

## **Coconut Research Board - 2022**

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### **1. Financial Statements**

#### **1.1 Qualified Opinion**

The audit of the financial statements of the Coconut Research Board for the year ended 31 December 2022 comprising the statement of financial position as at 31 December 2022 and the statement of financial performance for the year then ended, statement of changes in equity and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, 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, Coconut Development Act, No.46 of 1971 and the Finance Act, No.38 of 1971. My comments and observations which I consider should be report to Parliament appear in this report.

In my opinion, except for the effects of the matters described in paragraph 1.5 of this report, the accompanying financial statements of the board give a true and fair view of the financial position as at 31 December 2022, and of its financial performance and its cash flows for the year then ended in accordance with Sri Lanka Public Sector Accounting Standards.

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

My opinion is qualified on the matters described in paragraph 1.5 of this report.

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 this report. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

#### **1.3 Responsibilities of Management and Those Charged with Governance for the Financial Statements**

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with Sri Lanka Public Sector Accounting Standards, 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.

In preparing the financial statements, management is responsible for assessing the board's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intend to liquidate the Board or to cease operations, or has no realistic alternative but to do so.

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

As per Section 16(1) of the National Audit Act No.19 of 2018, the Board 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 of the Board.

#### **1.4 Audit Scope (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 internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of the management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Board's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause to cease continue as a going concern.
- 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.

The scope of the audit also extended to examine as far as possible and as far as necessary the following;

- Whether the organization, systems, procedures, books, records and other documents have been properly and adequately designed from the point of view of the presentation of

information to enable a continuous evaluation of the activities of the Board, and whether such systems, procedures, books, records and other documents are in effective operation;

- Whether the Board has complied with applicable written law, or other general or special directions issued by the governing body of the Board;
- Whether the Board has performed according to its powers, functions and duties; and
- Whether the resources had been procured and utilized economically, efficiently and effectively within the time frames and in compliance with the applicable laws.

## **1.5 Audit Observations on Preparation of Financial Statements**

### **1.5.1 Accounting Deficiencies**

<b>Audit Observation</b>	<b>Comments of the Management</b>	<b>Recommendation</b>
(a) Although Rs.285,849,608 was received during the year under review as grants from the State Ministry of Coconut, Kithul and Palmyrah Cultivation Promotion and Related Industrial Product Manufacturing & Export Diversification for the project such as Weligama leaf wilt and rot disease control project, Kinyama hybrid coconut plant production project, two-storey building construction of coconut processing division project, only Rs.94,355,348 out of that had been credited to the statement of income performance and the difference of Rs.191,494,260 had incorrectly been adjusted to an account named "Capital contributions for projects".	The amount of imprest received for capital expenditure out of the total amount of imprest received for the year under review has not been included in the statement of the financial performance.	The money received for projects from the Line Ministry and the money received from the International Coconut Community should be identified as income in the statement of the financial performance.
(b) The fixed deposit of No.80860157 of Rs.42,600,000 deposited in the Bank of Ceylon on 16 May 2017 for 05 years had matured on 16 May 2022 and it has been reinvested in People's Bank as a new fixed deposit under No.291-60-01-00014041-6 on 09 June 2022. Due to the fact that the money was deposited from the maturity date of this deposit i.e. from 16 May 2022 to 08 June 2022 in a current account that was not earned interest, the Board had lost an interest income of Rs.640,225. Also, the Board had not arranged to get a special interest rate for Rs.42 million.	By investing in People's Bank on 08.06.2022, the institution will get more income even if the lost interest income is deducted from the interest due on 16.05.2027. Accordingly, there has been no loss from the above investment and additional income has also been received.	A plan should be made to reinvest the fixed deposits on the maturity date.

## 1.5.2 Documentary Evidences not made available for Audit

Subject	Amount Rs.	Unsubscribe d Audit Evidences	Comments of the Management	Recommendation
Although 3 researches to detect "whitefly" pest damage and 6 researches on pest control had been conducted, files containing important documents related to the research including approved research proposals and research results had not been submitted to the audit.		Files containing approved research proposals and research results	It is informed that the files will be prepared as per the instructions given by the audit officers from the year 2023 onwards and at present, some divisions have completed the preparation of project files while other sections are in progress.	Research files containing important documents related to research including approved research proposals and research results should be submitted for audit without delay.

