

1. Financial Statements

1.1 Qualified Opinion

The audit of the financial statements of the Coconut Cultivation Board for the year ended 31 December 2024 comprising the statement of financial position as at 31 December 2024 and the statement of financial performance, statement of changes in equity and cash flow statement for the year then ended, and notes to the financial statements, including material accounting policy 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 provisions of the Coconut Development Act, No.46 of 1971, National Audit Act, No.19 of 2018, and the Finance Act, No.38 of 1971. My comments and observations which I consider should be reported to Parliament appear in this report.

In my opinion, except for the effects of the matters described in paragraph 1.5 of this report, the accompanying financial statements give a true and fair view of the financial position of the Board as at 31 December 2024, and of its financial performance and its cash flows for the year then ended in accordance with Sri Lanka Public Sector Accounting Standards.

1.2 Basis for Qualified Opinion

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

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

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

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with Sri Lanka Public Sector Accounting Standards, and for such internal control as management determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

As per Section 16(1) of the National Audit Act, No.19 of 2018, the Board is required to maintain proper books and records of all its income, expenditure, assets and liabilities, to enable annual and periodic financial statements to be prepared of the Board.

1.4 Audit Scope (Auditor's Responsibilities for the Audit of the Financial Statements)

My objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Sri Lanka Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Sri Lanka Auditing Standards, I exercise professional judgment and maintain professional scepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of the management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Board's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause to cease continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

- Whether the organization, systems, procedures, books, records and other documents have been properly and adequately designed from the point of view of the presentation of information to enable a continuous evaluation of the activities of the Board, and whether such systems, procedures, books, records and other documents are in effective operation;

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

1.5 Audit Observations on the Preparation of Financial Statements

1.5.1 Non-compliance with Sri Lanka Public Sector Accounting Standards

Non-compliance with reference to the relevant standard	Management Comment	Recommendation
Even though assets and liabilities should not be set off except when required or permitted in accordance with paragraph 48 of Sri Lanka Public Sector Accounting Standards No. 01, the short-term provisions in the financial statements were understated due to the fact that the short-term provision balance of Rs. 34,324,005 also included a debit balance of Rs. 1,333,912.	This accounting error occurred in the year 2023, where Rs. 3,806,537 was spent on the construction of the Negombo Seed Production Unit office building and Rs. 10,679,161 on the addition of a steel structural section to the front of the Head Office, for a total value of Rs. 14,485,699. Out of this, after the completion of the work in the year 2024, i.e. Rs. 3,806,537 for the Negombo Seed Production Unit office building and Rs. 9,345,249 for the construction of a steel structural section to the front of the Head office, a total amount of Rs. 13,151,787 was settled in the year 2024, and the remaining balance of Rs. 1,333,912 mentioned here is for the steel structural section of the Head office, and the remaining amount will be settled after the completion of the work in the year 2025.	Action should be taken in accordance with the provisions of the Sri Lanka Public Sector Accounting Standards.

1.5.2 Accounting Deficiencies

Audit Issue	Management Comment	Recommendation
(a) In the financial statements of the year under review, 96,596 polypropylene bags valued at Rs. 549,966 were not included in the closing stock.	Accepted. The stock of 549,966 polypropylene bags remaining in the Mite Laboratories as at 31.12.2024 has not been recorded in the closing stock account due to an error of omission. This error will be corrected by adjusting to the preceding year on 01.01.2025 when preparing the financial statements for the year 2025.	Action should be taken in accordance with the provisions of the Sri Lanka Public Sector Accounting Standards.

