PERFORMANCE REPORT 2021

State Ministry of Livestock, Farm Promotion
and Dairy & Egg Related Industries

No. 80/5, Ground Floor, Govijana Mandiraya
Rajamalwatta Avenue, Battaramulla

Tel No: 011-2883779
Fax: 011-2883985
E-Mail: stseclivestock@gmail.com

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Annual Performance Report for the Year-2021

State Ministry of Livestock, Farm Promotion and Dairy & Egg Related Industries

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1. Institutional Profile/Executive Summary

1.1. Introduction

The State Ministry of Livestock, Farm Promotion and Dairy & Egg related Industries, the apex public sector institute that formulates policies and plans for the well-being of the livestock sector, is implementing various programmes and projects financed by the local and foreign funds in order to promote local dairy industry by strengthening the local dairy producer targeting to achieve self-sufficiency in local dairy milk production, to improve the goat, poultry, swine & other sub sectors for promoting high quality animal products and to inspire engaging in the environmental friendly animal husbandry.

The Department of Animal Production and Health provides technical leadership for an efficient animal health service in order to maintain healthy animal population with high productivity. Ground level livestock development programmes are implemented by the Provincial Departments of Animal Production and Health and by the island wide regional veterinary offices. In addition, the other insitutes under the purview of the Ministry such as the National Livestock Development Board, Milco (Private) Limited and Mahaweli Livestock Enterprises Limited work in collaboration for promoting the livestock development sector.

1.2. Vision, Mission and Objectives of the Institution

1.2.1. Vision

A self-sufficient nation through sustainable livestock development

1.2.2. Mission

Growth of high quality livestock production as to match the local demand through well management of resources and to generate local entrepreneurs engage in livestock industry and who can face the local as well as international market competition

1.2.3. Objectives

- Undertaking research to introduce livestock to suit different geographical regions and encouraging the development of small and medium scale farms
- Promoting production of livestock related products and encouraging exports
- Introducing high quality grass varieties through the National Livestock Development Board
- Providing required land and investment facilities in co-ordination with relevant agencies to construct medium and large scale cattle farms

- Implementing programs to maximize the use of state-owned animal farms
- Expanding the production of chicken and eggs and encouraging their exports
- Expanding opportunities for local production and consumption by promoting small and medium scale producers
- Introducing international standards and effective monitoring systems in respect of animal farms and production facilities
- Providing facilities to small and medium scale farmers by expanding Veterinary Facilities

1.3. Key Functions

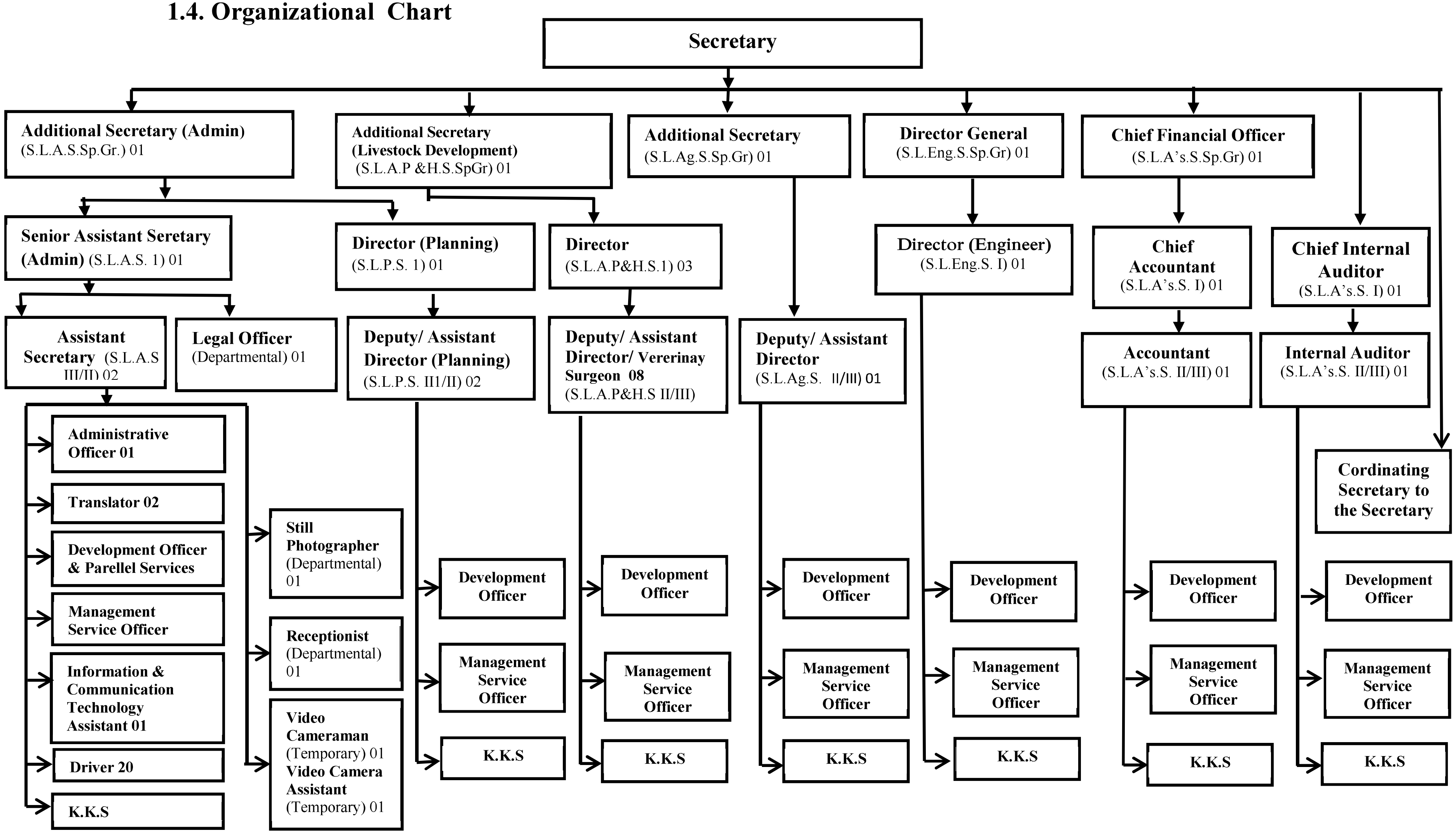
The functions and duties entrusted to the State Ministry of Livestock, Farm Promotion and Dairy & Egg Related Industries by the Extraordinary Gazette No. 2187/27 dated 09 August, 2020 by H.E. Gotabhaya Rajapaksa, President of the Democratic Socialist Republic of Sri Lanka, are spelt out below.

- Assisting in the formulation of policies in relation to the subject of Livestock, Farm Promotion and Dairy & Egg Related Industries for the creation of "Modern Technological Agriculture" under the direction and guidance of the Minister of Agriculture in conformity with the prescribed Laws, Acts and Ordinances.

- Implementing, projects under the National Budget, State Investment and National Development Programme

- Implementing, monitoring and evaluating subjects and functions of the Departments, State Corporations and Statutory Organizations under the Ministry

1.4. Organizational Chart



1.5. Departments under the State Ministry of Livestock, Farm Promotion and Dairy & Egg Related Industries

- ❖ Department of Animal Production and Health

1.6. Institutions/ Funds under the State Ministry of Livestock, Farm Promotion and Dairy & Egg Related Industries

- ❖ National Livestock Development Board
- ❖ Milco (Private) Limited
- ❖ Mahaweli Livestock Enterprises Limited
- ❖ Sri Lanka Poultry Development Company (Private) Limited *(currently being taken over by the National Livestock Development Board)*

1.7. Details of the Foreign Funded Projects

#	***Name of the Project***	***Donor Agency***	***Estimated Cost (Rs.mn)***	***Duration***
01	*Establishment of Dairy Processing Center at Badalgama*	*Government of Denmark*	*11,783.00*	*2016-2022*
02	*Development of Mini Dairy Cooperative Societies*	*Government of France*	*4,086.00*	*2018-2022*

2. Progress and Future Outlook

Progress of Development Programmes and Projects implemented during the year 2021 (as at 31December)

S.No	Programme/Project	Budgetary provision 2021 (Rs.mn.)	Physical Progress (%)	Financial Progress (Rs.mn.)	Remarks
1.	Facilitation & Promotion of Liquid Milk Consumption	136.0	75	92.17	Paid Rs.3.23 mn for 2020 bills
2.	Establishment of Animal Breeder Farms	100.0	80	81.84	
3.	Medium Term Livestock Development Programme	46.0	74	27.18	Paid Rs.4.28 mn for 2020 bills
4.	Establishment of Small & Medium Scale Poultry Farming System	45.0	90	44.53	
5.	Swine Industry Development in Sri Lanka	15.0	87	13.07	
6.	Promotion of small and medium scale dairy farms through productivity improvements	450.0	75	275.24	
7.	Fodder silage baling project at Polonnaruwa farm of National Livestock Development Board	250.0	80	222.59	
Sub Total		**1,042.0**		**756.62**	
Foreign funded projects implemented by our Ministry and funds allocated under the Ministry of Agriculture (Expenditure Head 118)					
8	Establishment of Dairy Processing Centre at Badalgama (GOSL/Denmark)	290.0(12) 23.0 (17)	94	57.68(12) 5.31 (17)	
9.	Development of Mini Dairy Cooperative Societies (GOSL/France)	1,711.0 (12) 270.0 (17)	42	1,710.90 (12) 0.005(17)	
Sub Total		**2,001.0 (12) 293.0 (17)**		**1,768.58(12) 5.315 (17)**	

12- Foreign Loan *17- Foreign Loan associated local cost*

2.1. Programme for Facilitation and Promotion of Liquid Milk Consumption

Main objective of this program is to increase the domestic milk production and to promote fresh milk consumption among the public. A total sum of Rs. 136 mn has been allocated for this programme in year under review and the following activities have been implemented.