## 1.6 Accounts Receivables and Payables

### 1.6.1 Receivables

Audit Observation	Comments of the Management	Recommendation
(a) The receivable of Rs.13,582,035 to the board from 6 officers who went abroad on study leave while working in the Coconut Research Board and did not report to the board by violating the agreements made with the board had not been recovered until the end of the year under review.	Case has been filed against 6 officers who breached their service contracts.	The legal proceedings to recover the balance due from the officers who breach the service contracts should be expedited.
(b) Although three Research Officers who acquired study leave of the board had completed their study leave and reported to work as per the agreement, after 3- 4 years of service, they had left the service of the board before the expiry of the mandatory service period, nevertheless, the bond receivable value of Rs.36,657,735 to the board had not been recovered.	Proceedings are underway to prosecute three officers who breached their service contracts.	The legal proceedings to recover the balance due from the officers who breach the service contracts should be expedited.

## 1.6.2 Advances

<b>Audit Observation</b>	<b>Comment of the Management</b>	<b>Recommendation</b>
<p>In the years 2021 and 2022, although an advance of Rs.3,781,530 was given to Chilaw Plantation Company on four occasions in relation to the Kiniyama Hybrid Coconut Plant Production Project and an advance of Rs.16,631,962 was given to Kurunegala Plantation Company on 05 occasions in relation to the Kapsuwaya Seed Production Project of Kurunegala Carls field Estate, the works had not been completed by 31 December 2022 and the board had not settled any advances given from time to time. It was also observed during the audit that advances were repeatedly given to these companies without settling the initial advances.</p>	<p>It could not be settled by 31 December 2022 due to the delay in the completion of these works as a result of the fuel crisis and other supply related crises in 2022. The reason for giving another advance for the same work before settling one advance was the Ministry had given total amount of money needed to complete the work to the Coconut Research Board on two occasions.</p>	<p>The hybrid coconut plant production project should be made successful and the advances given should be settled.</p>

## 1.7 Non-compliance with Laws, Rules, Regulations and Management decisions etc.

<b>Reference to Non-compliance the Laws, Rules and Regulations</b>		<b>Comments of the Management</b>	<b>Recommendation</b>
(a) Establishment Code of the Democratic Socialist Republic of Sri Lanka			
(i) Paragraph 5.3 of Chapter xix	<p>Although the rent for state quarters is 10 percent of the salary of a married officer and 5 percent of the salary of an unmarried officer, rent was not charged for the quarters used by 21 staff members of the board and the monthly rent charged from 59 officers and employees was between Rs.50 and Rs.160.</p>	<p>The houses of the Coconut Research Board are not state quarters and built as estate houses. Research and field work cannot be completed during duty hours like normal duty and must be done at any time within 24 hours of that duty day. Therefore, based on the internal circular No.13/2018, the</p>	<p>An operational manual should be prepared to suit the Coconut Research Board and the treasury approval should be obtained, and the duties should be carried out according to the provisions of the Establishment Code until the relevant approval is received.</p>

Additional Director, Deputy Directors, Senior Accountants, Heads of Research Divisions, Manager (Estate) Superintendents, one additional officer in Bandirippuwatta and Secretary to the Chairman have been exempted from collecting rent for the quarters. Other official occupants will be charged rent on a concessional basis as per grade.

- (ii) Paragraph 5.8 of Chapter xix
- (i) Although the water bills of the quarters are to be paid by the relevant officer, The Board had paid Rs.3,115,592 in the year under review including water consumption by the residents of the Board's quarters and water consumption by the Board.
- As the houses of the Coconut Research Board are allocated to the officers as estate houses on the requirement of the service, separate water meters are not installed for those houses. It is not possible to recover the water consumption cost from the residents as the quarters and the office receive the same water bill.
- An operational manual should be prepared to suit the Coconut Research Board and the treasury approval should be obtained, and the duties should be carried out according to the provisions of the Establishment Code until the relevant approval is received.
- (ii) Although the relevant officer should pay the electricity bills of the quarters, the electricity charges were exempted from 56.25 units to 150 units according to the grades of the officers, and for 29 officers, the entire electricity bill was exempted from the officers and paid by the board. Accordingly, the board had borne
- Bills do not received separately for the quarters of the Coconut Research Board and only one bill is received for the entire institute. As these quarters are provided on the basis of the need of the service, a limited number of electricity units have been provided free of charge on a concessional basis for each grade as per Internal
- An operational manual should be prepared to suit the Coconut Research Board and the Treasury approval should be obtained, and the provisions of the Establishment Code should be followed until the relevant approval is received.