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| <p>(b) The construction cost of Rs. 633,106 related to the cattleshed constructed at the Coconut Development Training Center in the year 2024, and the Rs. 325,000 paid to purchase two cattle for it were not accounted. Therefore, the financial statements of the Board understated the value of buildings by Rs. 633,106 and biological assets by Rs. 325,000.</p> | <p>This project was included under the development programmes in the Action Plan for the year 2024. The value of the cattle purchased under the cattle shed and the biological assets constructed under this project will be capitalized in the 2025 annual accounts and corrected. Further, since these assets are located in the Coconut Development Training Center, it has been informed by the letter number මු/3/181/ඉන්වෙන්ටරි/පොදු to be included in its inventory.</p> | <p>The cost of building construction and the biological assets should be accounted.</p> |
| <p>(c) The value of polybags worth Rs.72,207,279 as at 01 January 2024 was stated as Rs. 58,597,204 in the financial statements. Therefore, the expenditure for the year under review was understated by Rs. 13,610,075.</p> | <p>Accepted. This error has arisen due to the fact that the value of the remaining polybag stock at the Coconut Nursery and Negombo Seed Production Unit as at 31.12.2023 was valued at the value related to the year 2022 (Rs. 29.70) and the value of the remaining polybag stock brought forward as at 01.01.2024 was recorded as the 2024 expenditure with a decrease of Rs. 21.46.</p> | <p>The balance of polybags should be accounted correctly.</p> |
| <p>(d) Even though the value of polybags as at 31 December 2024 was Rs. 53,726,529, the value of the closing stock of polybags was understated by Rs. 49,457,212 due to the fact that it was accounted as Rs. 4,269,317.</p> | <p>Accepted. The value of 630,000 polybags remaining in the Negombo Seed Production Unit as at 31.12.2024 has not been recorded in the closing stock account due to a mistake and will be rectified in the 2025 financial statements by adjusting it to the preceding year.</p> <p>Further, when recording the remaining polybag stock value of Rs. 29,333,267 in the coconut nurseries as at 31.12.2024 in the Head Office ledger, the plucked coconuts (Malu Pol) have been recorded in the remaining stock account in the nursery ledger due to an error in the account code number transfer. This error has not had any impact on the profit of the nursery. Action will be taken to rectify this error by 01.01.2025.</p> | <p>The balance of polybags should be accounted correctly</p> |
| <p>(e) Even though the value of coconuts of the Board was Rs. 1,571,237 as at 31 December 2024, it was accounted as Rs. 30,904,504. Therefore, the value of the closing stock of</p> | <p>When recording the remaining polybag stock value of Rs. 29,333,267 in the coconut nurseries as at 31.12.2024 in the Head Office ledger, the plucked coconuts (Malu Pol) have been recorded in the remaining stock account in the nursery ledger due to an error in the account code</p> | <p>The value of the coconut stock should be accounted correctly.</p> |

coconuts was overstated by Rs. 29,333,267.	number transfer. This error has not had any impact on the profit of the nursery. Action will be taken to rectify this error by 01.01.2025.	
(f) The closing stock of Neem oil worth Rs. 623,700 had not been accounted as at 31 December 2024.	The Neem oil purchased under the whitefly damage management project was distributed to the Regional Offices across the island as per the requirements of the Regional Offices. The total amount purchased has been accounted as expenditure. However, since the whitefly damage was controlled to a certain extent, this amount remained unused. The said amount of Neem oil has been released for use in the “coconut fortnight” (Pol Desathiya) programme to be held in the Northern Province in the year 2025. Accordingly, the said amount has not been included as expenditure in the year 2025. Therefore, the accounting error that occurred in the year 2024 will not affect the surplus in the year 2025.	The closing stock value of Neem oil should be accounted correctly.
(g) The lands of 02 acres 01 rood 34.4 perches on which the Regional Offices and Official Residences of the Coconut Cultivation Board at Kuliyaipitiya, Kegalle, Kalutara, Matara and Matale, as mentioned in the notes to the financial statements for the year 2024, had not been accounted.	A letter has already been sent to the Chief Valuer of the Government to obtain a rough estimate of the cost of valuing the lands and buildings belonging to the Board. It is informed that after receiving the rough estimate, action will be taken to obtain instructions from the Auditor General in this regard.	The lands on which the Regional Offices and Official Residences in Kuliyaipitiya, Kegalle, Kalutara, Matara and Matale are built should be valued and included in the financial statements.
(h) As at 31 December 2023, the amount of Rs. 1,314,286, which had not been deposited even by 31 December 2024, as the guarantee to be deposited with the Board by 5 financial institutions on the balance of the refinance loan of Rs. 274,553,043, had not been accounted and therefore, the collateral receivable and collateral fund had been understated by Rs. 1,314,286.	In accordance with the Collateral Agreement, the participating financial institutions should transfer the collateral annual payments under the Kapruka Investment Collateral Programme at the rate of 0.5% of the actual loan balance (based on the actual beneficiary loan balance of the banks) to the Collateral Account of the Coconut Cultivation Board. However, due to irregularity in the payment of collateral instalments by financial institutions, there are cases where the collateral instalments of the ensuing year are not transferred to the Collateral Account of the Coconut Cultivation	Action should be taken to discuss with the relevant financial institutions and take action in accordance with the agreement, and to account the money receivable.