2.1.1. Promotion of liquid milk consumption among school children

Although it was planned to conduct liquid milk popularization programs for selected schools covering all provinces, the expected targets could not be achieved due to the Covid 19 epidemic prevailed in the country during 2021. Under this, awareness programs were conducted for a limited number of students in the Uva Province and Rs. 0.608 mn has been spent to print leaflets for students of the Southern Province.

2.1.2. Establishment and modernization of milk processing centers

Government contribution of 50% for purchasing of dairy processing equipment was provided for private entrepreneurs engage in dairy processing, subjecting to the maximum of Rs.200,000. Under this, Rs.18.39 mn has been invested to develop 139 milk processing centers.

Inputs provided for milk processing centers

2.1.3. Establishment of milk sales outlets

Under this, milk sales outlets have been established at the regional level with the objective of increasing the consumption of liquid milk. Rs. 4.34 mn has been spent to provide inputs required for the establishment of 10 milk outlets.

Milk Sales Outlets established in the Eastern Province

2.1.4. Providing milk chilling tanks

In order to improve the collection and distribution of liquid milk, 06 selected dairy farmer societies in the North Western Province were provided with 06 milk chilling tanks with a 50% government contribution. Invested amount is Rs. 2.847 mn in this regard.

2.1.5. Program for empowerment of females

Under this project, female headed families are provided support to buy dairy cows, milking machines and milk processing equipment with subjecting to the maximum value of Rs.100,000 under the government contribution of 50%. Thereby it extends a helping hand for the empowerment of such female dairy farmers and alleviation of poverty. A sum of Rs.10.46 mn has been spent to empower 130 women headed families in year 2021.

2.1.6. Provide inputs to produce clean milk

With the objective of providing clean milk for consumers and milk collecting centers, maximum of Rs. 200,000 was provided as 50% government contribution to provide inputs to keep the cow shed and milk in clean condition. Rs. 8.88 mn has been invested to provide inputs for 248 beneficiaries.

2.1.7. Improvement of Milk Collection Centers by providing Milk Analyzers to Milk Collection Centers of Milco Private Limited

Under this program, a sum of Rs. 14.33 mn has been invested to provide 100 Milk Analyzers to Milk Collection Centers of Milco with 50% government contribution with the objective of testing the quality of liquid milk and giving a fair price to the dairy farmers.

2.1.8. Providing milk coolers

Under this program, 75 temperature controllable milk cans were distributed among 75 dairy farmers and dairy societies with 50 percent government contribution to facilitate the evening milking and delivery of the milk to the milk collection centers the next morning. The amount invested for this was Rs. 3 mn.

2.1.9. Improvement and establishment of new dairy by-production centers and training centers belonging to the Provincial Departments of Animal Production and Health

Under this, an amount of Rs. 30 mn has been invested to develop infrastructure facilities of 06 training centers during the year under review subjecting to a maximum of Rs. 5 mn. Under this, Rs. 26.079 mn has been allocated to upgrade 06 milk processing and training centers in 06 provinces.

Training Centers established in the Central Province

2.2. Establishment of Animal Breeder Farms

This project aims at developing breeding farms island wide to overcome the shortage of high breed dairy cows in order to increase the local milk production and consists of 02 main sub projects.

2.2.1. Private animal breeder farms development sub project

A sum of Rs. 37 mn has been allocated for this project and 175 private breeding farms have been developed spending Rs. 34.863 mn.

2.2.2. State-owned animal breeder farms development sub project

Under this project, it was expected to develop 09 state-owned animal breeder farms at the provincial level. Funds were provided according to the development requirement of the farm subjecting to a maximum of Rs.10 mn for each farm. During the period under review 09 farms have been developed and a sum of Rs. 46.861 mn has been invested.

Cattle breeder farm-Hatharaliyedda

Goat breeder farm-Eastern Province

2.3. Medium Term Livestock Development Programme

Arrangements have been made to improve the provision of services in the field of livestock through the establishment of veterinary offices and other infrastructure facilities in the vast potentials being existed in the Northern Province for the development of the livestock field. Details of official quarters and offices constructed during the year 2021 are as follows.

Description	***Investment (Rs.mn)***
Remaining Construction work of the Mannar Veterinary Surgeon's Office has been completed	*2.002*
About 75% of the remaining construction work of the Multipurpose building belonging to the North Provincial Department of Animal Production & Health is completed	*20.925*
The renovations of the Official Quarters of the Murungan Veterinary Surgeon's Office has been completed	*1.986*
Provides furniture and office equipment to the Department of Animal Production and Health and institutes under its purview	*2.265*

Veterinary Surgeon's Office- Mannar

Renovated office quarters of Murungan VS Office

Multipurpose building – Northern Province

2.4. Development Programme of Small and Medium Scale Poultry Farms

The objectives of this program are to establish poultry farms to make the country self-sufficient in poultry products, to promote the consumption of poultry products, to create new products targeting the export market and to direct new entrepreneurs to the field of poultry management.Under this, small and medium scale poultry farm establishment (units of 100, 50, 10 chicks each), establishment and improvement of meat processing and cold storage facilities and implementation of poultry self-mixing and poultry entrepreneurship development program are being implemented. The total investment for this is Rs. 45 mn.

During the year under review, 16 projects for setting up and upgrading of meat processing and cold storage facilities and 15 projects for self-mixing of poultry feed and development of poultry entrepreneurship were completed. For this Rs. 40 mn have been invested.

A poultry farm established in Agarapatana area

Distribution of Chicks - Eastern Province

2.5. Swine Industry Development Programme in Sri Lanka

This project provides inputs for the development of the swine industry while minimizing environmental problems. Rs. 15 mn has been invested for the year under review and 78 swine farms are targeted. By the end of the year under review, steps have been taken to establish 76 eco-friendly pig farms in 07 provinces and financial progress is Rs. 13 mn.

Environment friendly Swine farm- Maskeliya

Establishment of Bio-gas unit-Kosgama Veterinary Surgeon's Division

2.6. Promotion of small and medium scale dairy farms through productivity improvements

The main objective of this is to increase the local liquid milk production through increasing the productivity of small and medium scale dairy farms. Under this, two major programs are being implemented island wide at the provincial level to improve the nutritional status and breeding efficiency of animals. Rs. 450.0 mn has been allocated for the year 2021.

2.6.1. Animal Nutrition Programme

This program is being implemented island wide with the objective of improving the nutritional status of the animals. Below is the progress of the activities implemented under this program at the end of the year 2021.

#	*Activity*	*Progress*
1.	*Cultivation of pasture and fodder, conservation, silage production and provision of related equipment*	▪ *369 Pasture, fodder and conservation units have been established* ▪ *234 silage production units have been established* ▪ *552 farmers were provided with equipment under 50 % contribution*
2.	*Increase animal nutrition by providing concentrated feed and minerals*	▪ *In order to improve the nutritional status of dairy cows, concentrates have been provided to the farmers, and the amount spent for this purpose is Rs.1.94 mn.*
3.	*Establishment of small-scale feed mixing mills*	▪ *11 feed mixing mills have been constructed under 50% contribution of farmers. The amount invested is Rs.2.49 mn.*
4.	*Establishment of model pasture plots at farms belong to Provincial Departments of Animal Production & Health*	▪ *05Model pasture plots have been establishedby spending Rs.19.21 mn.*

Pasture cultivation at Thumbankerny farm-Eastern Province

Silage Project-Centrl Province

2.6.2. Animal Breeding Programme

This program is being implemented island wide with the aim of enhancing the breeding efficiency of animals. The following activities have been implemented under this program.

