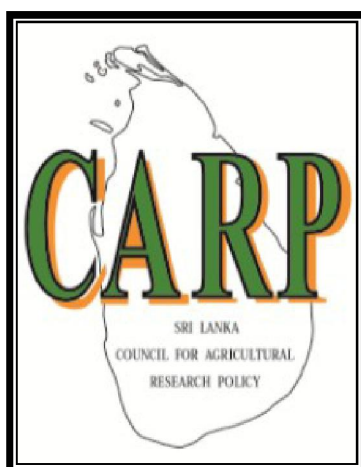


ADMINISTRATIVE AND ACCOUNTS REPORT 2012



**SRI LANKA COUNCIL FOR AGRICULTURAL RESEARCH POLICY
114/9, WIJERAMA MAWATHA,
COLOMBO 07,
SRI LANKA**

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VISION
OF
SRI LANKA COUNCIL FOR AGRICULTURAL RESEARCH POLICY

*A vibrant and sustainable agricultural research,
development and innovation system assuring socio-economic
development of Sri Lanka*

MISSION
OF
THE SRI LANKA COUNCIL FOR AGRICULTURAL RESEARCH POLICY

*To ensure agricultural research, development and
innovations are directed towards national development goals
through policy formulation, facilitation, coordination,
monitoring and evaluation, and impact assessment.*

MEMBERS OF THE COUNCIL 2012

1. Dr. J. D. Samarasinghe, Chairman, SLCARP
2. Mr. R. M. P. Ratnayake, Director, Ministry of Finance and Planning
3. Prof. (Mrs.) Sirimalee Fernando, Chairperson, National Science Foundation
4. Dr. G.A.W. Wijesekara, Registrar of Pesticide, Gatembe, Peradeniya
5. Mr. W. D. L. Gunaratna, Director General, Department of Export Agriculture
6. Dr. (Mrs.) H. R. L. Sumanarathne, Additional Secretary (Livestock Planning), Ministry of Livestock and Rural Community
7. Mr. K. A. I. D. Silva, Director (Policy & Planning), Ministry of Environment & Natural Resources
8. Mr. Asoka Gopallawa, Chairman, National Agribusiness Council
9. Mr. R. A. D. S. Ranathunge, Director (Development), Ministry of Plantation Industries
10. Prof. K. Samarasinghe, Dean, Faculty of Agriculture, University of Peradeniya
11. Mr. G. A. M. S. Emitiyagoda, Additional Secretary, Ministry of Agriculture
12. Mr. M. Rizvi Zaheede, Managing Director, Hayleys Agriculture Holdings Limited
13. Mr. Prabath Wimal Kumara, Secretary / Director, SLCARP

COUNCIL MEETINGS:

	Members	13-Jan	27-Feb	05-Apr	12-Jun	13-Jul	24-Sep	30-Oct	03-Dec
01	Dr. J. D. Samarasingha	1	1	1	1	1	1	1	1
02	Mr. R. M. P. Rathnayake	1	1	1	1	1	1	1	1
03	Dr. (Mrs) H. R. L. Sumanarathna	1							
04	Mr. W. D. L. Gunarathna	1	1	1	1		1		
05	Prof. K. Samarasinghe	1		1	1	1	1		1
06	Mr. Asoka Gopallawa	1							
07	Prof. (Ms.) Sirimalee Fernando	1	1				1		
08	Mr. K. A. I. D. Silva	1	1		1		1		
09	Dr. G. A. W. Wijesekara	1		1	1	1		1	1
10	Mr. R. A. D. S. Ranathunge	1	1		1	1			1
11	Mr. M. Rizvi Zaheede						1	1	
12	Mr. G. A. M. S. Emitiyagoda		1			1	1	1	1
13	Mr. Prabath Wimal Kumara	1	1	1	1	1	1	1	1

The Council held seven meetings during the year 2012. Dr. J. D. Samarasinghe, chaired all meeting as chairman. Mr. Prabath Wimal Kumara has covered the meetings as Secretary /Director as the Council in 2012. The Council has been established on the recommendation of Ministry of Agriculture by representing agricultural research group comprising of directors of agricultural research organizations, senior agricultural scientists, university academics and policy makers. Mr. Asoka Gopallawa participated only one council meeting during the last year and he informed his inability to participate the council meetings. As a replacement Mr. M. Rizvi Zaheede was appointed to the council to represent the Ceylon Chamber of Commerce.

AUDIT & MANAGEMENT COMMITTEE – 2012

The committee met four times (27th February, 16th May, 5th July and 24th September 2012) during the period under review and discussed various matters related to Accounts and Administration. Members of the Committee as follows:

Mr. G. A. M. S. Emitiyagoda, Additional Secretary, Ministry of Agriculture	-	Chairman
Mr. R. M. P. Ratnayake, Director, Ministry of Finance and Planning	-	Member
Mr. K. A. I. D. Silva, Director (Policy & Planning) Ministry of Environment & Natural Resources	-	Member

INTRODUCTION

Sri Lanka Council for Agricultural Research Policy (CARP) was established on 22nd December, 1987 under the Ministry of Agriculture with the enactment of the CARP Act No 47 of 1987. Since then CARP has been actively engaged in supporting agricultural research in the National Agricultural Research System (NARS). Among its mandated functions, the primary responsibility of CARP is to develop policies and strategies to strengthen research and development in the agricultural sector by creating a conducive environment in the NARS. The overall objective is to support agricultural development by fostering a vibrant and effective research system to generate appropriate technologies and thereby increase productivity and production, increase employment opportunities, make agriculture sustainable and thereby enhance social and economic development.

The main functions of the CARP is to identify research priority areas, facilitate interaction through sharing of information on the respective fields, resolve constraints confronted in research and play a role in enhancing the activities of the respective committees. At present there are thirteen committees: National Committee on Research Programmes and Projects (NCRPP), National Committee on Plant Breeding (NCPB), National Committee on Agricultural Biotechnology (NCAB), National Committee on Plant Protection (NCPP), National Committee on Post Harvest Technology (NCPHT), National Committee on Socio Economics and Policy Analysis (NCSEPA), National Committee on Livestock, Aquaculture and Fisheries (NCLAF), National Committee on Floriculture Research and Development (NCFRD), National Committee on Natural Resources Management (NCNRM), National Committee on Agricultural Machinery (NCAM), National Committee on Organic Agriculture and Forestry (NCOAF), Agricultural Information Network (AGRINET) advisory committee and Committee on International Linkages.

THE MANDATED FUNCTIONS OF THE COUNCIL:

1. To advise the Government on all matters regarding the organization, co-ordination, planning and execution of agricultural research and such other related matters as may be referred to it by the Minister ;
2. To formulate national agricultural research policy and priorities;
3. To define the overall aims and scope of agricultural research with a view to furthering national development objectives ;
4. To make recommendations to the appropriate authorities on the financial, manpower and physical resources required by agricultural research institutions and establishments and on the terms and conditions of service of the staff of such institutions and establishments;
5. To review institutional and departmental agricultural research programmes and make recommendations with regard to their priorities and funding to the Ministry of the Minister in charge of the subject of Finance and Planning;
6. To promote and facilitate excellence in agricultural research;
7. To act as a channel of communication between agricultural research institutions and the Government;
8. To arrange for and fund inter-institutional agricultural research projects;
9. To arrange for and fund special scientific services for services for the entire agricultural research sector;
10. To promote linkage between agricultural research institutions at national and international level;
11. To organize conferences and seminars on international, national and inter-institutional issues relating to agricultural research;
12. To arrange the post-graduate training of agricultural research staff and for interchange of scientists with recognized research institutions abroad; and
13. To review the performance of agricultural research projects, institutions and divisions from time to time.

REPORT OF THE CHAIRMAN

Year 2012 signifies an important milestone for SLCARP as it passes 25 years of respectful existence contributing to achieve its vision through facilitation and strengthening the National Agricultural Research System to develop appropriate and pro-poor technologies in order for them to ensure sustainable agricultural system, achieve food security and reduction of poverty in Sri Lanka. SLCARP can be proud of its achievements during the past twenty five years evident from the long array of activities successfully concluded during the past 25 years achieving its mandatory functions. Despite numerous setbacks and threats SLCARP stands to test braving the critical changes taken place in the environment in which it operates and defeating the critics who used to argue that SLCARP has failed to live up to its expectations.

The pioneers who studied the agricultural research institutional environment then in 1984 very correctly identified the need for a central agency to coordinate agricultural research activities in view of existence of several Ministries and Boards which operated research institutions. The Council, by the Act No. 47 of 1987, was given significant authority to determine national agricultural research priorities and distribution of some funding for agricultural research within the environment of existing structures. The main strategic task of SLCARP as intended by the Act is to formulate national agricultural research policy and priorities for making arrangements for inter-institutional research projects. Other tasks include improvement of linkages between agricultural research organizations and scientists, facilitation of excellence in agricultural research, review institutional and departmental agricultural research programmes, act as a channel of communication, arrange for special scientific services for the sector, promote linkage between agricultural research institutions to arrange for postgraduate training of the research staff, review of the performance of agricultural research institutions etc.

By now, the operating environment of SLACRP has drastically changed and has grown in complexity due to the multiplication of agriculture related Ministries and institutions. SLCARP has correctly identified its capabilities to create strategic leverage in implementing agricultural research in the National Agricultural Research System and the National University System. SLCARP has direct influence on research programmes in the research stations coming under the

Department of Agriculture, Department of Export Crops Development and in Agricultural Facilities of National Universities under the National Agricultural Research Plan for 2012.

It is very satisfying to note that in 2012, SLCARP has made significant achievements in its mandated functions. One of the marked accomplishments made during the year was the formulation of the National Agricultural Research Policy document for 2012 – 2016. During the period SLCAP was able to recommend 124 new research projects under NARP including 54 continuation projects from 2011. The emerging new trends in NARP project funding indicate more dependence on NARP funding by the Department of Agriculture (31 new projects), VRI (31 new projects), HARTI (17 new projects) and IPHT (12 new projects) and the entry of National Universities as the main benefactor with 41 new projects approved for year 2012. However, a very little progress was seen in University research projects due to procedural encumbrances in releasing funds and the trade union actions taken place in the latter part of the year. Physical progress review at the field level and problem solving meetings with the Heads of research institutions and Principle Investigators were another new features added during the year which had helped in identifying issues hindering progress of research activities. CARP has come forward to assist to purchase some equipment absolutely important for research work. SLCARP established two new National Committees on Organic Agriculture and Forestry and Natural Resource Management to make overall 10 such National Committees to cater for different disciplines. Establishment of the latter is of vital importance as topics such as climate change, climate smart agriculture and food security have come to the forefront. The thrust areas of the Committee include: food security, green economy and water security. SLCARP held two workshops: National Symposium of Floriculture Research (NaSFLO) and the Workshop on New Frontiers in Crop Improvement for Non Plantation Crops. NaSFLO created a platform for the scientists, growers and exporters of the floriculture sector to meet up and acquire new knowledge and share experience for the development of the sector. Yet another useful task completed was the compilation of a comprehensive review report on the scientific programmes carried out by VRI by an expert panel. Very pertinent and strategically important suggestions were made in this report for adoption.

The SLCARP has achieved an appreciable amount of work during the year identifying leverage areas that need strategic interventions while moving away from comparatively less important activities. All the above progress was made despite numerous challenges to its status quo due to the changing environment and financial constraints. One of the main challenges is the lack of effective communication among the NARS institutions and the relevant Ministries leading to compartmentalized research programmes demanding the question how a truly National Agricultural Research Plan can be developed.