Rs.1,740,200 from the personal electricity bills of the officers from January to November of the year under review. Circular No.13/2018 and for the amount of electricity units consumed in excess of that limit, it will be charged in full by concerning the value of a unit of electricity that pays buy the institution.

- (b) Circular No.04/2022 dated 20 January 2022 of National Livestock Development Board
- In the assessment of biological assets such as cattle and sheep of Rs.24,736,650 stated in the statement of financial position as of 31 December 2022, although the relevant rates should be used based on the pregnancy rate of the animals and the average amount of milk produced per day according to the referred circular, only the weight of those animals was taken into account. Therefore, the value of the biological assets had been underestimated.
- The accounts of the year 2023 will be adjusted correctly under the new Circular No. 04/2022 issued by the National Livestock Development Board in the accounting of biological assets.
- Biological assets should be valued and accounted for on the basis of Circulars and Regulations pertaining to the financial year.

## 1.8 Cash Management

### Audit Observation

Although the main objective of the board is to improve local coconut production and conduct research for that purpose, the research had been suspended due to financial crisis on 02 occasions in 2019 and 2021. However, it was observed during the audit that Rs.202,800,000 had been deposited in a savings account of the Bank of Ceylon Dankotuwa branch based on the decision of the Board of Directors No.117/2022 dated 25 August 2022.

### Comment of the Management

Income of the Research and Genetic Resource Centres was no longer used for research and the money was placed in a savings account as an investment until the required development work was done. Also Rs.83.3 million from this estate fund has been used for research expenses in the year 2023.

### Recommendation

Priority should be given to research work.

## 2. Financial Review

### 2.1 Financial Results

The operating result for the year under review was a surplus of Rs.110,832,662 and the correspondingly surplus of the previous year was Rs.151,245,792. Accordingly, a decline of Rs.40,413,130 was observed in the financial result. This decline was mainly due to the increase in expenses of genetic resource centre by Rs.145,201,161 and other expenses by Rs.100,583,250 in the year under review compared to the previous year.

### 2.2 Ratio analysis

Current Asset Ratio and Quick Asset Ratio in the year under review were 2.8 : 1 and 2.1 : 1 respectively and in the previous year the ratios were 1.9 : 1 and 1.3 : 1 respectively.

## 3. Operational Review

### 3.1 Uneconomic Transactions

<b>Audit Observation</b>	<b>Comments of the Management</b>	<b>Recommendation</b>
During the period from 2012 to 2022, 14 researches carried out in 7 divisions of the board had been abandoned due to reasons such as the research officer leaving the service, lack of financial provision, damage from wild elephants, decrease in demand of Giliricidia sticks for energy generation and decrease in cultivation of Giliricidia and, it was observed during the audit that Rs.11,375,320 spent for it as an un-economic expense.	This research has been stopped in the middle due to reasons such as the officer leaving the service, lack of financial resources and damage from wild elephants etc.	A preliminary study of its capacity and capability should be done before starting the research to minimize unnecessary expenses by planning future activities accordingly.