- Development of Livestock Farms (provide high breed stud bulls, dairy cattle, establishment of cattle sheds & biogas units and development of breeding animals). Provisions have been made to develop 876 dairy farms in the year 2021 with the contribution of 50% of the farmers.
- Under the conservation and improvement of "White Cattle" breed which is heat tolerant and common in the Eastern Province, Rs. 4.631 mn has been spent to provide animals and to establish a White Cattle Conservation Center under the Department of Animal Production and Health of the Eastern Province to select and breed high yeilding animals.
- With respect to establishment of Stud Bull development centers, Thirukkovil Stud Bull center of Eastern provincial Department of Animal production and Health has been developed by investing Rs.1.94 mn.
- Under the supply of hormones and minerals to solve breeding problems of animals, hormones and minerals worth of Rs. 29.81 mn have been purchased and distributed through regional Veterinary Surgeon's offices to improve the breeding efficiency of dairy cows.
- Under the project of providing equipment to increase breeding efficiency, Rs. 11.65 mn has been invested in providing equipment to Provincial Departments of Animal Production and Health.
- Under the Cattle Identification Program, Rs.8 million has been given to the Department of Animal Production and Health for the ear marking of 100,000 animals and the purchase of ear tags. Under this, ear markings of 11,493 animals have been done.
- Rs. 5.1 mn has been invested to provide breeding equipment to Milco (Pvt) Limited in order to provide Artificial Insemination service to dairy farmers.

White Cattle conservation center established in the Eastern Provinc

2.7. Fodder Silage baling project at Polonnaruwa Farm of the National Livestock Development Board

It is necessary to maintain adequate stocks of conserved grass in the farms to supply the animals with adequate feed in order to increase the milk production of the National Livestock Development Board. Accordingly, this project was initiated with the objective of cultivating pasture in the 500 acre land of the Polonnaruwa farm belonging to the Board and increasing the availability of quality animal feed through silage production. The total investment for this is Rs.250 mn. National Livestock Development Board has already purchased machinaries required for pasture cultivation, silage baling machines, Seeders, Ploughs and Harrows and grass cultivation is in progress.

Land preparation at Polonnaruwa farm of National Livestock Development

- **Foreign funded projects implemented by the Ministry and funds allocated under the Ministry of Agriculture (Expenditure Head 118)**

2.8. Establishment of a new Dairy Processing Centre at Badalgama

It has decided to relocate the Dairy Processing Factory at Narahenpita, Colombo belongs to the Milco (Private) Company Limited in the Siringapatha Farm at Badalgama belongs to the National Livestock Development Board. This project is implemented with the assistance of the Government of Denmark and the foundation stone was laid on 18.05.2016 for the construction of the factory under its first phase.The physical progress achieved by the end of 2021 is 94% and detailed progress is as follows.

Activity	*Physical Progress (%)*	*Investment*
Construction work of the Dairy Factory building	*99*	
Administrative and Office Building	*99*	
Canteen building and establishment of facilities for employees	*98*	
Construction of Official Quarters for Staff and the Security posts	*99*	
Installation of Electricity Generating Unit	*100*	
Mechanical and Electricity related installation activities	*88*	
Importation of 55 containers of construction material and parts of machinery and equipment		*Euro 59.43 million*
Payment of taxes from Local Fund for imported machinery and equipment		*Rs. 5.30 mn*

Dairy Factory Building

Milk Processing Machinaries

2.9. Development of Mini Dairy Cooperative societies

The preliminary objective of this project which is implemented with the intention of uplifting dairy production in Sri Lanka is to enhance the nutritional level of the community and to popularize dairy consumption through producing value added dairy products within the production areas. Under this, it is expected to develop 06 selected small scale milk processing centres in selected areas and expected investment was Euro 13.9 million.

Supply contract agreement of the project was signed on 27.02.2019 to established 04 small scale milk processing centers with a daily production capacity of 5,000 liters each will be set up for the 04 selected beneficiary milk societies. Nawalapitiya Dairy Co-operative Society and Horana Bandaragama Heritage Helagovi Dairy Co-operative Society have been selected as the remaining beneficiary dairy societies.

At the end of the review period, the overall physical progress of the project is 42 percent, and details are as follows.

	Milk processing center	Physical Progress %	Remarks
01	Attanagalla Dairy Cooperative Society	96	
02	District Milk Suppliers' Co-operative Society Limited, Polonnaruwa	95	
03	Succeed International (Private) Limited,Wennappuwa	95	
04	Small Scale Dairy Development Foundation, Wariyapola	96	
05	Nawalapitiya Multipurpose Cooperative Society Limited	-	The factory building is currently under construction
06	Heritage Hela Agrarian Development Society, Keppetipola		
	Expenditure for importation of machineries		Euro 12.43 million

Small Scale Dairy Development Foundation, Wariyapola

Succeed International (Private) Limited,Wennappuwa

District Milk Suppliers' Co-operative Society Limited, Polonnaruwa

Attanagalla Dairy Cooperative Society

2.10. Programmes and projects expected to be implemented in the year 2022 by the Livestock Development Division

Following are the development projects funded and by the Consolidated Fund and expected to be implemented in the year 2022.

#.	*Project*	*Objectives*	*Expected Investment (Rs. mn)*
1.	*Promotion of liquid milk consumption*	*To limit the importation of milk and dairy products through the enhancement of local milk production*	*25.0*
2	*Establishment of Animal Breeder Farms*	*Increase the availability of animals of high strain to increase the local milk production*	*25.0*
3	*Medium Term Livestock Development Programme*	*Development of livestock sector relevant infrastructure in Northern Province*	*40.0*
4	*Development of Small & Medium Scale Poultry Farms*	*To be self sufficiernt in chicken meat and egg related products*	*15.0*
5	*Swine Industry Development Project*	*To be self sufficiernt in swine industry related products*	*30.0*
6	*Promotion of Small and Medium Scale Dairy Farmers through Productivity Improvement*	*To improve local milk production through development of farm management, nutrition and breeding*	*120.0*
7	*Establishment of Goat cluster villages*	*To promotion of sales of goat milk and mutton through development of goat farms*	*15.0*
8	*Productivity improvement through management of small and medium dairy farms*	*To increase the locl milk production*	*1,000.0*
		Total	***1,270.0***

I certify that particulars submitted relevant to progress and future outlook of the Ministry through Chapter two is true.

Sgd. Dr.L.W.N.Samaranayake
Additional Secretary (Livestock Development)
State Ministry of Livestock, Farm Promotion and Dairy & Egg related Industries

3. Overall Financial Performance for the Year ended 31 December 2021

3.1. Statement of Financial Performance

ACA-F

Statement of Financial Performance for the period ended 31 December 2021

Rs.

Budget (2020)		Note	Actual 2021	Actual 2020	
	Revenue Receipts				
	Income Tax	1	-	-	ACA-1
	Taxes on Domestic Goods & Services	2	-	-	ACA-1
	Taxes on International Trade	3	-	-	ACA-1
	Non Tax Revenue & Others	4	-	-	
	Total Revenue Receipts (A)		-	-	
	Non-Revenue Receipts		-	-	
	Treasury Imprests		1,097,969,975	299,248,083	**ACA-3**
	Deposits		29,622,914	2,127,245	**ACA-4**
	Advance Accounts		15,732,628	13,618,831	**ACA–5/5 (a)**
	Other Receipts		18,840,183	6,254,362	
	Total Non-Revenue Receipts (B)		**1,162,165,700**	**321,248,521**	
	Total Revenue Receipts and Non-Revenue Receipts C=(A)+(B)		**1,162,165,700**	**321,248,521**	
	Less: Expenditure				
-	**Recurrent Expenditure**		-	-	**ACA-2 (ii)**
275,100,000	Wages, Salaries & Other Employment Benefits	5	255,566,626	327,077,756	**ACA-2 (ii)**
56,850,000	Other Goods & Services	6	49,736,488	37,974,162	**ACA-2 (ii)**
2,000,000	Subsidies, Grants & Transfers	7	1,496,677	1,285,000	**ACA-2 (ii)**
-	Interest Payments	8	-	-	
200,000	Other Recurrent Expenditure	9	-	-	
334,150,000	**Total Recurrent Expenditure (D)**		**306,799,791**	**366,336,918**	
	Capital Expenditure				**ACA- 2 (ii)**
10,012,746	Rehabilitation & Improvement of Capital Assets	10	9,443,867	3,026,362	