Dr. Jayantha Dias Samarasinghe

Chairman

Sri Lanka Council of Agricultural Research Policy

REPORT FROM THE DIRECTOR

It is with pleasure that I present the Annual Report 2012 of the Sri Lanka Council for Agricultural Research Policy (SLCARP), established in 1987, under the Act No.47 of 1987, as a central agency for planning, organization, monitoring and coordinating of agricultural research and to advise the government on matters related to agriculture.

Year 2012, has been a memorable year for SLCARP as we celebrated 25 years of service to the National Agricultural Research System. This event was marked by the gracious presence of the Hon. Mahinda Yapa Abeywardena Minister of Agriculture, where he stated that SLCARP is well in the NARS as one of their benefactors. Further, the message from the Secretary, Ministry of Agriculture pointed out that SLCARP's importance should be visualized evaluated against the scenario of absence of such a central organization, then only we do realize the important contribution of SLCARP to the NARS.

During the past 25 years, SLCARP has contributed to strengthen priority areas of research, through its contract research programme, infrastructure and human resources development, addressing national issues of significant and by giving policy directives through its national committees.

I understand that SLCARP has a vital role to play in directing research in the agriculture sector in accordance with the current demands. At present SLCARP is striving to achieve this, mainly through the formulation and ensuring successful implementation of the National Agriculture Research Plan and by addressing the priority research requirements of the NARS.

Research Management

a) National Agricultural Research Policy

One of the foremost functions of the SLCARP is the formulation of National Agricultural research policy. In order to facilitate this function, the Council appointed a sub-committee to formulate the Agricultural Research Policy for the period of 2012 – 2016 to cater to the present

demands on agriculture and to meet the expectations of government policy frame work and *Mahinda Chinthanaya* – Vision for future and priorities are highly concerned. The main thrust areas of legal and regulatory mechanisms, priority setting, mobilization of finance and resources knowledge technology transfer and capacity building have been considered in this document. International cooperation on sustainable use of biodiversity for the benefit of socio economic development was also incorporated into the framework of the policy document.

b) National Agricultural Research Plan 2012 (NARP)

The National Agricultural Research Plan (NARP) is a consolidated plan and an action programme for those who are involved in scientific research in agriculture. It sets out the research agenda for the National Agricultural Research System. The research plan sets out the key elements of scientific work to be carried out within a short to medium term (3 years) time span commencing from 2010, subject to amendments, depending on exigencies and expediency of the State and its public beneficiaries in realizing the expected targets.

c) National Committee of SLCARP

i) National Committee on Research Programmes and Projects (NCRPP)

The National Committee on Research Programmes and Projects (NCRPP) is a council appointed committee with the main task of formulating the National Agricultural Research Plan. The committee is entrusted with the responsibility of working together with the specialized committees to ensure successful implementation of the NARP and to make the necessary recommendations to the SLCARP council for effective functioning of research programmes in the NARP. Eminent scientists have been appreciated to this committee by the council.

ii) The National Committee in Plant Protection (NCPP)

The National Committee in Plant Protection comprised of experts from NARS institutions and National Universities. This committee was appointed by SLCARP to coordinate and facilitate research in crop protection. During the year under review the committee mainly focused on making recommendations on new projects, monitoring the research programmes in the NARP and ensuring effective function of NARP Research Projects.

iii) National Committee on Agricultural Biotechnology (NCAB)

The National Committee on Agricultural Biotechnology was established to identify and formulate strategic policies regarding the use of biotechnology in Agriculture. During this year eleven research projects were facilitated under the guidance of NARP. Progress of those studies was monitored accessed by the committee according to the national priorities of Agriculture. The role of using biotechnology in programmers of seed and planting materials and attentive programmes in cattle breeding were created with committee approval for future development.

iv) National Committee on Plant Breeding (NCPB)

The National Committee on Plant Breeding was established to identify and formulate priorities and strategies related to plant Breeding to set national research priorities and consider issues of current strategies related to plant Breeding, to set national research priorities and consider issues of current importance above fields. Total of 21 research programmes were supported by the committee of the SLCARP. Two of them were conducted by the scientists at Department of Export Agriculture and the rest by the Department of Agriculture. Priorities on seed and Planting materials for agriculture sector was considered and related programmes were made to be initiated in the year of 2013.

v) National Committee on Livestock, Aquaculture and Fisheries (NCLAF)

National Committee on Livestock, Aquaculture and Fisheries (NCLAF) is responsible for facilitating interaction among scientists in the sector, exchange research information and to identify research priorities and needs. This Committee initiated appropriate action with assistance from the council to overcome sector related constraints. Compilation of research findings and research needs of the dairy sector and aquaculture and fisheries sector were undertaken by the National Committee. Research needs were gathered through stakeholder discussion & held in Uva and Eastern Provinces organized by the National Committee. Further screening and recommending new research and projects review of ongoing research project were undertaken by the National Committee.

vi) National Committee of Socio-Economic and Policy Analysis (NCSEPA)

The objectives of this Committee are to facilitate interaction through sharing information related to social sciences and policy related issues. The Committee has observed that higher growth rate in the agriculture sector could be achieved by means of alleviating poverty through food security. During the year under reviews the Committee mainly focused on screening and making recommendations on new research projects, on-going monitoring and evaluation of the research projects in the NARP.

vii) National Committee on Floriculture Research and Development (NCFRD)

The National Committee on Floriculture Research and Development was formulated by the Council to identify the research priorities and develop the industry of ornamental plants and cut flowers with export demand. Eight projects conducted under the NARP in floriculture, has achieved technological expertise on mass propagation, management techniques, and post-harvest strategies with the guidance of SLCARP. These efforts have given opportunities to reach to international level with mutual understanding on future aspects.

viii) National Committee on Post-Harvest Technology (NCPHT)

The functions of National Committee on post-harvest technology are to, facilitate interaction through sharing of information on post-harvest technology, resolve constraints confronted in Research and Development on post harvest technology, suggest possible ways as to how CARP could play a role in enhancing this activity and prepare national priorities and research programmes. The participation of the committee at international level in food security, postharvest processing and quality assurance of agricultural products has given the opportunity to obtain assistance on profiling food security in Sri Lanka.

ix) National Committee on Natural Resources Management (NCNRM)

The newly appointed committee of National Resources Management was assigned with the task to support the National Agricultural Research System (NARS) in sustainable use of natural resources of water, land and flora towards a long lasting green economy. From the eighteen research programmes granted by this committee, efficient usage of water resources in paddy

cultivation, utilization of traditional germplasm of rice cultivars, modeling of farm organic resources and dissemination of farmer level test technologies are the main achievement of the year under review.

xi) National Committee on Organic Agriculture and Forestry (NCOA &F)

The Council of National Committee on Organic Agriculture and Forestry (NCOA &F) was appointed with the objective of establishing national level research priorities and policies to direct agriculture towards, eco friendly self sustainable sub-system of the ecosystem. Consulting the stakeholders, the committee has identified the future potential of this industry. As the areas to be addressed public awareness on organic agriculture, management of natural governing entities of eco system, harvesting and value addition are made with priorities for future awareness research programmes.

x) National Committee on Agricultural Machinery and Equipment (NCAME)

The National Committee on Agricultural Machinery was appointed to identify relevant mechanization for the agriculture sector and accordingly formulate research priorities and to also address issues of current relevance. The committee has identified the status of current mechanization process and accordingly identification of research priorities as commenced.

d) International Linkages

The international collaboration established by the Sri Lanka Council for Agricultural Research Policy has gained the affable interest of South Asian countries. Through these collaborations, the activities of common interest and mutual benefit have led to gain scientific, technological assistance and educational trainings in agriculture.

Being a member of the Asian Pacific Association of Agricultural Research Institutes (APAARI), SLCARP has developed linkages to promote inter-regional and inter-institutional cooperation within the Asia-Pacific region for securing opportunities for exposure in frontier areas of research and sharing information resources.

i) Indian Council of Agricultural Research (ICAR)

The Memorandum of Agreement (MOA) between the Indian Council of Agricultural Research (ICAR) and the Sri Lanka Council for Agricultural Research Policy has provided opportunity for human resource development and to acquire expertise in required subject areas. Activities under this bilateral agreement have continued with progress during the year under review.

ii) Nepal Agricultural Research Council, (NARC)

The work plan between NARC and CARP were reviewed and the draft work plan formulated.

iii) Vietnam Ministry of Agriculture and Rural Development

The Memorandum of Understanding between SLCARP and the Ministry of Agriculture Vietnam has gained the support to diplomatic level on national agriculture.

iv) Bangladesh Agricultural Research Council (BARC)

Sri Lanka and Bangladesh signed five memoranda of understanding (MOUs) on agriculture and agriculture based education, livestock, information, and commerce cooperation as a result of the official visit of HE Mahinda Rajapakse, President of Sri Lanka to Bangladesh in April, 2011.

MOU between Bangladesh Agricultural Research Council (BARC) and Sri Lanka Council for Agricultural Research Policy (SLCARP) on cooperation in agriculture is one of the main MOUs SLCARP is currently handling.

v) Asia - Pacific Association of Agricultural Research Institutions (APAARI)

Programmes offered by APAARI have resulted in exchanging scientific information and scientists and through APAARI, an important channel of communication for disseminating latest information on agricultural research systems in the Asia Pacific region has been established. Agricultural research and development, monitoring investment capacities and institutional changes were the main themes of APAARI in this year's agenda. The conference on Women in Agriculture was primarily aimed on capacity building of leadership in women. Diverse stakeholder groups, from different regions assembled for a meaningful interface to deliberate on relevant issues and frame a common agenda to build a Global Partnership Program on Gender in Agriculture. Technological information on smart agriculture in South and Southeast Asia was

exchanged on this programme. Common issues such as climate and meteorological changes were also addressed by government negotiators in UNFCCC. Further a Climate- Smart Agriculture in Asia under the programme of Research and Development priorities was agriculture by APAARI in collaboration with CGIAR to address issues related to climate change, agriculture and food security and develop road map leading to smart agriculture in Asia.

e) Library/Agricultural Information Network (AGRINET)

SLCARP Library is the focal point for the Agricultural Information Network (AGRINET), providing scientific and technical information to the scientists, farmers, academics, private sector and NGOs. Currently, more than 30 libraries contribute to the network including agricultural research institutes and agricultural faculties of universities. The Librarians participating in AGRINET constructed resource programs of knowledge extension. One of the programmes is the Compounded Electronic Bibliographic Database. The knowledge from distance sources are shared into the data layer to enrich the AGRINET Information System. Browsing services provided by the AGRINET is composed of records over 10,000, utilized by the local and international researchers. Through the Essential Electronic Agricultural Library (TEEAL) an On-line Database of Access to Global Online Research in Agriculture (AGORA) provided by SLCARP permits free access to Food and Agriculture Organization at their premises. The Memorandum of Understanding between the National Science Council and SLCARP, the National Digitization Project was initiated. SLCARP publications are open to information seekers digitally on the world wide web. D-Space Open Source Digital Library Software is a virtual library space created to give open source software access to institutional researchers to load out their outputs.

f) National INFORM Database 2012

National level data collections for the year 2011 have commenced. During the data processing, a total of 14 databases of the past two years were considered. Upgrading of the existing INFORM database was initiated with collaboration from, Software Development Unit at the School of Computing of the University of Colombo.

g) Committee on the Implementation of MSD circular No. 45

With Council approval the application format and guidelines, prepared by the Council appointed committee were circulated to all the NARS Institutes and since then the Council appointed subcommittee made recommendations to the SLCARP Council for granting approval, for suitable researches qualifying the criteria stipulated in Circular, 45 of Management Services Department. .

h) National Exhibitions

General public were made aware of National Agricultural research Policy, National Research Priorities in the disciplines of agriculture, agricultural research management tools and services rendered by the Council of Agricultural Research Policy.