### 3.2 Management Inefficiencies

<b>Audit Observation</b>	<b>Comments of the Management</b>	<b>Recommendation</b>
(a) Although 14 years have passed after the inspection of coconut leaf wilt and leaf rot disease in relation to 294 Grama Niladhari domains in the Southern Province was started in 2008 in 5 phases by the board, the inspections of 114 Grama Niladhari domains to be inspected have not been completed. Also, "all coconut trees and plants showing symptoms in the diseased area will be cut and removed" for disease control and only a small number of 3,193	It is informed that, the fifth phase started in the month of April 2020 and there were obstacles to continue the field tests due to the corona pandemic in 2020 and 2021 and the fuel crisis in 2022. Therefore, the inspection activities of the fifth phase could not be completed as planned. Marking and removal	Actions should be taken to complete the research related to the introduction of resistant plants, the use of chemical substances and the necessary remediation for the trees affected by the Weligama coconut leaves wilt and rot



- resistant hybrid plants had been introduced from 2013 to 2022. Although research was being carried out regarding the use of chemicals, the relevant research had not been completed until the end of the year under review.
- of diseased trees will continue in the Grama Niladhari domains where the Fifth Phase remains within the protected zone.
- disease.
- (b) The board had recruited between 4 and 24 temporary field inspectors during the period from 2008 to 2022 to check the diseases of coconut leaf rot and leaf wilt in the Southern Province and had given service extensions for 6 months out of 6 subject to service fragmentation and it was observed during the audit that it is not enough to cover 294 Grama Niladhari domains in 3 districts.
- A 03-year project proposal was forwarded to the Ministry in 2021 to expedite the program of marking and removing diseased trees by using more field inspectors and government development officers and funding was not received and response has not been received from the Department of Management Services although effort was done to use more field inspectors to implement this project since several years.
- Sufficient officers should be employed and the project should be made successful by carrying out disease inspection activities.
- (c) Although more attention should be paid to the production of resistant plants that prevent the disease apart from vaccinating coconut trees or cutting down trees for the disease of coconut leaf wilt and leaf rot, the production of resistant plants had also ceased due to the expiry of the contract period of the employee who implementing the related manual pollination program from October 2020.
- The contract period of the manual pollination labour who was employed on contract basis for the research of producing hybrids resistant to Weligama disease ended on 31.10.2020 and although a request was made by the Secretary of the Ministry of Plantations to the Department of Management Services on 23.07.2020 to obtain an extension of service for that labour, the Management Services Department rejected that request. Even though we submitted a request again with the facts again on 2020.09.15, it was not receive a response to that either. The manual pollination program has been temporarily stopped from 31.10.2020 for that reason.
- Production of resistant plants should be increased by activating the work of manual pollination.

- (d) The 15-acre land owned by the Coconut Cultivation Board in Weligama was acquired from 20 December 2016 on the basis of a memorandum of understanding for a period of 10 years and although its aim is to expand this land into a nursery of resistant new hybrid plants affordable to Weligama coconut leaf wilt and leaf rot disease, only 3,193 plants were produced during the 09 years from 2013 to 2022 and distributed to the growers and to the Coconut Cultivation Board.
- Only 5 acres of land is suitable for coconut cultivation out of the 15 acres of land owned by the Coconut Cultivation Board. Accordingly, the 05 acres of land suitable for coconut cultivation in this garden is being optimally used at present and pollination is being done by cultivating green Kundira as the mother plant.
- The production of resistant plants affordable to leaf wilt and rot disease should be increased and sufficient number of coconut trees should be replanted.
- (e) The various findings and instructions as a result of the research carried out by the Research Divisions of the board are not given in writing by the relevant officers and the instructions are given verbally to the Information Technology Transfer Division. Accordingly, although the Information Technology Transfer Division issued instructional publications, gave instructions through electronic media, conducted discussions etc., the Research Division did not have the basic evidence of the relevant findings. The external review of the results of those researches had not been made after the year 2019.
- It was difficult to bring in external parties to the institute due to the corona pandemic situation in 2020 and 2021, and therefore it was not possible to conduct a review of the results of the research. A research review was not conducted in 2022 due to the fuel and financial crisis. Only an internal review was conducted. An external review in the year 2023 has started from 05 July 2023.
- Research results, findings and recommendations should be maintained in writing and research should be improved through internal and external reviews.