Budget (2020)		Note	Actual		
			2021	2020	
13,000,000	Acquisition of Capital Assets	11	8,831,719	870,000	
700,000,000	Capital Transfers	12	497,828,163		
-	Acquisition of Financial Assets	13	-	-	ACA-2 (ii)
500,000	Capacity Building	14	360,500	165,000	
345,427,000	Other Capital Expenditure	15	262,220,849	144,608,240	
1,068,939,746	**Total Capital Expenditure (E)**		**778,685,098**	**148,669,602**	
	Main Ledger Expenditure (F)		65,294	-	
	Deposit Payments		22,517,577	670,908	**ACA-4**
	Advance Payments		13,726,469	3,349,194	**ACA-5/5(a)**
	Total Expenditure G=(D+E+F)		1,121,794,229	519,026,622	
-	**Imprest Balance as at 31 December 2020 H=(C-G)**		**40,371,471**	**(197,778,100)**	**-**

3.2. Statement of Financial Position

ACA-P

Statement of Financial Position as at 31 December 2021

	Note	Actual	
		2021 (Rs.)	2020 (Rs)
Non-Financial Assets			
Property, Plant & Equipment	ACA-6	616,180,716	606,196,184
Financial Assets			
Advance Accounts	ACA-5/5(a)	39,736,332	41,742,490
Cash and Cash Equivalents	ACA-3	-	-
Total Assets		**655,917,048**	**647,938,674**
Net Assets/Equity			
Net Worth to Treasury		9,410,140	18,521,636
Property, Plant & Equipment Reserve		616,180,716	606,196,184
Rent and Work Advance Reserve	ACA- 5 (b)		
Current Liabilities			
Deposit Accounts	ACA - 4	30,326,192	23,220,854
Imprest Balance	ACA-3		-
Total Liabilities		**655,917,048**	**647,938,674**

Detail Accounting Statements in above ACA format Nos. 1 to 6 presented in pages from 07 to 62 and Notes to Accounts presented in pages from 64 to 73 form and integral parts of these Financial Statements. The Financial Statements have been prepared in complying with the Generally Accepted Accounting Principles whereas most appropriate Accounting Policies are used as disclosed in the Notes to the Financial Statements and hereby certify that figures in these Financial Statements , Notes to accounts and other relevant accounts were reconciled with the Treasury Books of Accounts and found to in agreement.

Sgd.

Mr.M.B.Rohana Pushpakumara
Secretary
Ministry of Agriculture
Chief Accounting Officer

Mrs. Menaka P.Abeyrathne
Additional Secretary (Admin)
State Ministry of Livestock,
Farm Promotion and Dairy
& Egg related Industries
Accounting Officer

Mr. H.K.A.Ranjith
Udayasiri
State Ministry of Livestock,
Farm Promotion and Dairy
& Egg related Industries
Chief Financial Officer

3.3. Statement of Cash Flows

ACA-C

Statement of Cash Flows for the period ended 31 December 2021

	Actual	
	2021 Rs.	Restated 2020 Rs.
Cash Flows from Operating Activities		
Total Tax Receipts	-	-
Fees, Fines, Penalties and Licenses	-	-
Profit	-	-
Non-Revenue Receipts	18,774,889	6,254,362
Revenue Collected on behalf of Other Revenue Heads	-	-
Imprest Received	1,097,969,975	299,248,083
Recoveries from Advance	11,453,448	4,213,051
Deposit Received	29,622,914	1,524,607
Total Cash generated from Operations (A)	**1,157,821,226**	**311,240,103**
Less – Cash disbursed for:		
Personal Emoluments & Operating Payments	299,571,993	125,367,300
Subsidies & Transfer Payments	1,496,677	403,672
Expenditure incurred on behalf of Other Heads	70,978,094	143,438,819
Imprest Settlement to Treasury	-	-
Advance Payments	10,332,153	1,310,316
Deposit Payments	1,147,411	45,750
Total Cash disbursed for Operations (B)	**383,526,328**	**270,565,857**

	Actual	
	2021 Rs.	Restated 2020 Rs.
NET CASH FLOW FROM OPERATING ACTIVITIES(C)=(A)-(B)	**774,294,898**	**40,674,246**
Cash Flow from Investing Activities	-	-
Interest	-	-
Dividends	-	-
Divestiture Proceeds & Sale of Physical Assets	-	-
Total Cash generated from Investing Activities (D)	-	-
Less – Cash disbursed for:		
Purchase or Construction of Physical Assets & Acquisition of Other Investment	774,294,898	40,674,246
Total Cash disbursed for Investing Activities (E)	774,294,898	40,674,246
NET CASH FLOW FROM INVESTING ACTIVITIES (F)=(D)-(E)	(774,294,898)	(40,674,246)
NET CASH FLOW FROM OPERATING & INVESTMENT ACTIVITIES (G)= (C) + (F)	0	-
Cash Flow from Financing Activities		
Local Borrowings	-	-
Foreign Borrowings	-	-
Grants Received	-	-
Total Cash generated from Financing Activities (H)	-	-
Less – Cash disbursed for:		
Repayment of Local Borrowings	-	-
Repayment of Foreign Borrowings	-	-
Total Cash disbursed for Financing Activities (I)	-	-
NET CASH FLOW FROM FINANCING ACTIVITIES (J)=(H)-(I)	-	-
Net Movement in Cash (K) = (G) + (J)	0	-
Opening Cash Balance as at 01st January	-	-
Closing Cash Balance as at 31st December	-	-

3.4. Notes to Financial Statements

1. The Time Period under Review

From 01.01.2021 to 31.12.2021 is the time period under review pertaining to this financial statements.

2. Measurement Base

Financial statements have been prepared based on historical/ previous/ recorded costs and historical/ previous/ recorded costs of some assets have been enhanced up to reassessed value. Account preparation is done on an enhanced cash basis when not otherwise stated. Financial statements are issued in Sri Lankan Rupees in nearest Rupee.

3. **Identification of Revenue**

Exchangeable and non- exchangeable income is recognized as income during the period in which the money is received, regardless of the period for which it is due.

4. **Identification and Measurement of Properties, Plants and Equipment**

Assets are identified as property, plant, and equipment when they have assurances that the institute will receive future economic benefits related to the asset and if those assets can be reliably measured. Property, plant, and equipment costs are identified, and the revaluated value is used when the cost model is not applicable.

5. **Pool of Properties, Plants and Equipment**

This account is the corresponding account of property, plant and equipment.

6. **Money and Money Equivalents**

This consists of local currency notes and coins in hand as at 31 December 2021.

3.5. Performance of the Revenue Collection

Rs.,000

Revenue Code	Description of the Revenue Code	Revenue Estimate		Collected Revenue-2021	
		Original Estimate	Final Estimate	Amount	As a % of Final Revenue Estimate
2002-01-01	Rental for Government buildings and Quarters	350	350	705	201%
2002-02-99	Interest (other)	2,000	2,000	1,540	77%
2003-99-00	Sales and Charges – Other receives	1,600	1,600	1,919	119%
2003-02-99	Sales & Charges - Administrative fees & payments-several	-	-	48	-
2004-01-00	Widows & orphans	-	-	14,000	-

3.6. Performance of the Utilization of Allocation

Rs.,000

Type of Allocation	Allocation		Actual Expenditure	As a % of Final Revenue Estimate
	Original Allocation	Final Allocation		
Recurrent	334,150.00	334,150.00	306,799.79	92%
Capital	1,060,700.00	1,068,939.74	778,685.09	73%

3.7. In terms of F.R. 208 grant of allocation for expenditure to this Department/District Secretariat/Provincial Council as an agent of the other Ministries/Departments

Rs.,000

#	Allocation received from which Ministry/Department	Purpose of the Allocation	Allocation		Actual Expenditure	Allocation Utilization as a % of Final Allocation
			Original	Final		
1	Department pf Animal Production & Health-Peradeniya	Purchasing of Artificial Insemination equipment	5,032	5,032	5,032	100%
2	Department pf Animal Production & Health-Peradeniya	Purchasing of ear tags	8,000	8,000	-	0%
3	Government Printer	To print files	156	156	156	100%
4	Department pf Animal Production & Health-Peradeniya	Purchasing of frozen semen	1,000	1,000	-	0%
5	Ministry of Agriculture	To pay electricity & water bills	2,290	2,290	2,290	100%
6		Security & cleaning charges	2,400	2,400	2,400	100%
7		Security & cleaning charges	727	727	727	100%
Total			**19,605**	**19,605**	**10,605**	

3.8. Performance of the Reporting of Non-Financial Assets

Rs.,000

Assets Code	Code Description	Balance as per Board of Survey Report as at 31.12.2020	Balance as per financial Position Report as at 31.12.2020	Yet to be Accounted	Reporting Progress as a %
9151	Building and Structures				
9152	Machinery & Equipment		616,180.716		
9153	Land				
9154	Intangible Assets				
9155	Biological Assets				
9160	Work in Progress				
9180	Lease Assets				

3.9. Auditor General's Report

Chief Accounting Officer,
State Ministry of Livestock, Farm Promotion and Dairy & Egg Related Industries

Summary Report of the Auditor General on the Financial Statements of the State Ministry of Livestock, Farm Promotion and Dairy & Egg Related Industries for the year ended 31 December 2021 in terms of Section 11(1) of the National Audit Act No.19 of 2018

1. Financial Statements

1.1 Qualified Opinion

The audit of the Financial Statements of the State Ministry of Livestock, Farm Promotion and Dairy & Egg Related Industries for the year ended 31 December 2021 comprising the Statement of Financial Position as at 31 December 2021 and the Statement of Financial Performance and the Statement of Cash Flows 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 to be read in conjunction with provisions of the National Audit Act, No.19 of 2018. This report includes my comments and observations on these Financial Statements which are submitted to the State Ministry of Livestock, Farm Promotion and Dairy & Egg Related Industries in terms of Section 11(1) of the National Audit Act, No.19 of 2018. My report to Parliament in terms of Section 10 of the National Audit Act, No.19 of 2018 to be read in conjunction with Article 154(6) of the Constitution of the Democratic Socialist Republic of Sri Lanka will be tabled in due course.