Mr. Prabath Wimal Kumara

Secretary / Director

Sri Lanka Council of Agricultural Research Policy

ACHIEVEMENT OF SLCARP 2012

SLCARP celebrated 25 years of service to the agriculture sector of Sri Lanka.



Arrival of Hon. Mahinda Yapa Abeywardena, Minister of Agriculture (center), Dr. Jayantha Dias Samarasinghe, Chairman, SLCARP (left) and Mr. Prabath Wimal Kumara, Secretary/Director, SLCARP (right)

Ceremonial handing over of the souvenir publication of SLCARP to Hon. Mahinda Yapa Abeywardena, Minister of Agriculture (left) by Dr. Jayantha Dias Samarasinghe, Chairman, SLCARP (right)

SLCARP celebrated 25 years of service to the agriculture sector of Sri Lanka, on 11th December 2012. SLCARP has been constantly involved in ensuring that the agricultural research, development and innovations are directed towards national development. In addressing the several needs of the agriculture sector, SLCARP has in the past played a key role in infrastructure development, research funding and human resources development. Several research outputs were delivered as a result of research funds released by SLCARP. Since its inception, SLCARP has been helping the agricultural research institutions to achieve many heights in agricultural innovations in many important sectors such as food crops, plantation, export agriculture, livestock, fisheries etc. by providing financial assistance and managing research programmes.

Ceremonial Declaration of External Review on Veterinary Research Institute of Sri Lanka



The ceremonial presenting of External Review Report of VRI by Dr. Oswin Perera to Dr. K. M. T. Kendaragama, Secretary of the Ministry of Livestock & Rural Community Development.

The Council for Agricultural Research Policy, under purview of the Ministry of Agriculture, have undertaken a commissioned review of the Veterinary Research Institute (VRI). This review was conducted by the experts' academic panel and they have prepared a comprehensive report after evaluating research programmes conducted during last five years and also proposed new suggestions to develop the research programme in the VRI in future.

The report was officially handed over to the relevant Ministries in participation of the higher officers in the ministries concerned at a ceremony to be held at of the Council for Agricultural Research Policy, on 28th Thursday, June 2012 at 10.00 am in patronage of Dr. K. M. T. Kendaragama, Secretary of the Ministry of Livestock & Rural Community Development.

The objective of the review is assessing the quality, relevance and impact of its scientific programs. It is also expected that the findings and recommendations will assist the institute in effectively planning, formulating, implementing and evaluating its programs.

Dr. Oswin Perera, Chairman of the review team has presented the outline of the report it contains principally with the major conclusions and specific recommendations for each division and unit of the VRI, and the main general recommendations that address the issues specified in the Terms of Reference. The detailed reviews of the current status of the institute with regard to staffing, facilities, research projects, publications, services and advisory functions are dealt with of the report, and the specific recommendation for each division and unit are also contained therein.

The VRI is a Division within the DAPH, which is under the purview of the Ministry of Livestock and Rural Community Development (MLRCD), and is the state institution responsible for

research activities in the livestock and poultry sector. It is also involved in the production of selected vaccines against contagious animal diseases and carries out disease diagnostic, analytical and advisory services.

The CARP appointed the following Review Panel in August 2011 to undertake the external review of the VRI:

- Dr. Oswin Perera - Former Professor, Faculty of Veterinary Medicine & Animal Science, University of Peradeniya
- Dr. Jinadari de Zoysa - Former Director General, Department of Agriculture
- D. Ranil Abayasekara – Head of the Department of Economics and Statistics, Faculty of Arts, University of Peradeniya
- Mr. Shiraz Jeevunjee – Director, Switz Lanka Pvt. Ltd., Colombo

The review was expected to commence at the end of August 2011 and conclude in about three months. Mr. Mahinda Sakalasooriya of CARP was assigned as a coordinator for arranging the meetings and visits for this review.

Dr. Kendaragama, chief guest of the event, highly appreciated the review report the Ministry wants to implement the recommendations given in the report in future.

Dr. J D Samarasinghe, Chairman of the SLCARP, Dr. H. Wijewardena, Director, Ministry of Agriculture and Dr. Nimal Chandrasiri, Deputy Director, DAPH also address of the gathering and senior officers from the Ministry of Agriculture and Ministry of Livestock with senior academics, and staff of the VRI were among the participants for this event. Dr. Kumudini Gunasekera delivered the vote of thanks and event was moderated by Mr. Mahinda Sakalasooriya, coordinating officer of the External Review Programme of the SLCARP.

5th National Symposium of Floriculture Research 2012 (NASFLOR-2012)



Mr. Wijerathne Sakalasooriya , Secretary, Ministry of Agriculture, the Chief Guest of the Symposium, lighting the traditional oil lamp for inaugural opening



Dr. D. S. A. Wijesundara, Director General, highlighted the objective of the Symposium and National Research

5th National Symposium on Floriculture Research 2012 (NaSFLOR-2012) was organized jointly by the National Committee on Floriculture Research and Development of Sri Lanka Council for Agriculture Research Policy and Department of National Botanic Gardens, on 17th December 2012 at the Auditorium, Royal Botanic Gardens, Peradeniya.



Participants of the 5th National Symposium of Floriculture Research 2012 (NASFLOR-2012)

Dr. Jayantha Samarasinghe, Chairman, Sri Lanka Council for Agricultural Research Policy (SLCARP) welcomed all the participants of the Symposium. He informed the national aims of the floriculture sector in the country and assistance of SLCRP to blooming of this industry. Mr. W. Sakalasooriya, Secretary, Ministry of Agriculture

was the Chief Guest of the Symposium. He highly appreciated the participation of young growers and young researchers to the Symposium. He also highlighted that the flower industry of

Sri Lanka existed from ancient period in the Country and local usage of flowers for several functions were noted. Best example of usage of flowers in ancient period was *Sigiriya* frescos. He also explained the importance of the development of floriculture sector as a livelihood which also brings happiness to the Sri Lankans. Highlights of the Symposium were presented by Dr. S. A. Krishnarajah, Deputy Director (Floriculture), Department of National Botanic Gardens.

Mrs. S.M.P. Chandra Padmini, Senior Research Officer / Coordinator of National Committee on Floriculture Research and Development of Sri Lanka Council for Agriculture Research Policy thanked researchers, policy makers, growers and officials for their assistance in various ways to make the Symposium of Floriculture Research 2012 a success.

AGRICULTURAL RESEARCH SUPPORT FUND PROGRAMME

Sri Lanka Council for Agricultural Research Policy (SLCARP) has been actively engaged in supporting agricultural research in the National Agricultural Research System (NARS) and as per its mandated function of making arrangements for funds for special scientific services to the agricultural research system, the SLCARP has initiated arranging an Agriculture Research Support Fund (ARSF).



Hon. Mahinda Yapa Abeywardena, Minister of Agriculture, addressing the audience



Hon. Mahinda Yapa Abeywardena, Minister of Agriculture, presenting with the funds

Under that programme SLCARP offered scientific equipment to some NARS Institutes on 06th November 2012. Hon. Mahinda Yapa Abeywardena, Minister of Agriculture was the chief guest of the function.

Following Institutions were supported with the Agricultural Research Support Fund Programme.

Regional Agricultural Research & Development Centre (RARDC), Makadura.

Located at Makadura Gonavila in the North Western Province of Sri Lanka, RARDC functions as the regional centre of research and development of sustainability and efficient technologies for horticultural crops. Their research and development programmes are continued on technological

advancement on food crops intercropped with coconut, composting, use of organic fertilizer and organic farming systems. According to their request 100 sq.m of shade net was donated by Agricultural Research Support Fund of SLCARP to encourage floriculture research activities.

Regional Agricultural Research & Development Centre (RARDC), Aralaganwila

Regional Agricultural Research and Development Center, Aralaganwila is situated in North Central Province of Sri Lanka, is established to development and introduction of agriculture relevant technologies in regions of the Mahaweli Systems B, C, D & G and inter provincial areas of Ampara, Batticaloa and Mahiyangana. Also put up with responsibilities of research and development of other field crops, fruits and vegetables. The research programme so far executed are under the disciplines of Agronomy, Entomology, Genetics and Plant Breeding, Plant Pathology, Socio-economic and Soil & Water Management. As a support for the research work they carry out a double door refrigerator was donated by Agricultural Research Support Fund of SLCARP in year 2012.

Field Crop Research & Development Institute (FCRDI), Maha Illuppallama

Situated in North Central Province, Field Crop Research and Development Institute conducts research and development programmes related to field crops aiming to develop new technology, and facilitating the technology dissemination for enhancement of production and productivity in the field crop sector of the region. Considering the research work being performed and their request of support by the institute a single door refrigerator was provided Agricultural Research Support Fund by SLCARP this year.

Horticultural Crop Research & Development Institute (HORDI), Gannoruwa

The Horticultural Crop Research and Development Institute (HORDI) is vested with the responsibility of technology development concerning vegetables, fruits, root and tuber crops and floriculture. The research programme focuses on the development of improved crop varieties, new propagation methods, post harvest and food processing methods, the use of protected culture

and ensuring better plant health with fewer dependants on chemicals. The aim of HORDI is to generate and disseminate cost effective, eco-friendly and sustainable technologies that will increase productivity, improve quality, reduce post harvest losses and add value to the products of mentioned above. The research works conducted are in more than in disciplines of Entomology, Serology and Virology. As an appreciation to the services conducting at HORDI, a top loading balance was donated by Agricultural Research Support Fund of SLCARP, to the institute for the easy of their research.

Agricultural Research Station – Telijjawila

Agriculture Research Station, Telijjawila is a substation under HORDI, Gannoruwa is responsible for conducting research activities to address the field problems particularly in Galle and Matara districts. The major areas of research are agronomy and plant protection for fruits, vegetables and root & tuber crops. In addition developmental programmes under "Api Wawamu-Rata Nagamu" - Productivity Enhancement of Banana, One Crop One Village and Production of Organic Manure are implemented. In addition to that producing planting materials and dissemination of information and technological advance are performed related to agriculture in the southern region. Under a prior request from the institute and as a support for the research work conducted a stock of DPPH chemicals were donated to the institute this year.

Fruit Crops Research and Development Centre, Horana

Established in 2001 the Fruit Crops Research and Development Center, Horana was mandated to develop and disseminate appropriate technologies to increase fruit and vegetable production related to for low country wet zone. Currently development of efficient and environmentally friendly, sustainable and economically viable production, harvesting and processing technologies on major fruit and vegetable crops are concerned on undertaken research activities. As a support to the experimental activities conducting at FCRDC and after a thorough evaluation of the progress of the research activities, 100 sq. m of insect proof net was granted by Agricultural Research Support Fund of SCLARP this year.