### 3.3 Operational Inefficiencies

Audit Observation	Comment of the Management	the Recommendation
(a) Although one of the main tasks of the board is to conduct further scientific research on coconut cultivation, prevent and cure diseases and pests, due to a permanent remedy has not been found until the year 2022 to control the “whitefly” pest of coconut cultivation arose in late 2019, after this pest had severely affected crops of 50 out of 127 Regional Secretariat divisions belonging to 09 districts, a mixture of coir oil and soap powder	As soon as the corona pandemic was over and there was a suitable condition for research, the research was started again and the natural herbal insecticides were recommended in the year 2022 based on the research results. Also, the research has been completed in less than a year and recommendations have been issued.	Follow-up on the progress of controlling the white fly disease by using the introduced natural remedies should be done and urgent actions should be taken to control and suppress the disease.

had been identified by the end of 2022.

- (b) Although the Board had implemented control projects of 81,176 coconut trees in only 03 Divisional Secretariats with the Coconut Cultivation Board to control the "whitefly" and took steps to control the pest, It was not possible to suppress and control this pest in the remaining 124 Divisional Secretariat Offices where this disease has been reported.
- The project studied the feasibility of such large-scale spraying of insecticides and our observations show that it is successful. This type of pest control cannot be done by just one or two government entities. Active participation of the public is also required for that and the necessary activities and facilities have been compiled by the Coconut Cultivation Board.
- Remedies should be introduced for disease control and suppression while managing the existing situations.
- (c) Although the only method identified to control the leaf wilt and rot disease of coconut trees is to remove diseased trees, it was observed during the audit that the presence of 1,469 trees that have not been removed out of the 3,263 trees marked in the year 2022 in the three districts of Galle, Matara and Hambantota where the disease exists is an obstacle to controlling the disease and the reason for development of the disease.
- Due to the lack of fuel in the country in the year 2022, there was a slight delay in the marking and removal of diseased trees due to some obstacles in the method of marking and removing them. Also, necessary steps are being taken to remove all the coconut trees showing symptoms of Weligama in the protected zone by 30.06.2023.
- Proper actions should be taken immediately to prevent the spread of the disease.
- (d) A memorandum of understanding for the period 2021-2023 was entered into between the Coconut Research Board and the Kurunegala Plantation Company on 29 September 2021 for the establishment of a hybrid seed coconut garden in the 75-acre area of the Kurunegala Carls Field Estate owned by the Kurunegala Plantation Company. According to the agreement reached by the two parties, although 2,150 hybrid coconut plants should be produced using Sri Lanka tall coconut and Sri Lanka brown Kundira coconut plants in the year 2022, only 1,247 Sri Lanka tall coconut plants had been planted in
- 2037 tall mother plants and 81 brown Kundira plants have been planted in the Carls field Seed Coconut Garden by May 2023. Another 640 manual pollinated tall plants are to be planted by December 2023.
- The board should establish the hybrid seed garden, plant trees, prepare the plants, provide related facilities and deal with these activities with proper supervision according to the memorandum of understanding.

the garden as of 26 April 2023 which was the audit date. Sri Lanka Brown Kundira plants had not been planted and the Board did not provide any Brown Kundira plants to the Kurunegala Plantation Company.

- (e) An estimated total amount of Rs.10,986,882 had been given to Kurunegala Plantation Company on 7 February 2022 as an advance to commence a plumbing project to supply water to the Kurunegala Carls Field Hybrid Seed Coconut Garden owned by Kurunegala Plantation Company. The plumbing project had been started in October 2022 i.e. 8 months after the advance was given and even though more than a year had passed by the date of audit 26 on April 2023, significant progress had not been made as the project has not been properly monitored. Also, the Board had spent Rs.4,688,000 on fencing the estate and it was observed during the audit that although the Coconut Research Board had 10 Genetic Resource Centres, the capacity of these Genetic Resource Centres to carry out this work was not considered.
- Although the construction of a fence around the seed coconut plantation at Carls field Estate started successfully, it could not be continued after April 2022 due to the fuel and economic crisis. Especially the shortage of cement and fuel has caused delay in this work.
- The tasks of the hybrid seed coconut project should be carried out with proper supervision and efforts should be made to achieve its objectives. The ability of genetic resource centres owned by the Board to carry out these tasks should be considered.