In my opinion, the Financial Statements which were prepared in pursuance of provisions in Public Finance Circular No. 02/2021 dated 21 August 2021 give a true and fair view of the financial position of the State Ministry of Livestock, Farm Promotion and Dairy & Egg Related Industries as at 31 December 2021, and of its financial performance and its cash flows for the year then ended in accordance with Generally Accepted Accounting Principles other than the impact caused by the matters stated in paragraph 1.6 of this report.

1.2 Basis for Qualified Opinion

I conducted my audit in accordance with Sri Lanka Auditing Standards (SLAuSs). My responsibilities on Financial Statements are further described in the Auditor's Responsibilities section of my report. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

1.3 Responsibility of the Chief Accounting Officer and Accounting Officer in relation to the Financial Statements

The 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 the provisions in Public Finance Circular No. 02/2021 dated 21 August 2021 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 State Ministry of Livestock, Farm Promotion and Dairy & Egg Related Industries 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 Accounting officer shall ensure that an effective internal control system for the financial control exists in the State Ministry of Livestock, Farm Promotion and Dairy & Egg Related Industries 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, or the override of internal control.

CHECKED

CHECKED

- Obtain an understanding of internal control relevant to the audit 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 internal control of the State Ministry of Livestock, Farm Promotion and Dairy & Egg Related Industries.
- It had been included that structure and content of the financial statements including the disclosures are based on transactions and events in appropriate and fair manner.
- 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 communicated with the Accounting Officer regarding, among other matters, significant audit findings, including any significant deficiencies in internal control that I identified during my audit.

1.5 Report on Other Legal Requirements

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

The financial statements presented were not consistent with the preceding year and the following observations are made.

(a) In the Statement of Cash Flows, a sum of Rs.11,453,448 and Rs.29,622,914 had been indicated as advance receipts and deposit receipts respectively under operational activities whereas the corresponding values of the preceding year i.e. Rs.4,213,051 and Rs.1,524,607 had been indicated under Cash Flow Generated from Investment Activities and Cash Flow Generated from Financial Activities respectively. Also, such differences had not been disclosed in the financial statements.

(b) In the Statement of Cash Flows, a sum of Rs.10,332,153 and Rs.1,147,411 had been indicated as advance payments and deposit payments respectively under Cash Flow Generated from Operational Activities whereas the corresponding values of the preceding year i.e. Rs.1,310,316 and Rs.45,750 had been indicated under Cash Flow Generated from Investment Activities and Cash Flow Generated from Financial Activities respectively. Also, such differences had not been disclosed in the financial statements.

(c) The following recommendations made by me in respect of the financial statements of the preceding year had not been implemented.

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Reference	Audit Observation	Recommendation
2.3 (i)	The Chief Accounting officer and the 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. Although such reviews should be made in writing and a copy of such review should be submitted to the Auditor General such reviews had not been submitted for audit.	Action should be taken in terms of Section 38 of the National Audit Act, No.19 of 2018.
2.4 (iii)	In terms of Section 02 (a) of Assets Management Circular No.5/2020 dated 02.10.2020, the vehicles not in running condition should be disposed before 31.12.2020. In contrary, 03 vehicles which are not in running condition namely 251-0747, JR-2899 and 65-6120 had been parked in the Ministry premises.	Action should be taken in terms of Section 02 (a) of Assets Management Circular No.5/2020 dated 02.10.2020.
1.5.1(f) i	Fixed Assets Register had not been updated in terms of Treasury Circular No.842 dated 19 December 1978/Appendix 11 of Financial Regulations 502(2).	Fixed Assets Register should be updated and maintained.

1.6 Comments on Financial statements

1.6.1 Statement of Financial Position

1.6.1.1 Non-financial Assets

Following observations are made.

(a) The value of passenger vehicles shown in the Statement of Non-financial assets amounted to Rs.586,420,850 whereas the value of passenger vehicles indicated in the Fixed Assets Register stood at Rs.671,921,050. Accordingly, a difference of Rs.85,500,200 was observed.

CHECKED

(b) The value of 03 vehicles amounting to Rs.24,900,000 which had been transferred to the Department of Police, Technical College and Department of Animal Production and Health had not been withdrawn from the Fixed Assets Register and necessary evidence had not been submitted during the audit to ensure the said amount had been included in the closing balance of Rs.586,420,850 mentioned in the Statement of Non-financial assets.

(c) In the Fixed Assets Register, only the information on vehicles and photocopy machines had been included and the information on assets such as office equipment, computer devices, electrical fittings, communication equipment and furniture had not been included therein. Hence, the value of Rs.29,284,746 which was shown under value of Other Machinery and equipment stated in the Statement of Non-financial assets could not be confirmed.

1.6.2 Lack of Evidence for Audit

Following observations are made.

(a) Registration Certificates of 06 vehicles owned by the Ministry namely, PF-7316, JO-6958, CAG-8807, 302-0610, KX-7664 and GD-2079 had not been submitted for audit.

(b) The basis for release of vehicles owned by the Ministry to other institutions and the approval obtained for such release had not been submitted for audit in respect of release of 08 vehicles to the Ministry of Agriculture, 03 vehicles to the Ministry of Trade, 05 vehicles to the Department of Animal Production and Health, 03 vehicles to the State Ministry of Coast Conservation and Low-Lying Lands Development, 01 vehicle to the National Livestock Development Board, 01 vehicle to the Ministry of Social Services and 03 vehicles to Paddy Marketing Board.

1.6.3 Failure to Maintain Registers and Books

The following registers had not been maintained by the Ministry and it was observed in audit sampling that some registers had not been maintained regularly and in an updated manner.

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	Type of Register	Relevant Regulation	Observations
I	Fixed Assets Register	Treasury Circular No.842 of 19 December 1978/ In Appendix 11 of Financial Regulation 502(2)	Had not been updated.
II	Inventories of Electrical Fittings	Financial Regulation 454(2)	Had not been updated.

2. Financial Review

2.1 Management of Expenditure

Following observations are made.

(a) In preparation of preliminary expenditure estimates and revised expenditure estimates, it was observed that variance of 07 objects ranged from (-) 50% to (+) 481%.

(b) It was observed that there were 12 instances which had 20% to 100% of savings remained in more than 20% of the revised estimates of the objects.

2.2 Entering into Liabilities and Commitments

Following observations are made.

(a) It was observed that the Ministry had entered into liabilities amounting to Rs.929,084 in the year 2021exceeding the provisions without taking any action regarding the savings remained in the object- Vehicle Maintenance Expenses (427-01-02-1301).

(b) Since liabilities of Rs.163,734 had not been included in the Statement of Liabilities and Commitments value of liabilities shown in the financial statements had been understated by Rs.163,734.

2.3 Assurance to be made by the Chief Accounting Officer

In terms of the provisions in Section 38 of the National audit Act, No.19 of 2018, although the Chief Accounting Officer should be responsible for the following matters, no action had been taken in this regard.

Chief Accounting Officer should 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. Although the reviews should be carried out in writing and a copy of the same should be submitted to the Auditor General, statements regarding such reviews had not been submitted for audit.