Hector Kobbekaduwa Agrarian Research and Training Institute

The Hector Kobbekaduwa Agrarian Research and Training Institute (HARTI) was established in 1972 under the Agrarian Research and Training Institute Act No. 05 of 1972. It functions as a statutory body under the Ministry of Agriculture. It was established mainly for the promotion of policy- oriented research and training needs of the agrarian and rural sector. Being a pioneer of agrarian research in the country, HARTI has a wealth of experience spanning over thirty five years, in conducting socio-economic research and training and also providing information for the formulation of agrarian sector development policies. Over the years to Hector Kobbekaduwa Agrarian Research and Training Institute has developed to be the premier national Institute in the field relating to agrarian sector in Sri Lanka and has also developed the requisite skills and infrastructure for providing relevant training to farmers, field workers and managers in both state and non-state sectors. The institute also provides up to date market information to the farmers, traders and policy makers. As support under the Agricultural Research Support Fund of SCLARP a digital Scanner was donated under the prerequisite of the institute.

Rice Research and Development Institute, Bathalegoda

Rice Research and Development Institute (RRDI) is the main research and administrative unit of rice research, and continues to play a major role in the country's rice sector by releasing new high yielding rice varieties and introducing improved rice production and protection technologies to help farmers realize the yield potentials of the varieties that they grow. The research and development programs at RRDI focuses on increasing farm productivity, to increase rice plant resource use efficiency, and other agronomic practices to reduce cost of production. Considering the extensive field work carried out in the institute a portable data storage device was donated under the Agriculture Research Support of SLCARP this year.

National Agricultural Research Plan

National Agricultural Research Plan (NARP) was prepared in accordance with the priority areas of identified in the Mahinda Chinthana – The Vision for the future. These areas are explained previously under National Agricultural Research Priorities.

Agricultural research institute and universities in Sri Lanka submitted their research programmes/projects to be included in NARP for obtaining funds from the Treasury. National Committee on Research Programmes and Projects (NCRPP) worked in collaboration with all 10 National Subject Committees of SLCARP in preparation of the NARP 2011-2013 in 2012. National Subject Committees evaluated, amended improved where necessary and recommended the same to NCRPP. NCRPP considered all the research projects finalized them and incorporated in the NARP.

Physical Monitoring of NARP Projects



The progress assessment was performed on total of 186 Research projects granted under the National Agricultural Research Plan 2011-2015.

Monitoring of NARP Research Projects by consultative committee of CARP

Expert Consultation on Managing Trans-boundary Diseases on Agriculture Importation in Asia –Pacific



Mr. Prabath Wimal Kumara, Secretary/Director, SLCARP chairing the session

Asia-Pacific Association of Agricultural Research Institutions (APAARI) and the Indian Council of Agricultural Research (ICAR) with support from other international organizations, organized the Expert Consultation on Managing Trans-boundary Diseases on Agriculture importation in Asia –Pacific on 10-12 on October, 2012, NASC Complex, New Delhi. This consultation was a three day event having participation of various stakeholders comprising policy planners, R&D experts and others concerned with TBDs, including international agricultural research and development organizations. Mr Prabath Wimal Kumara, Secretary/Director, SLCARP chaired the technical session of the workshop.

NATIONAL INFORM DATA BASE 2012

Twelve research institutions were included in the existing INFORM database. Council decided to expand the INFORM database by including Agriculture Faculties of the Sri Lankan universities into the INFORM database. Upgrading and expansion of the INFORM database has been initiated with the consultancy granted from the School of computing, University of Colombo.

The responsibility of management of INFORM database was assigned to the senior staff of the Sri Lanka Council for Agricultural Research Policy.

INFORM data was collected from research institutes namely, Department of Export Agriculture (DEA), Field Crop Research & Development Institute (FCRDI), Horticultural Crop Research & Development Institute (HORDI), Fruit Crop Research & Development Centre, Plant Virus Indexing Centre (PVIC), and Regional Agricultural Research Centres (RARDC) at Angunakolapellessa, Aralaganwila, Bandarawela, Makandura, and Agricultural Research Station Sita Eliya.

AGRICULTURAL INFORMATION NETWORK (AGRINET)

Information Network (AGRINET), is a mandatory activity of SLCARP. CARP Library is the focal point for the Agricultural Information Network (AGRINET), providing scientific and technical information to the scientists, farmers, academics, private industry and NGOs. Using the same network base The Selective Dissemination of Contents Pages (SDCP) Service, and National Electronic Bibliographic Databases provides annually updated Bibliographies of National Agriculture. Seminars and awareness programmes were held in order to publicize the use of AGRINET. With total 26 libraries of agricultural research institutes and agricultural faculties of universities linked to this network, AGRINET is capable of conducting several resource sharing activities to satisfy the information needs of agricultural scientists and technologists this year.

Digital/printed information resources available for NARS Scientists, Demonstration on online databases at NSF, ITI and PGIA. Series of SLCARP publications were digitized by the National Digitization Project with collocation of National Science Foundation. Now more 13 000 pages of scientific information can be accessed by a click of button.

The Selective Dissemination of Contents Pages (SDCP) Service, Internet based Search Service of for the scientists in the National Agricultural Research System were conducted with the objective of the seminar series is to raise an awareness about agricultural information sources available and accessible to Sri Lankan scientists and to promote use of electronic information media.

By the online facility of Access to Global Online Research in Agriculture (AGORA) our network has being connected to Food and Agriculture Organization (FAO) sharing free information for scientist devote the effort of science their work under NARP.

The feedback from the peers of our services has proved that the services of information gathering, shearing and maintenance were very useful and acknowledged the benefits of the use for them to obtaining successful research work.

SLCARP participated in the ‘Deyata Kirula’ National Development Exhibition which was held from 04 to 12 February 2012.



SLCARP participated in the Deyata Kirula National Development Exhibition which was held from 04 to 12 February 2012 at Oyamaduwa, Anuradhapura. Minister of Agriculture, Hon. Mahinda Yapa Abeywardena visited the SLCARP stall and examined Agricultural Research Management documents, specially Agricultural Research Priority booklets published by SLCARP.

Minister of Agriculture, Hon. Mahinda Yapa Abeywardena visited SLCARP on 06th November 2012 and discussed the activities of the institute.



Minister of Agriculture, Hon. Mahinda Yapa Abeywardena visited SLCARP on 06th November 2012 and discussed the activities of the institute. He thanked all the staff of the SLCARP for their contribution to the Development of Agriculture sector in the country and he emphasized that the new agricultural research policy framework should be focused on export oriented quality production aiming of higher contribution to GDP from Agriculture sector.

SLCARP PUBLICATIONS 2012

National Agriculture Research Policy



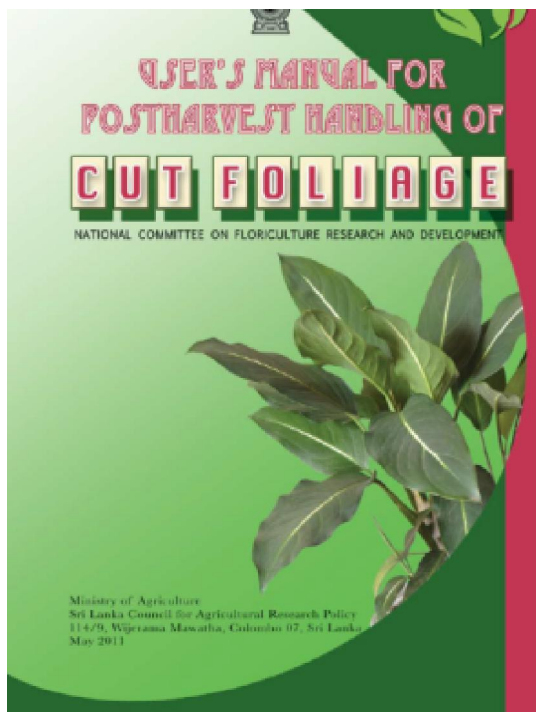
One of the mandatory functions of the Sri Lanka Council of Agriculture Research Policy is to formulate national agricultural research policy and priorities. Accordingly SLCARP Council appointed a Committee to prepare a working document to develop the research policy for 2012 – 2016.

The main thrust areas covered in the Policy are: Legal and regulatory mechanisms, Institutional framework and coordination mechanisms, priority setting, financing, technology transfer, sustainable use of biodiversity and natural resources and international corporation.

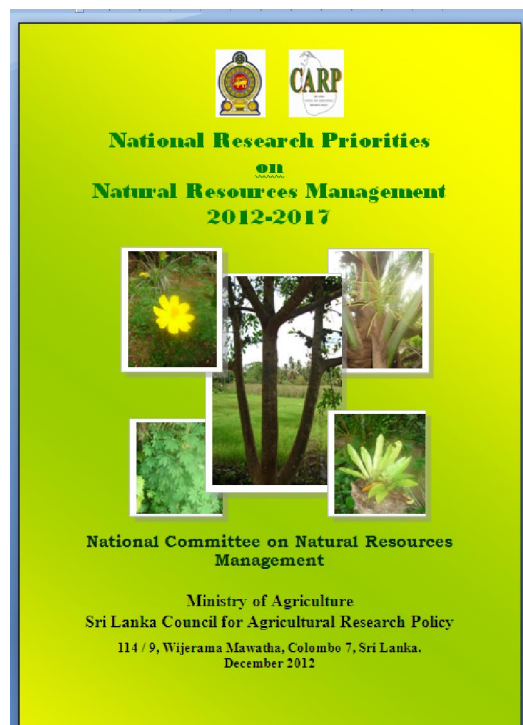
Vulnerability to Climate Change, Adaptation Strategies and Layers of Resilience



During the past decades the significant and lasting changes in the statistical distribution of weather patterns were studied and Quantitative analysis of Agro Climatology change, Vulnerability, and adoptive strategies were published by SLCARP.



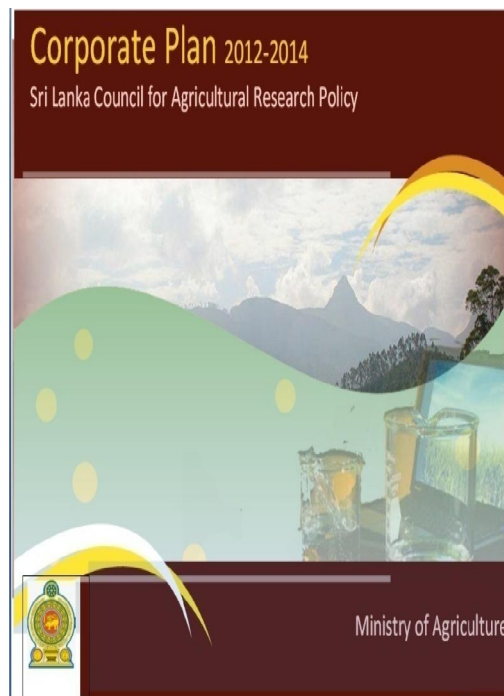
Post harvest handling and Cut foliage manual developed by SL CARP



Investment plan for the Floriculture Research Development has been developed and submitted to the Council



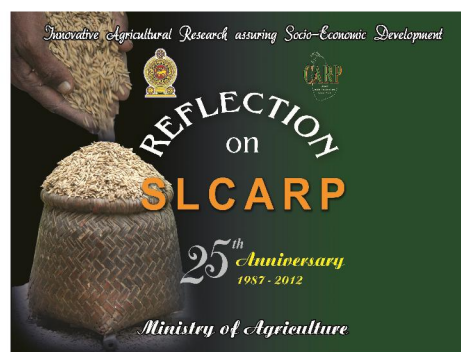
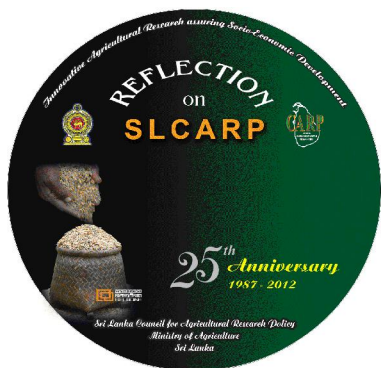
Proceedings of NASFLOR 2010



Corporate Plan Sri Lanka Council of Agriculture Research Policy 2012

Reflection on SL CARP - 25th Anniversary 1987-2012

Sri Lanka Council of Agricultural Research Policy has published reflection of its various milestones of achievements on the celebration of 25th Anniversary On 11th December 2012.