### 3.4 Transactions of Contentious Nature

Audit Observation	Comments of the Management	Recommendation
(a) A Senior Research Officer of the Plant Physiology Division of the Board had spent Rs.1,098,000 on 12 Octagonal Galvanized Research cubicles at the Bandirippuwatta Research Centre on 28 December 2021 established to carry out research under the heading “Assessment of the Impact of Global Warming and Drought on the Coconut Industry in	The officer who planned the research act as the Principal Investigator of this research funded by the National Research Council and this was planned based on the knowledge he acquired during his PhD studies. Since there was no research officer with that special training in the	Legal action should be taken against the Research Officer regarding leaving the board. Alternative options for continuing this research should be considered.

Sri Lanka". The research had stopped midway due to the fact that, the officer who commenced the research after starting the basic works had left the service of the board on 28 February 2022 and since another officer did not have the necessary knowledge for the research, the 12 prepared cubicles were growing wild in the Bandirippuwatta garden, and therefore that money was observed as an uneconomical expenditure during the audit.

Coconut Research Institute, no other research officer has the ability to take full responsibility and act in it.

### 3.5 Under -utilization of Funds

<b>Audit Observation</b>	<b>Comment of the Management</b>	<b>Recommendation</b>
<p>The imprest of Rs.10,118,609 left over from the amount received from private donors and from the State Ministry of Coconut, Kithul and Palmyrah Cultivation Promotion and Related Industrial Product Manufacturing &amp; Export Diversification for 17 projects completed by the Coconut Research Board before the year 2017 was remained inactive without using in any work until the end of the year under review.</p>	<p>The balances of other inactive projects are to be used for the development activities of the institute in the future.</p>	<p>Funds left over from completed projects should be returned or used for other approved purposes.</p>

### 3.6 Procurement Management

<b>Audit Observation</b>	<b>Comment of the Management</b>	<b>Recommendation</b>
<p>The photosynthesis measuring device (Photosynthesis meter) worth Rs.16,934,095 purchased by the board in the year 2021 for measuring photosynthesis, measuring the temperature of the leaves and measuring the behaviour of the stomata had been repaired 03 times in a period of about a year due to a fault in the measuring unit (Flow meter) and the approval of the procurement department to pay the local agency an amount of Rs.704,557 (1945 dollars) to repair the fault</p>	<p>The company of Microtech Biological (Pvt) Ltd. was selected to purchase the machine as all the specifications mentioned in the quotation are met and accordingly had to accept the warranty they had offered. Although it was informed that the system would have to be repaired regularly and to</p>	<p>Legal action should be taken against the officer who left the institution. An inquiry into the procurement should be conducted and action should be taken against those responsible if negligence or misconduct has occurred.</p>

in the measuring unit in the third term was obtained by the board and payment is pending. At the time of pre-procurement of the purchase of this equipment, when inquiring about the information from Agni Diga University which uses a similar equipment, although a senior lecturer of the Faculty of Technology of the said university had informed that this equipment will have to be repaired frequently and therefore the warranty period should be increased up to 05 years, the machine had been purchased with a one-year warranty period by the board without increasing the warranty period. Also, a member of the Technical Committee for the purchase of this equipment and the Senior Research Officer who conducted research in the Plant Physiology Department had left the board in the year 2022. Therefore, it was observed that the maximum Benefits of this machine are not taken.

request the warranty period up to 05 years, the tenders had already been placed and the Technical Committee evaluation was being carried out by that time.

### 3.7 Human Resource Management

#### Audit Observation

By the end of the year under review, there is one research officer each in the Agricultural Economics Division and Plant Physiology Division within the 08 research divisions of the Board and only 02-04 Research Officers in other divisions and also there was 05 Head of Division positions, 03 Chief Research Officer positions, and 07 Senior Research Officer positions and 01 Research Officer vacancy existed. It was observed during the audit that there is not enough number of officers for research work to achieve the objectives of the institute.

#### Comment of the Recommendation Management

As per the provisions of Section 2.4 of Public Enterprises Circular No.2022/04, recruitment will be made and the vacancies will be filled accordingly after obtaining the approval of the Department of National Budget for essential vacancies.

Special approval should be obtained for recruitment to essential posts considering the staff requirement.