2.4 Non-compliance with Laws, Rules and Regulations

Observation Reference to Laws, Rules and Regulations	Amount Rs.	Non-compliance
………………	………	…………………
Financial Regulations of the Democratic Socialist Republic of Sri Lanka		
371(5)	370,250	Subsequent to issuing Sub-Imprest, such Sub-Imprest should be settled within 10 days after completion of the relevant task. However, there were 20 instances where Sub-Imprests were settled with a delay of 27 to 253 days. The said value totalled Rs.360,250.
396(a), (b), (c), (d)	687,866	Action had not been taken in accordance with the financial regulations in respect of 09 uncashed cheques i.e., cheques remained uncashed for more than 06 months from the date of issue and of which validity period ended as at 31 December 2021.
Paragraph 7 of Assets Management Circular No.01/2017 dated 28 June 2017		Information on purchases made in the year 2021 and disposals had not been submitted to the Comptroller General's Office.

CHECKED

Procurement Guidelines		
Paragraph 3 of 2.14.1		Although the procurement entity should maintain an updated register of bidders and contractors annually when obtaining supplies and services under shopping method the Ministry had not maintained such a register and purchases were made mostly by using shopping method.
Paragraph 2.7.4		The Ministry had also not appointed an optional member in large contract and small contract procurement committee.
Paragraph 2.7.4 (d)		Although an outside person with expert knowledge of the subject should be appointed to the Procurement Committee the Ministry had not complied with the above instructions.
Paragraph 4.2.1		In accordance with the format mentioned in the Procurement Guidelines, expected date of commencement and expected date of completion of each procurement activity should be stated in the Master Procurement Plan. Nevertheless, the Ministry had mentioned the word 'as necessary' instead of the date. The Ministry had not prepared a detailed procurement plan during the year under review as instructed. When indicating the progress of carrying out procurement activities stated in the procurement plan entire progress had been indicated instead of quarter wise progress.
Paragraph 8.9.3.(b)	5,416,330	Although an agreement should be entered into with regard to goods and contracts exceeding Rs.500,000 the Ministry had not adhered to 04 procurement instances i.e., establishment of sound control system for conducting online meetings, purchase of workstations, purchase of 10 Desktop computers, 05 Laptop computers and 03 photocopy machines and purchase of 05 laptop computers.
Paragraph 6.3.3 and 6.3.6	1,491,805	When opening all the bids received such bids should be sealed and signed by the Bid Opening Committee and should be recorded in a bid opening report. However, the Ministry had not followed the said instructions in 03 instances i.e., purchase of a meeting table and 09 chairs for the Minister, purchase of 02 meeting tables made of Mahogany wood and purchase of 05 laptop computers.

CHECKED

2.5 Issuance and Settlement of Advances

Following observations are made.

(a) Action had not been taken in terms of section 4.5 of Chapter XXIV of the Establishments Code with regard to the recovery of debt balances of over 05 years amounting to Rs.99,450 receivable from two officers who had vacated their posts. Further, measures had not been taken in terms of Section 4.4 of chapter XXIV of the Establishments Code to recover the debt balances of over 02 years amounting to Rs.152,745 receivable from a deceased officer.

(b) Although debt balances of the officers transferred to another station should be settled in terms of Financial Regulation 485(4), action had not been taken to settle the said loan balance of Rs.200,700 with 01 to 02 years.

(c) Although credits made during the year amounting to Rs.3,621,628 had been indicated as cross entries in the Summary of Advance Account the said value was indicated as Rs.4,279,180 in Annual Reconciliation Statement as at 31 December 2021 in the Advance account B of public officers. Therefore, a difference of Rs.657,552 was observed,

3. Operational Review

3.1 Performance

3.1.1 Planing

Following observations are made.

(a) In terms of Paragraph 03 of the Circular No.01/2014 dated 14th February 2014 of the Ministry of Finance and planning, Imprest requirement plan had not been included in the approved action plan.

(b) The targeted time period for the programmes contained in the Action Plan had been indicated from 01 January 2021 to 31 December 2021. However, the prescribed dates had not been identified for implementation and completion of 05 projects/ programmes namely, promotion and popularization of liquid milk consumption, establishment of animal breeder farms, development of swine industry, development of small and medium scale poultry farms and productivity improvement through management of small and medium scale dairy farms.

CHECKED

(c) Even though a sum of Rs.5 million had been allocated for implementation and performance evaluation of each and every project of 06 programmes included in the Action Plan key performance indicators for this purpose had not been recognized in the Action Plan.

(d) A sum of Rs.27 million had been allocated for disease prevention and digitalization project shown under productivity improvement programme through management of small and medium scale dairy farms. Nevertheless, information on number of equipment to be purchased under the said project and the way of disease prevention had not been clearly mentioned.

(e) Provisions amounting to Rs.03 million had been allocated for a project for providing 40 Vending Machines for government institutions under the programme for promotion and popularization of liquid milk consumption. For this project, MILCO had been selected and 75 Milk Chilling Machines had been provided instead of Vending Machines. Therefore, it was observed that correct projects had not been included in preparation of Action Plan considering the requirements.

(f) Although it was shown that a sum of Rs.275.24 million had been spent out of Rs.450 million allocated for productivity improvement project through management of small and medium scale dairy farms the cost incurred had not been indicated separately in respect of each and every project of its 12 projects.

(g) Although the 02 projects namely, identification of 100,000 cattle and providing breeding equipment to the MILCO had been included in the Action Plan and a sum of Rs.13 million and Rs.5.1 million had been allocated respectively procurement activities relating to the said projects had been carried out by the Department of Animal production and Health.

3.1.2 Failure to Carry out Activities.

Following observations are made.

(a) It was observed that the project for development of infrastructure facilities in Poonthottam regional livestock farm with Rs.02 million estimated cost which was expected to be commenced during the year 2021 had not been initiated during the year.

(b) Action had not been taken to initiate the project for construction of veterinary office in Point Pedro which was scheduled to be commenced during the year 2021.

(c) Construction work of project for construction of GVS office which was expected to be completed during the year with Rs.5 million allocations shown under medium scale livestock development programme had not been initiated during the year 2021.

CHECKED

3.1.3 Annual Performance Report

Even though a sum of Rs.2 million and Rs.1 million had been allocated respectively for the 02 projects for implementation, monitoring and performance evaluation of 20 workshops /research & training programmes under the programme for establishment of animal breeder farms no information on the progress of such projects had been included in the performance report.

3.2 Procurements

Following observations are made.

(a) A request had been made by the Coordinating Secretary of the Minister on 20 July 2021 to obtain only a meeting table for the Minister and the Ministry had purchased a meeting table and also 09 chairs spending a sum of Rs.187,830 for the said chairs without identifying the requirement.

(b) In the process of purchasing a meeting table and 09 chairs for the Minister worth of Rs.376,805 specifications which were prepared as per the requirement of receiving successful bids from bidders enabling to achieve the purpose of procurement had not been contained in the file. Further, since bids had not been called from 04 selected suppliers 03 bids submitted by the suppliers out of the entire 04 bids did not meet the requirement.

(c) Compliance of specifications submitted by the Technical Evaluation Committee in evaluation of bids when establishing a sound control system worth of Rs.1,322,125 to conduct online meetings had not been sufficiently considered. Although it had been mentioned in specifications that the warranty period of projector and zoom camera should be 03 years the warranty period of the bid submitted by the selected supplier had been mentioned as 01 year. For this purpose, even a recommendation was not obtained from a qualified party and the relevant equipment had been handed over to the stores of the Ministry on 06 January 2022 although the payment was made on 30 December 2021. Moreover, establishment of a sound control system had not been included in the Annual Procurement Plan.

(d) Purchase of 10 Desktop computers, 05 Laptop computers and 03 photocopy machines

i. In respect of the bid submitted by Metropolitan Office (Pvt)Ltd. Unit price had been mentioned as Rs.148,500 and separate prices had not been mentioned relating to operating system and productivity software. However, it is problematic that prices had been adjusted as Rs.32,500 and Rs.55,450(with VAT) respectively in the Technical Evaluation Report.

ii. It had been stated that Office Network (Pvt) Ltd to which the procurement was awarded by the Procurement Committee Report dated 27.07.2021 to purchase 05

Laptops, had withdrawn their bid since sufficient stocks were not available with them. As bid security had not been obtained in respect of this procurement amounting to Rs.918,230 in accordance with 5.3.11 of Procurement Guidelines recovery of money from the said company could not be carried out with regard to the delay occurred and loss of money.

(e) Purchase of 05 Laptops

i. A sum of Rs.265,800 had been shown as the price submitted by John Keells Office Automation (Pvt)Ltd in the Technical Evaluation Committee Report. However, the amount was shown as Rs.147,000 in the bid submitted by the supplier. Hence, a difference of Rs.180,800 was observed. It had been clearly mentioned in specifications that prices should be stated separately for operating system and productivity software and such prices were not used for price evaluation. It is complicated that the prices which were separately mentioned by the supplier for operating system and productivity software had been added to the bid value in the Technical Evaluation Committee Report. Furthermore, it was observed that the bid value indicated in Specification evaluation Sheet annexed with Technical Evaluation Committee Report stood at Rs.147,000.

ii. Photocopies of bids had been contained in the procurement file instead of the original bids submitted by Singer Sri Lanka PLC and John Keells Office Automation (Pvt) Ltd.