The fi

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STAFF OF THE SLCARP

The CARP has limited number of staff. Approved carder for the SLCARP is 31 and existing carder in 2012 is 20. Dr. M. T. K. Gunasekara was appointed as Deputy Director Research from January 2012. The Posts fall in vacant were Administrative Officer, Research Officers (02 posts), Management Assistant (5 posts), Driver (2 posts) and an Office Aide.

Staff status as at 31st December 2012, at the Sri Lanka Council for Agricultural Research Policy is as follows:

Senior Manager

Mr. Prabath Wimal Kumara	B.A., M.A.	Secretary/Director
Dr. M. T. K. Gunasekara	B.Sc. (Agric.) Ph. D.	Deputy Director Research Mgt.
Dr. T. U. Thilakawardana	M.Sc. (Zoo tec.) Ph.D.	Senior Scientist
Dr. Frank Niranjan	B.Sc. (Agric.) Ph.D.	Senior Scientist
Dr. P. H. A. P. C. Girihagama	B.Sc. (Agric.) Ph.D.	Senior Scientist
Dr. N. S. Jayasekara	B.Sc. (Sci.) Ph.D.	Senior Scientist

Manager

Mrs. S. M. P. C. Padmini	B.Sc. (Agric.) M.Sc.	Senior Research Officer
Mr. W. M. D. B. Abeyratne	PG. Dip. In (Acc. & Finc. Mgt.), Dip. In Hum. Right (University of Peradeniya), HNDA, AAT, ACMA, ACPM, ICASL –Inter mediate, Sri Lanka FIAB, IFA – London	
*Ms. T. I. I. Peiris	ASLLA	Librarian/ Information Officer

*Personalized

Junior Manager

Mr. M. B. Sakalasooriya	B.Sc. (Agric.) M.Phil.	Research Officer
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Management Assistant (Non-Tec)

Mrs. N. M. Withanachchi	Management Assistant
Mrs. H. H. Batagoda	-do-
Mrs. G. L. Nawalage	-do-
Ms. N. B. S. Dharshani	-do-
Mrs. G. A. P. K. Dissanayake	-do-
Mrs. H. C. Samarajeewa	-do-
Ms. A. B. Anjalee	-do-

Skilled

Mr. B. Gunathilaka	Driver
--------------------	--------

Unskilled

Mr. N. A. K. Weerakkody	Office Aide
Mr. K. G. S. C. Wanigasekara	-do-

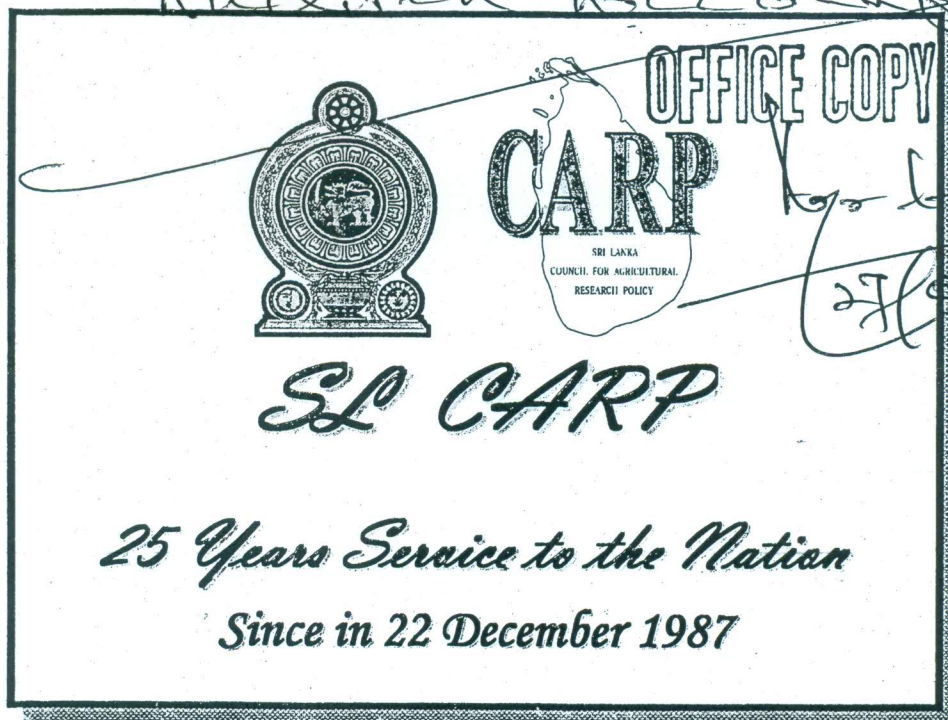
ACKNOWLEDGEMENTS

Sri Lanka Council for Agricultural Research Policy is grateful to its entire staff for their hard work and cooperation provided in implementing the accelerated work program. If not for their continuous cooperation and commitment, the volume of work completed in this year could never have been achieved. Our sincere thanks are also due to the Chairman and members of the Council for the valuable support and cooperation extended at all times.

SLCARP is also thankful to Hon. Minister of Agriculture, the Secretary, Additional Secretaries, Director Finance, Director Projects and other staff in the Ministry and those of the Audit Unit for their excellent cooperation provided to SLCARP for successful completion of year 2012 work plan.

The cooperation extended by the State Sector Institutes, Universities and other Private Organizations are also acknowledged with thanks.

FINAL ACCOUNTS 2012



FINAL ACCOUNTS - 2012

Ministry of Agriculture

Sri Lanka Council for Agricultural Research Policy

114/9, Vidya Mawatha

Colombo 07

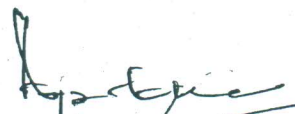
Balance Sheet

As at 31st December 2012

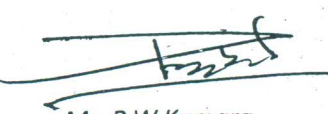
As at 31 st December 2012		2012		2011	
	Notes	Rs.	Cts.	Rs.	Cts.
ASSETS					
OFFICE COPY					
Property, plant & equipment	07	34,964,766		32,223,158	
Total non current assets		34,964,766		32,223,158	
Inventories	08	289,688		316,162	
Trade & other receivables	09	5,604,923		3,186,806	
Cash at bank	10	7,060,976		7,616,624	
Total current assets		12,955,587		11,119,592	
TOTAL ASSETS		47,920,353		43,342,750	
EQUITY & LIABILITIES					
Capital & Reserves					
CARP Fund	11	38,941,728		32,841,728	
Income & Expenditure A/C		(12,911,773)		(11,950,750)	
Gift		734,209		734,209	
		26,764,164		21,625,187	
Retirement Benefit (Gratuity)	12	4,545,128		3,964,622	
Treasury Grants- Research	13	9,279,450		11,767,591	
Special Research Grants	14	2,670,099		2,825,638	
Total non current liabilities		16,494,677		18,557,852	
Current Liabilities					
Trade & other payables	15	4,661,512		3,159,711	
Total current liabilities		4,661,512		3,159,711	
TOTAL EQUITY & LIABILITIES		47,920,353		43,342,750	

These Financial Statement are in compliance with the requirements of the finance Act, No.38 of 1971.

The Governing Council is responsible for preparation of these Financial Statement. Approved and signed on behalf of the council.


 Mr. M D B Abeyratne
 Accountant
 W. M. D. B. Abeyratne
 Accountant - CARP


 Dr. Jayantha Dias Samarasinghe
 Chairman
 Sri Lanka Council for Agricultural Research Policy
 114/9, Wijerama Mawatha,
 Colombo 07


 Mr. P W Kumara
 Secretary/ Director



W. I. Prabath Wimal Kumara
 Secretary / Director
 Sri Lanka Council for Agricultural Research Policy

Income Statement

SLCARP Annual Report 2012 - 201

Year ended 31 December 2012

	Note	2012 Rs. Cts.	2011 Rs. Cts.
Treasury Grants	01	20,462,753	18,881,000
Other Income	02 (a)	771,019	103,935
Government grant for depreciation	02 (b)	7,612,550	5,047,709
TOTAL INCOME		28,846,322	24,032,645
Administrative Expenses	03	(29,783,794)	(27,326,016)
Finance Cost	04	(14,000)	(12,100)
Capital Expenditure			
DIFFERENCE BETWEEN TREASURY GRANTS & OTHER INCOME AND TOTAL EXPENDITURE		(951,472)	(3,305,471)
Add / (Less) Prior Year Adjustment	05	9,779	(239,477)
Add / (Less) Write off Assets	06	(19,330)	(264,840)
EXCESS OF EXPENDITURE OVER INCOME & TREASURY GRANTS		(961,023)	(3,809,788)
Balance B/F		(11,950,750)	(8,140,962)
Balance C/F		(12,911,773)	(11,950,750)

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Cash Flow Statement

SLCARP Annual Report 2012 - 2011

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	<u>Note</u>	<u>2012</u>	<u>2011</u>
Excess of Expenditure over Income		(951,472)	(3,305,471)
Adjustments for			
Depreciation on Property, Plant & Equipment		(2,033,708)	237,946
Defined Benefit Plan Cost (Gratuivity)		1,268,859	948,971
Add / (Less) Write off Assets	(06)	(19,330)	(264,840)
Balance sheet presentation Adjustment		5,092,305	(1,456,870)
Prior year adjustments			
2011	(05)	9,779	
2012		(44,597)	(239,477)
CASH FLOWS FROM OPERATING ACTIVITIES		3,321,836	(4,079,741)
Decrease /(Increase) in Inventories - Stocks	(12)	26,474	181,506
Decrease / (Increase) in Trade and Other Receivables	(08)	(2,418,117)	226,702
(Decrease) /Increase in Trade and Other Payables	(11)	232,942	113,328
Cash Generated from Operations		1,163,136	(3,558,205)
Interest Expenses Paid			
Tax /ESC Paid			
Gratuity Paid			
Net Cash Flow from Operating Activities			
CASH FLOWS FROM /(USED IN) INVESTING ACTIVITIES			
Purchase and Construction of Property, Plant and Equipment	(07)	(10,328,893)	(21,281,016)
Proceeds from Sale of Property, Plant and Equipment	(07)	9,665,588	4,860,242
CASH FLOWS FROM / (USED IN) FINANCING ACTIVITIES		(663,305)	(16,420,774)
Last year bank balances		-	1,259
Government grant funded for capital assets		(1,635,985)	24,732,948
Net Cash Flow used in Financing Activities		(1,635,985)	24,734,207
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS		(1,136,154)	306,568
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		3,651,977	3,345,409
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR		2,515,823	3,651,977
ANALYSIS OF CASH AND CASH EQUIVALENTS			
Loan Fund Account		271,613	367,678
BOC - Kollupitiya		3,082,779	2,759,176
Cash in hand and at Bank - BOC Torrington		(838,569)	525,123
Total Cash and Cash Equivalents		2,515,823	3,651,977

Responsibility Statement of the
Secretary / Director and Accountant – SL CARP.

