements should be furnished to the Auditor General within 60 days from the close of the financial statements. Nevertheless, the financial statements for the year under review had been presented on 04 September 2019, after a delay of 552 days.