(f) Procurement of Purchasing 10 furniture items for official residence of the State Minister had been awarded to State Timber Corporation.

i. It had been mentioned in the Technical Evaluation Committee Report that this procurement had been awarded to State Timber Corporation taking into account the fact that priority should be given to a government institution and the durability of the product is high. When comparing the prices it was observed that the difference between price submitted by State Timber Corporation and the minimum price was very high i.e., Rs.510,548.

ii. Bids had been invited to purchase a list of 49 furniture items required for the official residence of the State minister. In respect of 10 furniture items included in the said list, separate bids had been invited and those items had been purchased from State Timber Corporation. Other than this procurement, 06 mattresses worth of Rs.283,227 had been purchased from Richard Pieris Distributors Ltd at two occasions upon the approval of the Chief Accountant under direct purchases.

CHECKED

3.3 Losses and Damages

Following observations are made.

(a) As per the time analysis of the Statement of Losses and Waivers under F.R.106 and 113 damages more than 5 years was Rs.128,204 and damages less than 5 years was Rs.68,200 totalling Rs.196,404. Nevertheless, measures had not been taken to recover the afore-stated value of losses and damages from the responsible parties or to write off from the books.

(b) The amount further to be write off or waiver in the Statement of Losses and Waivers under F.R.106 and 113 was Rs.180,205 whereas the said amount was Rs.196,404 as per the time analysis. Hence, a difference of Rs.16,199 was observed.

3.4 Management Weaknesses

Following observations are made.

(a) Action had not been taken to transfer the ownership of 06 vehicles namely, PG-1773, CAB-4184, PF-7316, PH-0474, PF-7639, PF-8209 which were obtained by the Ministry from the Ministry of Housing and Samurdhi, Ministry of Agriculture and the Department of Animal Production and Health even at the end of the year under review.

(b) In accordance with F.R.1645(a) and F.R.1647(a), although vehicle log books should be updated and maintained properly having included the information such as fuel consumption, ownership and custodianship had not been included.

(c) In terms of 3.1 of Public Administration Circular No.30/2016 dated 29 December 2016, the consumption of fuel must be re-tested after a period of 12 months from each fuel test or after running a distance of 25,000 km or after carrying out a major repair to the engine, whichever occurs first. It was observed during the audit that action had not been taken as instructed above.

(d) In accordance with the Board of Survey Report-2021 of the Ministry, a surplus of 205 items and a deficit of 366 items were observed between ledger balance and actual balance.

(e) In the Board of Survey Report-2021 of the Ministry there were 193 items observed which had not been included in the main inventory.

(f) Since equipment of the Ministry was not coded the same item may be recorded in different names. Hence, the accuracy of Board of Survey Report was problematic during the audit.

(g) Value of 30 fixed assets had not been recorded in the Fixed Assets Register.

(h) Balance of 08 fixed assets as at 01.01.2021 had not been recorded in the Fixed Assets Register.

CHECKED

4. Human Resource Management

4.1 Approved Cadre, Actual Cadre and Expenditure for Personal Emoluments

(a) There were 37 vacancies in the Ministry due to the fact that the approved cadre for the year 2021 was 594 and the actual cadre was 559. Details are as follows.

Category of Employees	Approved Cadre	Actual Cadre	Number of Vacancies	Extra Employees
Senior Level	30	19	11	-
Tertiary Level	03	02	02	01
Secondary Level	523	502	21	-
Primary Level	35	32	03	-
other	03	04	-	01
Total	**594**	**559**	**37**	**02**

(b) In accordance with annexure 02 mentioned in the Public Administration Circular No.2/2018 dated 24 January 2018, Human Resource Plan had not been prepared so as to provide a training opportunity of not less than 12 hours for every staff member. However, 05 workshops/seminars had been conducted only for 20 officers of the Ministry spending Rs.160,500 during the year under review.

H.N.Ranathunga
Senior Assistant Auditor General
For Auditor General

CHECKED

4. Performance Indicators

4.1. Performance Indicators of the Institute (Based on the Action Plan)

#	Specific Indicators	Actual output as a percentage (%) of the expected output		
		100%-90%	75%-89%	50%-74%
01	Increased amount of local milk production (million liters)		√	
02	Increased amount of local Chicken meat production	√		
03	Increased amount of local egg production	√		

5. Performance of the achieving Sustainable Development Goals (SDGs)

5.1. Indicate the Identified respective Sustainable Development Goals

Goal/Objective	Targets	Indicators of the achievement	Progress of the achievement to date		
			0%-49	50%-74%	75%-100%
(i)End poverty in all its forms every where **ii)End hunger, achieve food security and improved nutrition and promote sustainable agriculture** **(iii)Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all** **(iv)Ensure sustainable consumption and production patterns**	Increase local milk production up to 492.62 million liters by year 2021	Increased amount of local milk production (million liters)			√
	Local egg production of 3180.8 millions in year 2021	Increased amount of annual egg production (mn)			√
	Local Chicken meat production of 227,300 MT in year 2021	Increased amount of annual broiler meat production (MT)			√

5.2. Achievements and challenges in accomplishing the targets of the Sustainable Development Goals

It was difficult to achieve the planned targets due to emergency situation arisen as a result of Covid 19 prevailed in the island in 2021.

6. Human Resource Profile

6.1. Cadre Management

	Approved Cadre	Existing Cadre	Vacancies
Senior	31	20	11
Tertiary	03	02	01
Secondary	523	502	21
Primary	37	35	02

6.2. Briefly state how the shortage or excess in human resources has been affected to the performance of the institute

The vacancies in the approved cadre of the Ministry are given below.

#	Post	Service	Number of Vacancies
	Senior Level		
1.	Additioanal Secretary (Agriculture)	Sri Lanka Agriculture Service	01
2.	Assistant/Deputy Director(Agriculture)	Sri Lanka Agriculture Service	01
3.	Director General	Sri Lanka Engineering Service	01
4.	Director (Engineering)	Sri Lanka Engineering Service	01
5.	Assistant Secretary	Sri Lanka Administrative Service	02
6.	Director	Animal Production & Health Service	03
7.	Assistant/Deputy Director / Veterinary Surgeon	Animal Production & Health Service	03
8.	Chief Financial Officer	Sri Lanka Accountants' Service	01
9.	Internal Auditor	Sri Lanka Accountants' Service	01
	Additioanal Secretary (Agriculture) 01 *Chief Financial Officer 01* *Director (Animal Production & Health Service))02*	*Officers have beenappointed to perform duties/cover up*	
	Tertiary Level		
10.	Administrative Officer	Management Service Officers' Service	01

#	Post	Service	Number of Vacancies
Secondary Level			
11.	Development Officer	Development Officers' Service	15
12.	Information & Communication Assistant	Sri Lanka Information & Communication Technology Service	01
13.	Management Service Officer	Management Service Officers' Service	04
14.	Receptionist		01
Primary Level			
15.	Driver	Combined Drivers' Service	02
16.	Office Employee	Officer Employees' Service	01

Lack of human resources of senior level officers adversely affects the performance of the institution

6.3. Human Resource Development

Name of the Programme	No. of staff trained	Duration of the Programme	Total Investment (Rs.000')		Nature of the Programme (Local/Foreign)	Output/ Knowledge Gained
			Local	Foreign		
Certificate course in Public Procurement Management	04	10 Days	40		Local	Directly contribute to functions of the institution
Annual Board of Survey	03	03 Days (Online)	15			
Salary preparation of public officers	15	01 Day (Online)	25			
Office management and financial regulations	18	02 Days (Online)	21			
Maintenance of personnel files	13	02 Days	21			
Discipline & office etiquette	07	02 Days	59.5			