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The Financial Statements of the Sri Lanka Council for Agricultural Research Policy has prepared and presented in conformity with the requirement of the following;

- Generally accepted accounting principles,
- Finance Act.No.38 of 1071,
- **(a) Code ;**
Code of Best Practice in Corporate Governance for Public Enterprises in Sri Lanka issued by Department of Public Enterprises , Ministry of Finance and Planning and
- **(b) Manual ;**
Good Governance issued by Ministry of Finance in Sri Lanka.

The financial statements have been prepared by using the format used in the preparation of the financial statements and disclosures in the financial statements according to the generally accounted accept principle .

Significant accounting policies and estimates that involved a high degree of judgment and complicity were discussed with the Government Auditors .

We confirm that to the best of our knowledge , the financial statements and other financial information in this annual accounts / report , fairly present in all respects of the financial position , results of operation and cash flow statement report.

We are responsible for establishing , implementing and maintaining internal controls systems and procedures of the Council . We ensure that effective internal control systems and procedures are in place , ensuring material information relating to the Council are made known to us for safeguarding assets, preventing and detecting fraud and / or error as well as other irregularities , which is reviewed , evaluated and updated on an ongoing basis . We have evaluated the internal control systems and procedures of the Council for the financial period under review and are satisfied that there were no significant deficiencies and weaknesses in the design or operation of the internal controls and procedures , to the best of our knowledge . We confirm , based on our evaluations that there were no significant deficiencies and material weaknesses in the design or operation of internal controls and fraud that involves management or other employees.

The Ministry of Agriculture , Chief Internal Auditor also conduct periodic reviews to ensure that the internal controls and procedures are consistently followed . We also wish to inform stakeholders that the Council is well aware of the changes required to financial statements and is in the process of taking appropriate action to design systems and procedures to meet the requirements . We are confident that we will be able to have all process in place to address the requirement of these Accounting Standards smoothly while making necessary disclosures in time.

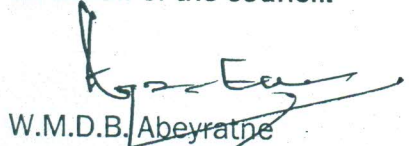
The financial statements of the Council were audited by Auditor General and his report also attached with this annual (2012) report .

The Council Audit and Management Committee (AMC) , *Inter alia* , reviewed all the internal and external audit (Govt. Audit - Auditor General) queries and their inspection programmes , the efficiency of Internal Control systems and procedures and also reviewed the quality of significant accounting policies and their adherence to statutory requirement , laws, rules and regulations , the details of which are given in the Council's AMC report also attached with this annual (2012) report . The continuous inspection and audit functions , effective functioning of AMC , ensure that the Internal Controls and procedures are followed consistently to ensure complete independence . The external auditors and the internal auditors have full and free access to the members of the AMC to discuss any matter of substance. However , there are inherent limitations that should be recognized in weighing the assurances provided by any system of internal control and accounting. It is also declared and confirmed that the Council has complied with and ensured compliance by the Auditor's with the guidelines for the audit of Council registered under Sri Lanka Council for Agricultural Research Policy Act No.47 of 1987 where mandatory compliance is required.

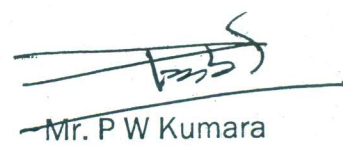
We confirm that to the best of our knowledge;

All taxes , duties , levies , Contribution to the Employees Provident Fund (EPF) & Employees Trust Fund (ETF) and all other statutory payments by the Council and all contributions , levies and taxes payable on behalf of and in respect of the employees of the Council as at the balance sheet date have been paid , or where relevant , provided for.

The Governing Council is responsible for preparation of these Financial Statements and the Responsibility Statement of the governing council of SLCARP. Approved and signed on behalf of the council.


W.M.D.B. Abeyratne


Dr. J D Samarasinghe


Mr. P W Kumara

Accountant - CARP
W. M. D. B. Abeyratne

Chairman

Secretary / Director

Dr. Jayantha Dias Samarasinghe
Chairman
Sri Lanka Council for Agricultural Research Policy
114/9, Wijerama Mawatha,
Colombo 07



W. I. Prabath Wimal Kumara
Secretary / Director
Sri Lanka Council for Agricultural Research Policy
114/9, Wijerama Mawatha,
Colombo 07.

Report of the Audit and Management Committee- 2012:

Assuring Accountability of SL CARP

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Sri Lanka Council for Agricultural Research Policy's Audit and Management Committee (AMC) monitors and carries out several important functions connected to the overall governance of the Council to ensure that the institute stays in top form. The Audit and Management Committee reviews internal control issues identified by the internal auditors or external auditors (Auditor General) and evaluates the adequacy and effectiveness of the risk management and internal control systems . The internal audit functions are also reviewed with particular emphasis on the scope of audit and the quality of internal audits.

During the year under review the AMC comprised of the following members up to 31st of December 2012;

- Mr. G.A.M.S. Emitiyagoda - Chairperson
- Mr. R.M.P. Ratnayake - Member
(General Treasury representative of the SL CARP Council)
- Mr. K.A.I.Silva - Member (Council member of SL CARP)

The new AMC from 01st of January 2013 onwards comprises of the following members;

- Mr. G.A.M.S. Emitiyagoda - Chairperson
- Mr. R.M.P. Ratnayake - Member
(General Treasury representative of the SL CARP Council)
- Mr. K.A.I.Silva - Member (Council member of SL CARP)

Four meetings (27th of Feb.2012 , 15th of Feb. 2012 , 05th of Feb. 2012 , and 24th of Feb. 2012) were held by the AMC during the course of the year 2012. The Secretary / Director (Mr. W.I.Prabath Wimal Kumara) , Accountant (W.M.D.B.Abeyratne) representative officer (Mrs. P.A.G.Athukorala) of the Auditor General were participated by invitation at AMC meetings . All proceedings of the Committee were presented to the Governing Council . Significant issues were brought to the attention of the Governing Council.

Functions of the Audit and Management Committee;

- a) Reviewing the budgeting and forecasting systems, financial reporting systems and controls,
- b) Reviewing the procedures for identifying research management activities / business risks and controlling their financial impact on the Council and the operational effectiveness of the policies and procedures related to risk and control,

- c) Reviewing the Policies , Proceedings , information systems, and procedures for operation and dissemination of information to stake-holders ,
- d) The AMC checks for compliance with accounting policies and procedures and the effectiveness of the internal control systems on an ongoing basis. This was done by using samples and rotational procedures and highlighting significant findings in respect of any non-compliance . Internal and external audits are carried out on a regular basis determined by the level of risk assessed to provide an independent and objective report ,
- e) The Annual Internal Audit Plan was prepared by Agriculture Ministry which was reviewed by the AMC ,
- f) Annual Progress report and monthly basis budget allocation for Capital and Recurrent which was reviewed by the AMC , submitted to the Council for their approval,
- g) Annual Master Procurement Plan and Calendar for purchase of Goods, Work and Services which was reviewed by the AMC , submitted to the Council for their approval,
- h) Annual Delegation of Authority plan which was reviewed by the AMC , submitted to the Council for their approval,
- i) Findings of the internal and external audit queries and answers had been submitted to the AMC . Those audit queries and answers were reviewed at its periodic meetings,
- j) Reviewing the procedures for identifying research management activities / business risks and controlling their financial impact on the Council and the operational effectiveness of the policies and procedures related to risk and control and
- k) Reviewing the Policies , Proceedings , information systems, and procedures for operation and dissemination of information to stake-holders .



Mr. R M P Ratnayaka- Ministry of Finance Planning, Colombo 01, Sri Lanka.
Audit and Management Committee (AMC)

28th of February 2013

Notes to the financial statements

Year ended 31 December

2012

2011

Rs. Cts.

Rs. Cts.

01 Treasury Grants

OFFICE COPY

Recurrent	20,462,753	18,881,000
	20,462,753	18,881,000

02 (a) Other Income

Interest Income from

Distress Loan Interest	85,038	78,330
Bank Deposits	16,655	21,814
Sundry Income	46,762	3,792
Sale of Vehicle	606,039	-
Sale of Disposal items	16,525	-
	771,019	103,935

b. Government grant for depreciation

CARP Building	881,651	790,736
Computer & Printer	1,133,026	1,676,273
Office Equipment	913,732	535,124
Office Furniture	229,588	95,814
Motor Vehicles	3,974,366	1,463,574
Library books & CD	438,798	438,798
Road	13,424	13,424
Non- Consumables	27,964	33,967
	7,612,550	5,047,709

03 Administrative Expenses

Employee benefits expenses (A)	14,851,992	14,250,429
Travelling Expenses (B)	26,712	110,083
Vehicle Hiring Charges	360,000	840,000
Fuel to Members	99,020	72,500
Allowances to Members	338,500	257,000
Fuel & Oil	419,481	614,886
Uniforms	20,000	20,000
Newspapers & Periodicals	19,495	18,885
Printing & Stationery	259,774	610,547
Repairs & Maintenance (C)	794,694	1,319,316
Office Upkeep(Janitorial service)	613,398	468,923
Communication Expenses	1,078,346	1,119,389
Electricity Charges	645,020	577,810
Security Charges	766,609	536,704
Provision for Miscellaneous Expenses	-	-
Membership Fees - APAARI	-	338,428

Entertainment	47,985	61,718
Staff Welfare	588,697	467,948
Auditor's remuneration	711,102	250,000
Staff Training	23,000	26,050
Insurance	264,951	74,417
Postage & Stamps	43,965	87,540
Advertisement	47,376	173,600
Depreciation on Property, Plant & Equipmen	7,612,550	5,003,113
Surcharge	-	21,797
Incidentals	-	3,405
Sundry Expenses	151,127	1,529
	29,783,794	27,326,016

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A Employee benefits expenses

Staff Salaries	9,388,052	8,686,126
Cost of Living Allowances	1,473,225	1,583,565
Other Allowances	100,760	106,170
Overtime	178,304	345,606
Medical Reimbursement	407,127	407,100
Encashment of Leave	-	466,940
Contribution to Employees' Provident Fund	1,696,471	1,421,625
Contribution to Employees' Trust Fund	339,194	284,325
Defined Benefit Plan Cost - Gratuity	1,268,859	948,971
	14,851,992	14,250,429

B Travelling Expenses

Local	26,712	20,670
Overseas	-	89,413
	26,712	110,083

C Repairs & Maintenance

Equipments	710,464	628,810
Vehicles	74,170	483,324
Building	10,060	150,932
Furniture & Fittings	-	56,250
	794,694	1,319,316

04 Finance Cost

Bank Charges	14,000	12,100
	14,000	12,100

05 Prior Year Adjustment

Balance at the beginning of the year

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Add:

Security Deposit withdrawal to Economic Janitorial	-	15,750
ETF Payable - (2006-2010)	-	519,704
EPF Payable - (2006-2010)	-	103,941
Government grant for depreciation		
Over Depreciation	9,779	
	<u>9,779</u>	639,395

Less:

Contract Research Imprest	-	349,918
Miscellaneous Income - Sundry Sales	-	50,000
	-	<u>399,918</u>
Balance at the end of the year	9,779	239,477

06 Write off of Assets

Balance brought forward- At Cost

Computer & Printer	1,684,065	1,731,955.18
Office Equipment	771,495	3,020,328.00
Office Furniture	60,028	14,620.50
Non- Consumables	-	93,338.69
Stationery	-	214,360.50
Vehicle	7,150,000	-
	<u>9,665,588</u>	<u>5,074,603</u>

Balance brought forward -Accumulated Depreciation

Computer & Printer	1,664,735	1,731,955
Office Equipment	771,495	3,020,328
Office Furniture	60,028	14,621
Non- Consumables	-	42,860
Vehicle	7,150,000	-
	<u>9,646,258</u>	<u>4,809,763</u>
	<u>19,330</u>	<u>264,840</u>

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Property, plant & equipment

	Balance as at 01 st January 2012	Additions	(Disposals)	Balance as at 31/12/2012
<i>Cost</i>				
CARP Building	16,585,264	2,050,929	-	18,636,193
Computer & Printer	9,911,862	1,021,724	1,684,065	9,249,520
Office Equipment	8,143,105	993,396	771,495	8,365,006
Office Furniture	2,316,942	4,200	60,028	2,261,114
Motor Vehicles	17,882,195	6,203,000	7,150,000	16,935,195
Library books & CD	8,775,968	-	-	8,775,968
Road	268,477	-	-	268,477
Non- Consumables	248,554	55,644	-	304,198
	64,132,368	10,328,893	9,665,588	64,795,672

	Balance as at 01 st January 2012	Charge for the year	(Disposals)	Balance as at 31/12/2012
<i>Depreciation</i>				
CARP Building	8,940,178	881,651	-	9,777,234
Computer & Printer	7,856,406	1,133,026	1,664,735	7,324,697
Office Equipment	2,944,814	913,732	771,495	3,087,051
Office Furniture	867,701	229,588	60,028	1,037,261
Motor Vehicles	8,617,474	3,974,366	7,150,000	5,441,840
Library books & CD	2,418,268	438,798	-	2,857,066
Road	147,662	13,424	-	161,086
Non- Consumables	116,706	27,964	-	144,670
	31,909,210	7,612,550	9,646,258	29,830,906
Net book value	32,223,158	2,716,343	19,330	34,964,766

8 Inventories

Stamp in hand	115	1,620
Stationery	289,573	314,542
	289,688	316,162

9 Trade & other receivables

Staff Debtors	2,197,058	2,001,800
Unsettled Research Impress	659,131	833,541
Deposits	50,500	75,500
Advance	-	68,000
Prepayment	284,738	191,782
Income Receivable	2,000,816	3,480
Funds receivable from SLCARP	412,680	12,703
Advance- 5th Asia Bio tech. Workshop	-	-
	5,604,923	3,186,806

10 Cash at bank

BOC - Kollupitiya	3,082,779	2,759,176
BOC - Torrington Square	(838,569)	525,123
BOC - Loan revol. Fund	271,613	367,678
BOC Savings A/C - gratuity fund	4,545,153	3,964,647
	7,060,976	7,616,624

CARP Fund**OFFICE COPY**

Balance as at 01 st January 2012	32,841,728	22,391,728
Add : New Vehicle	6,100,000	10,450,000
Balance as at 31 st December 2012	38,941,728	32,841,728

Retirement Benefit (Gratuity)

Balance as at 01 st January 2012	3,964,622	3,923,415
<u>Add : Receipts</u>		
Current Year Provision	948970.87	
Interest	164677.53	1,113,648
	5,078,270	4,083,166
<u>Less : Payment</u>		
Retired Employees	519968.25	103,740
Debit Tax	13174.21	(533,142)
	4,545,128	3,964,622

Treasury Grants- Research

Balance at the beginning of the year	(11,767,591)	(1,456,870)
Add: Prior year Adjustment	7,565,954	5,092,305
	(4,201,637)	3,635,435
Contract Research expenses	174,410	49,879
International Linkage	5,857,222	6,155,503
Research Management Activities	5,605,683	5,712,331
Publication, seminars & Workshops	1,240,022	1,016,398
Other capital expenses - Staff ID Cards	-	12,863
	12,877,337	12,946,975
	8,675,700	16,582,409
Less: Treasury Grant Received	(17,955,150)	(28,350,000)
	(9,279,450)	(11,767,591)

Special Research Grants

ICRISAT	806	130,806
Weligama Coconut Wilt	51	25,591
Disaster Management	50,930	50,930
5th Asia Bio Tech	2,629,580	2,629,580
Pro Poor	34,949	34,949
ASTI Project	(46,217)	(46,218)
	2,670,099	2,825,638

5 Trade & other payables

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Entertainment	899	-
Overtime	37,173	46,394
Newspaper	3,980	1,480
Communication	247,446	211,580
Medical Expenses	37,061	52,678
Vehicle hiring Charges	60,000	100,000
Audit Fess	1,191,102	250,000
Office Upkeep (Janitorial)	106,102	42,500
Stamp duty	1,950	2,350
Recreation & welfare	93,258	33,960
Stationery	5,656	23,520
Travelling	2,892	1,733
Security	129,762	48,000
Electricity	105,732	109,037
Repair & Main. Of Equipments	45,696	22,848
Office Equipment	11,955	22,958
Allowances to Member	-	63,000
Research Management Activities	591,295	9,125
Seminars, Workshops & publication	-	300
Audit Fess	-	230,000
Transferrable of excess funds to project A/C	412,680	12,703
EPF Payable (15.A)	242,778	772,145
ETF payable (15.B)	41,715	154,428
Gratuity payable (15.C)	1,268,860	948,971
Provision for Miscellaneous Expenses	-	-
Contract Research Expenses	-	-
Fuel & Lubricants	23,520	-
	4,661,512	3,159,711

5.A EPF Payable

Current Year	85,500	252,441
Previous Year	157,278	519,704
	242,778	772,145

5.B ETF payable

Current Year	10,260	50,488
Previous Year	31,455	103,940
	41,715	154,428

5.C Gratuity payable

Current Year	1,101,148	948,971
Previous Year	167,712	
	1,268,860	948,971

PART II

16 GENERAL

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16.1 Basis of Preparation

- a) **Statement of compliance** - The financial statement of the council comprise the balance sheet, statement of income and expenditure, cash flow statement and notes to the financial statement.
- b) The financial statement was authorized for issue by the Council on 28th of March 2013.
- c) **Reporting entity** - The institute of Sri Lanka Council for Agricultural Research Policy has been registered under the Parliament act.No.47 of 1987 on 27th of December 1987. The registered office of the council is situated at No.114/09, Vidya Mawatha, Colombo 07, Sri Lanka.
- d) **Principle activities and nature of operations** - SLCARP was established in 1987, under the Act No.47 of 1987 to ensure that agricultural research is directed towards national development through formulation of agricultural research policy, research proritization, planning, facilitation, co-ordination, monitoring and evaluation of agricultural resarch.

16.2 Basis of measurement

The financial statements have been prepared on th ehistorical cast basis. No adjustment have been made for inflationary factors in the financial statement.

16.3 Functional and presentation of currency

The financial statement of the year end 2010 were presented in Sri Lankan rupees (LKR.) rounde to the nearest Cts.

However we have decided to present our Financial Statement in LKR. And round to the nearest rupee which is effective from the financial year January 01st 2011 and ahead.Year 2012 was presenter in LKR. and rounded to the nearest rupee.

16.4 Accounting for Govt. grants disclose of Govt. Assistan

- (a). Accounting for Government Grants & Disclosure of Government Assistance was adopted for accounting year ended 2011 and also comparative figures were restated accordingly.
- (b). We further say, that accounting policy had been adopted with regard to the government grants was the method of capital approach but that government grant was related to the fixed assets it had been taken to the accounts under the method of income approach.

1.1 Property plant & Equipment

Property plant & equipment are on the balance sheet at cost less accumulated depreciation and is provided on the straight line method at the following rates per annum.

a)	Building	05%
b)	Computer & printers	30%
c)	Office Equipment	15%
d)	Office Furniture	15%
e)	Vehicles	25%
f)	Road	05%
g)	Library Book	05%
h)	Non Consumables	10%

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A fixed asset which was purchased during the month of December on review year is not depreciated. Accounting policies of the country.

1.2 Disposal Value

Value of disposal items has been decided by the council approved valuation committee

1.3 Trade & Other Receivables

Trade & Other Receivables incurred staff loan – distress and festival advances.

1.4 Unsettled Research Impress

The research impress has been given to various research Institutes in Sri Lanka. However, some of the research institutes do not settle this research impress at the of the year end such amount stated as an unsettled research impress.

1.5 Stocks

Stocks are shown in the financial statement at lower of market value or purchase price. The stock is valued using FIFO method.

1.6 Gratuities

A provision has been made according to regulations 5 of Gratuity Act. No.12 of 1983 in respect of employees eligible under the Act.

Our Corporate Information

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As at 31st of December 2012

Name of the State Owned Enterprise

Sri Lanka Council for Agricultural Research Policy

Ministry

Agriculture Ministry

Secretary to the Ministry

Mr. W. Sakalasuriya

Classification of General Treasury (PED)

Budgetary Funded - SONCEs / State Owned Non-Commercial Enterprises / Operate Largely within Government Budgetary Provisions

Supervision and Monitoring Role Managed by

Department of Public Enterprises (PED)

Carder Supervision & Corporate Plan Managed by

National Salaries and Carder Commission / Department of Management Services (MSD)

and

Department of Public Enterprises (PED)

Annual Budget and Action Plan Managed by

Department of National Budget

Governed by

The Council of Sri Lanka Council for Agricultural Research Policy

Head of the Council

Secretary / Director

Legal Form

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Incorporated Under the Parliament Act.

Sri Lanka Council for Agricultural Research Policy Act, No. 47 of 1987

Registered Office

No.114/ 09 , Vidya Mawath , Colombo -07

Sri Lanka

Telephone Numbers

0094 – 11 – 2697103, 2697648, 2698001, 2685688, 2665076, 2665077

Fax Number

0094 – 11 – 2982951

E-mail - **carp@slcarp.lk**

Our Website - **www.slcarp.lk**

Auditors to the SL CARP

Auditor General

Secretary to the Council / Head of the Department

Secretary / Director

Bankers

Bank of Ceylon – Supper Grade Branch , Torinton , Colombom07 , Sri lanka.

Bank of Ceylon – Supper Grade Branch , Kollupitiya , Colombom07 , Sri lanka.

Lawyers to the SL CARP

Attorney General, AG's Department, Colombo 01, Sri Lanka.