7. Compliance Report

No.	Applicable Requirement	Compliance status (complied/ Not complied)	Brief explanation for Non Compliance	Corrective actions proposed to avoid non-compliance in future
1	**The following financial statements /accounts have been submitted on due date**			
1.1	Annual financial statements	complied		
1.2	Advance to public officers account	complied		
1.3	Trading and Manufacturing Advance Accounts (Commercial Advance Accounts)	Not Relevant		
1.4	Stores Advance Accounts	Not Relevant		
1.5	Special Advance Accounts	Not Relevant		
1.6	Others	Not Relevant		
2	**Maintenance of books and registers (FR445)**			
2.1	Fixed assets register has been maintained and update in terms of Public Administration Circular 267/2018	complied		
2.2	Personal emoluments register/Personal emoluments cards has been maintained and update	complied		
2.3	Register of Audit queries has been maintained and update	complied		
2.4	Register of internal Audit reports has been maintained and update	complied		
2.5	All the monthly account summaries (CIGAS)are prepared and submitted to the Treasury on due date	complied		
2.6	Register for cheques and money orders has been maintained and update	complied		
2.7	Inventory register has been maintain and update	complied		
2.8	Stocks Register has been maintain and update	complied		
2.9	Register of Losses has been maintain and update	complied		
2.10	Commitment Register has been maintain and update	complied		
2.11	Register of Counterfoil Books (GA-N20) has been maintained and update	complied		
3	**Delegation of functions for financial Control (FR 135)**			
3.1	The financial authority has been delegated within the institute	complied		
3.2	The delegation of financial authority has been communicated within the institute	complied		

No.	Applicable Requirement	Compliance status (complied/ Not complied)	Brief explanation for Non Compliance	Corrective actions proposed to avoid non-compliance in future
3.3	The authority has been delegated in such manner so as to pass each transaction through two or more officers	complied		
3.4	The controls has been adhered to by the Accountants in terms of State Account Circular 171/2004 dated 11.05.2014 in using the Government Payroll Software package	complied		
4	**Preparation of Annual Plans**			
4.1	The annual action plan has been prepared	complied		
4.2	The annual procurement plan has been prepared	complied		
4.3	The annual Internal Audit plan has been prepared	complied		
4.4	The annual estimate has been prepared and submitted to the NBD on due date	complied		
4.5	The annual cash flow has been submitted to the Treasury Operations Department on time	complied		
5	**Audit queries**			
5.1	All the audit queries has been replied within the specified time by the Auditor General	complied		
6	**Internal Audit**			
6.1	The internal audit plan has been prepared at the beginning of the year after consulting the Auditor General in terms of Financial Regulation 134(2)DMA/1-2019	complied		
6.2	All the internal audit reports has been replied within one month	Not complied	Some audit reports have been answered after more than a month, while some audit reports have not yet been answered.	Informing relevant sections to reply the reports without delay.
6.3	Copies of all the internal audit reports has been submitted to the Management Audit Department in terms of Sub-section 40(4)of the National Audit Act No.19 of 2018	complied		
6.4	All the copies of internal audit reports has been submitted to the Auditor General in terms of Financial Regulation (134(3)	complied		

No.	Applicable Requirement	Compliance status (complied/ Not complied)	Brief explanation for Non Compliance	Corrective actions proposed to avoid non-compliance in future
7	**Audit and Management Committee**			
7.1	Minimum 04 meetings of the Audit and Management Committee has been held during the year as per the DMA Circular 1-2019	complied		
08	**Asset Management**			
8.1	The information about purchases of assets and disposals was submitted to the Comptroller General's office in terms of Paragraph 07 of the Asset Management Circular No.01/2017	complied		
8.2	A suitable liaison officer was appointed to coordinate the implementation of the provisions of the circular and the details of the nominated officer was sent to the Comptroller General's Office in terms of Paragraph 13 of the aforesaid circular	complied		
8.3	The boards of survey was conducted and the relevant reports submitted to the Auditor General on due date in terms of Public Finance Circular No.05/2016	complied		
8.4	The excesses and deficits that were disclosed through the board of survey and other relating recommendations ,actions were carried out during the period specified in the circular	complied		
8.5	The disposal of condemn articles had been carried out in terms of FR 772	Complied		
09	**Vehicle Management**			
9.1	The daily running charts and monthly summaries of the pool vehicles had been prepared and submitted to the Auditor General on due date	Complied		
9.2	The condemned vehicles had been disposed of within a period of less than 6 months after condemning	Not complied	Due to problems related to the acquisition of vehicles.	Take action to solve the problems through coordination of relevant institutions
9.3	The vehicle logbooks had been maintained and update	Complied		
9.4	The action has been taken in terms of FR 103,104,109 and 110 with regard to every vehicle accident	Complied		

No.	Applicable Requirement	Compliance status (complied/ Not complied)	Brief explanation for Non Compliance	Corrective actions proposed to avoid non-compliance in future
9.5	The fuel consumption of vehicles has been re-tested in terms of the provisions of Paragraph 3.1 of the Public Administration Circular No.30/2016 of 29.12.2016	Complied		
9.6	The absolute ownership of the leased vehicle log books has been transferred after the lease term	Complied (For vehicles whose lease installments have been paid in full by the National Budget Department)		
10	**Management of Bank Accounts**			
10.1	The bank reconciliation statements had been prepared ,got certified and made ready for audit by the due date	Complied		
10.2	The dormant accounts that had existed in the year under review or since previous years settled	Complied		
10.3	The action had been taken in terms of financial Regulations regarding balances that had been disclosed through bank reconciliation statements and for which adjustments had to be made, and had those balances been settled within one month	Complied		
11	**Utilization of Provisions**			
11.1	The provisions allocated had been spent without exceeding the limit	Complied		
11.2	The liabilities not exceeding the provisions that remained at the end of the year as per the FR 94(1)	Complied		
12	**Advances to Public Officers Account**			
12.1	The limits had been complied with	Complied		
12.2	A time analysis had been carried out on the loans in arrears	Complied		
12.3	The loan balances in arrears for over one year had been settled	Complied		
13	**General Deposit Account**			
13.1	The action had been taken as per FR571 in relation to disposal of lapsed deposits	Complied		
13.2	The control register for general deposits had been updated and maintained	Complied		

No.	Applicable Requirement	Compliance status (complied/ Not complied)	Brief explanation for Non Compliance	Corrective actions proposed to avoid non-compliance in future
14	**Imprest Account**			
14.1	The balance in the cash book at the end of the year under review remitted to TOD	Complied		
14.2	The ad-hoc sub imprests issued as per FR 371 settled within one month from the completion of the task	Complied		
14.3	The ad-hoc sub imprests had not been issued exceeding the limit approved as per FR 371	Complied		
14.4	The balance of the imprest account had been reconciled with the Treasury books monthly	Complied		
15	**Revenue Account**			
15.1	The refunds from the revenue had been made in terms of the regulations	Complied		
15.2	The revenue collection had been directly credited to the revenue account without credited to the deposit account	Complied		
15.3	Returns of arrears of revenue forward to the Auditor General in terms of FR 176	Complied		
16	**Human Resource Management**			
16.1	The staff had been paid within the approved cadre	Complied		
16.2	All members of the staff have been issued a duty list in writing	Complied		
16.3	All reports have been submitted to MSD in terms of their circular No.04/2017 dated 20.09.2017	Complied		
17	**Provision of information to the public**			
17.1	An information officer has been appointed and a proper register of information is maintained and updated in terms of Right to Information Act and Regulation	Complied		
17.2	Information about the institution to the public have been provided by website or alternative measures and has it been facilitated to appreciate/allegation to public against the public authority by this website or alternative measures	Complied		

No.	Applicable Requirement	Compliance status (complied/ Not complied)	Brief explanation for Non Compliance	Corrective actions proposed to avoid non-compliance in future
17.3	Bi-Annual and Annual reports have been submitted as per section 08 and 10 of the RTI Act	Work is in progress		
18	**Implementing citizens charter**			
18.1	A citizens charter /Citizens client's charter has been formulated and implemented by the Institution in terms of the circular number 05/2008 and 05/2008(1) of Ministry of Public Administration and Management	Not relevant as not directly dealing with the general public		
18.2	A methodology has been devised by the Institution in order to monitor and assess the formulation and the implementation of Citizens Charter / Citizens client's Charter as per paragraph 2.3 of the circular	Not relevant as not directly dealing with the general public		
19	**Preparation of the human Resource Plan**			
19.1	A human resource plan has been prepared in terms of the format in Annexure 02 of Public Administration Circular No.02/2018 dated 24.01.2018	Not complied	Half of the work has been completed.	Preparing for the next year
19.2	A minimum training opportunity of not less than 12 hours per year for each member of the staff has been ensured in the aforesaid Human Resource Plan	Not complied	About half of the staff has been trained due to the Corona situation.	Confirmed for the next year
19.3	Annual performance agreements have been signed for the entire staff based on the format in Annexure 01 of the aforesaid Circular	Not complied	Agreements have been signed only for part of the staff.	Taking action to sign agreements for the year 2022.
19.4	A senior officer was appointed and assigned the responsibility of preparing the human resource development plan, organizing capacity building programs and conducting skill development programs as per paragraph No.6.5 of the aforesaid Circular	Complied		
20	**Responses Audit Paras**			
20.1	The shortcomings pointed out in the audit paragraphs issued by the Auditor General for the previous years have been rectified	Complied		