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கணக்காய்வாளர் தலைமை அறிபதி திணைக்களம்
AUDITOR GENERAL'S DEPARTMENT



මගේ අංකය }
 எனது இல } AF/A/CARP/
 My No } FA/2012

ඔබේ අංකය }
 உமது இல }
 Your No }

දිනය }
 திகதி } 09 October 2013
 Date }

The Chairman

Sri Lanka Council for Agricultural Research Policy



Report of the Auditor General on the Financial Statements of the Sri Lanka Council for Agricultural Research Policy for the year ended 31 December 2012 in terms of Section 14(2) (c) of the Finance Act. No. 38 of 1971

The audit of financial statements of the Sri Lanka Council for Agricultural Research Policy for the year ended 31 December 2012 comprising the balance sheet as at 31 December 2012 and the income statement, statement of changes in equity and cash flow statement for the year then ended and a summary of significant accounting policies and other explanatory information was carried out under my direction in pursuance of provisions in Article 154(1) of the Constitution of the Democratic Socialist Republic of Sri Lanka read in conjunction with Section 13(1) of the Finance Act, No. 38 of 1971 and Section 18(3) of the Sri Lanka Council for Agricultural Research Policy Act No.47 of 1987. My comments and observations which I consider should be published with the Annual Report of the Council in terms of Section 14(2) (c) of the Finance Act appear in this report. A detailed Report in terms of Section 13(7) (a) of the Finance Act was issued to the Chairman of the Council on 31 May 2013.

1.2 Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Generally Accepted Accounting Principles and for such internal control as the management determines is necessary to enable the preparation of financial statements that are free from material misstatements whether due to fraud or error.

අංක 306/72 පොල්දූව පාර,
 බත්තරමුල්ල, ශ්‍රී ලංකාව

දුරකථනය }
 தொலைபேசி } 2887028 - 34
 Telephone }

இல. 306/72, பொல்துவ வீதி,
 புத்தரமுல்லை இலங்கை

ෆැක්ස් අංකය }
 பக்ஸ் இல } 2887223
 Fax No. }

No.306/72, Polduwa Road,
 Battaramulla, Sri Lanka

ඉලෙක්ට්‍රොනික් තැපෑල }
 #- மெயில் } oaggov@slt.net.lk
 E-mail. }

1.3 Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgements, including the assessment of the risks of material misstatements of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Council's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Council's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of financial statements. Sub - sections (3) and (4) of Section 13 of the Finance Act, No. 38 of 1971 give discretionary powers to the Auditor General to determine the scope and the extent of the audit.

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

1.4 Basis for Qualified Opinion

My opinion is qualified based on the matters described in paragraph 2.2 of this report.

2. Financial Statements

2.1 Qualified Opinion

In my opinion, except for the effects of the matters described in paragraph 2.2 of this report, the financial statements give a true and fair view of the financial position of the Sri Lanka Council for Agricultural Research Policy as at 31 December 2012 and its financial performance and its cash flows for the year then ended in accordance with Generally Accepted Accounting Principles.

2.2 Comments on Financial Statements

2.2.1 Accounting Deficiencies

The following observations are made.

- (a) A sum of Rs.84,000 recovered as Nation Building Tax and Value Added Tax, at the sale of a motor vehicle had been brought to account as sales.
- (b) Journal entry for opening balance had not been entered in accounting of opening balances in the year under review.
- (c) Depreciation had not been made in the year under review for 15 items of office equipment valued at Rs.77,846 and 02 items of office furniture valued at Rs.2,130.
- (d) Ledger accounts had not been maintained for three liability accounts aggregating Rs.51,626,687.

2.2.2 Accounts Receivable and Payable

The following observations are made.

- (a) Even though the Competitive Agreement Research Programme had been ended as at 31 December 2010, a sum of Rs.659,131 out of the advances granted in this connection had not been settled even by 31 December 2012.
- (b) A sum of Rs.1,893,523 recoverable from 04 officers who have not completed foreign courses had not been recovered even by the end of the year under review as per agreements.

3. Financial Review

3.1 Financial Results

The financial result of the Council for the year under review had been a deficit of Rs.961,023 as compared with the revised deficit of Rs.3,809,788 for the preceding year. The improvement of financial results by Rs.2,848,765 for the year under review as compared with the preceding year had been mainly due to increase of Government Grant and other income by Rs.4,813,678.

4. Operating Review

4.1 Management Inefficiencies

The following observations are made.

- (a) Quotations had been called for, to sell a motor vehicle belonging to the Council in the year under review but action had not been taken to obtain a refundable bid security thereto in terms of Government Procurement Guidelines 5.3.11.
- (b) Even though the old vehicle should be disposed within 03 months from the date of registration of new vehicle and such money should be credited to the Consolidated Fund within 14 days, in terms of National Budget Circular No. 150 dated 07 December 2010, a sum of Rs.600,000 received from sale of a vehicle on 21 November 2012 had not been credited to the Consolidated Fund even by 15 March 2013.
- (c) Sums of Rs.72,000 and Rs.12,000 had been recovered as Value Added Tax and Nation Building Tax respectively at the sale of vehicles by the Council. Nevertheless, the action had not been taken to remit that money to Commissioner General of Inland Revenue even by 15 March 2013.

4.2 Operating Inefficiencies

A contract of Rs.932,600 had been awarded to a private institution for construction of a store room in the year under review. In this connection, a performance security of not less than of 5 per cent of the contract sum had not been obtained in terms of Procurement Guidelines 5.4.8 (a) and 10 per cent of the contract sum had not been retained to cover the losses arising during the warranty period.

4.3 Idle and Under-utilized Assets

Eighteen items of stock balances amounting to Rs.162,029 included in the stock of stationery valued at Rs.289,574 had been idling for a period more than one year without being utilized.

5. Systems and Controls

Deficiencies observed during the course of audit were brought to the notice of the Council from time to time. Special attention is needed in respect of the following areas of control.

- (a) Control over Expenditure
- (b) Implementation of Projects
- (c) Contract Administration
- (d) Vehicles Administration

H.A.S. Samaraweera
Auditor General

**Report of the Auditor General on the Financial Statements of Sri Lanka Council for Agricultural Research Policy
for the year ended 31 December 2012 in terms Section 14(2) (c) of the Finance Act No.38 of 1971**

Audit Query	Actions taken by the Council
2.2.1. Accounting Deficiencies (a) A sum of Rs. 84,000 received as National Building Tax and Value Added Tax at the sale of a motor vehicle had been brought to account as sales. (b) Journal entry for opening balance had not been entered in accounting of opening balances in the year under review. (c) Depreciation had not been made in the year under review for 15 items of office equipment valued at Rs. 77,846 and 02 items of office furniture valued at Rs. 2,130. (d) Ledger accounts had not been maintained for three liability accounts aggregating Rs. 51,626,687.	Action was taken to pay Rs. 72,000 to the relevant parties from the total sum of Rs. 84,000 which had been received as National Building Tax up on the Value Added Tax at the sale of motor vehicle. Action was taken to maintain 03 journal entries in order to account for the opening balance accounts in the year under review. Action was taken to make depreciation for 15 items of office equipment valued at Rs. 77,846 and 02 items of office furniture valued at Rs. 2,130. Action was taken to maintain separate accounts for three liability accounts of aggregating Rs. 51,626,687.

2.2.2. Accounts Receivable and Payable (a) Even though the Competitive Agreement Research Programme had been ended as at 31 December 2010, a sum of Rs. 659,131 out of the advance granted in this connection had not been settled even by 31 December 2012. (b) A sum of Rs.1,893,523 receivable from 04 officers who have not completed foreign courses had not been recovered even by end of the year under review as per agreement.	A total sum of Rs. 1,361,624.73 had been to be recovered from Competitive Agreement Research Programme. A sum to an extent out of such amount is already being recovered and thereby it has been reduced up to Rs. 659,131. Instruction has been given by the Council to take action in order to recover such amount of Rs. 659,131 in terms of FR 104. The said amount is already being recovered from who have not completed foreign courses and necessary arrangements have been made to recover it even in future.
3. Financial Review 3.1. Financial Results The financial result of the Council for the year under review had been a deficit of Rs. 961,023 as compared with the revised deficit of Rs. 3,809,788 for the preceding year. The improvement of financial result by Rs. 2,848,765 for the year under review as compared with the preceding year had been mainly due to	The financial result of the Council for the year under review had been a deficit of Rs. 961,023 as compared with the revised deficit of Rs. 3,809,788 for the preceding year. The improvement of financial result by Rs. 2,848,765 for the year under review as compared with the preceding year had been mainly due to

increase of Government Grant and other income by Rs. 4,813,678.	increase of Government Grant and other income by Rs. 4,813,678. However, instruction has been given to control this situation.
4. Operating Review 4.1. Management Inefficiencies (a) Quotation had been called for, to sell a motor vehicle belonging to the Council in the year under review but action had not been taken to obtain a refundable bid security thereto in terms of Government Procurement Guidelines 5.3.11. (b) Even though the old vehicle should be disposed within 03 months from the date of registration of new vehicle and such money should be credited to the Consolidated Fund within 14 days, in terms of National Budget Circular No.150 dated 07 December 2010, a sum of Rs. 600,000 received from sale of a vehicle on 21 November 2012 had not been credited to the Consolidated Fund even by 15 March 2013.	Quotation had been called for, to sell a motor vehicle belonging to the Council in the year under review but action had not been taken to obtain a refundable bid security thereto in terms of Government Procurement Guidelines 5.3.11. However, action has been taken to follow this procedure in future. Even though the old vehicle should be disposed within 03 months from the date of registration of new vehicle and such money should be credited to the Consolidated Fund within 14 days, in terms of National Budget Circular No.150 dated 07 December 2010, a sum of Rs. 600,000 received from sale of a vehicle on 21 November 2012 had not been credited to the Consolidated Fund even by 15 March 2013. Such money was utilized as funds were not received by our Council during such period. There was a delay in obtaining approval from the

(c) Sum of Rs. 72,000 and Rs.12,000 had been recovered as Value Added Tax and National Building Tax respectively at sale of vehicles by the Council. Nevertheless, the action had not been taken to remit that money to Commissioner General of Inland Revenue even by 15 March 2013.	General Treasury for it during year 2012. Action will be taken to rectify this situation. Sum of Rs. 72,000 and Rs.12,000 had been recovered as Value Added Tax and National Building Tax respectively at sale of vehicles by the Council. Nevertheless, the action had not been taken to remit that money to Commissioner General of Inland Revenue even by 15 March 2013. However, action was taken to pay a sum of Rs. 72,000 to purchasers concerned. The reason for this is that our Council is not a body registered for Value Added Tax.
4.2. Operating Inefficiencies A contract of Rs. 932,600 had been awarded to a private institution for construction of store room in the year under review. In this connection, a performance security of not less than of 5 per cent of the contract sum had not been obtained in terms of Procurement Guidelines 5.4.8 (a) and 10 per cent of the contract sum had not been retained to recover the loss arising during the warranty period.	A contract amounting to Rs. 932,600 had been awarded to a private institution for construction of store room in the year under review. In this connection, a performance security of not less than of 5 per cent of the contract sum had not been obtained in terms of Procurement Guidelines 5.4.8 (a) and 10 per cent of the contract sum had not been retained to recover the loss arising during the warranty period. However, in future action will be taken to retain in so called manner. Further, a Committee on

	Assessment of Construction Works was appointed, and a portion on its recommendation was retained from the sum which had been paid.
4.3. Idle and Under-utilized Assets Eighteen items of stock balances amounting to Rs. 162,029 included in the stock of stationary valued at Rs. 289,574 had been idling for a period more than one year without being utilized.	Stocks of stationary stated as idle and under-utilized assets had not been idled and instruction has been given to dispose only the floppy discs.
Systems and Controls Deficiencies observed during the course of audit were brought to the notice of the Council from time to time. Special attention is needed in respect of the following areas of control. (a) Control over Expenditure (b) Implementation of Projects (c) Contract Administration (d) Vehicles Administration	Action has been taken to pay special attention on these matters.