Board before January 15th of each year. Banking institutions have been informed in this regard from time to time. Accordingly, it is confirmed that this issue can be overcome in the future, as the relevant annual collateral instalment arrears for the year 2025 have been deposited into collateral accounts through many financial institutions during the month of January.

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

Reference to Laws, Rules, Regulations etc.	Non-compliance	Management Comment	Recommendation
(a) Public Enterprises Circular No. 25 (2) dated 13 August 2024	Even though Treasury approval is required before investing money in a fixed deposit, the Mahayaya, Kapthurupaya outlet had invested Rs. 6,500,000 in a fixed deposit during the year under review without the approval.	The value of this fixed deposit should be revised as Rs. 6.5 million and the initial value of the fixed deposit related to the Kapthurupaya outlet, which is to be maintained attached to the Mahayaya Model Coconut Garden, is Rs. 6,500,000. As at 23.01.2024, there was a surplus of Rs. 6.5 million in the current account related to the Mahayaya Kapthurupaya stall, and since keeping this money in the current account further would result in the loss of investment income that could be obtained on that account, approval has been given to invest this amount in fixed deposits on the basis of obtaining Treasury approval at the 621st Board of Directors meeting held on 23.01.2024. Treasury approval has been sought by the letter No. FM/FD/Kapthurupaya-MAH dated 05.06.2025 addressed to the Director General of the Department of Public Enterprises through the Secretary to the Ministry of Plantations and Community Infrastructure.	Approval should be obtained in accordance with the Public Enterprises Circular.
(b) Internal Circular No. CCB/CR/lu/C MC & ND/2022-01 dated 10 May 2022	Even though the yield of coconuts falling in the coconut gardens of the Board should not exceed 10 percent of the total yield, the number of coconuts falling in the model coconut gardens	The Board of Directors has approved the cancellation of the existing monthly harvesting for coconut harvesting in model coconut gardens and the harvesting of coconuts every 45 days and the increase in the percentage of fallen coconuts during the harvesting of coconuts every 45 days from 10 percent to a maximum of 20 percent,	Action should be taken in accordance with the internal circular.

maintained by the Board was between 12 percent and 17 percent.

subject to a monitoring period of 06 months, for the Board of Directors' paper submitted to the 634th Director Board meeting held on 27.05.2025. Accordingly, the percentage of fallen coconuts in the model coconut gardens belonging to our Board is maintained at the limit of 20 percent.

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| (c) | <p>Section 02 of the Public Enterprises Circular No. 01/2020 dated 27 January 2020, Paragraph 2.3 of Public Enterprises Circular No. 1/2015 and the letter No. PED/P/02/15 (i) temp 3 dated 20 March 2023 of the Director General of the Department of Public Enterprises</p> | <p>A Working Director who was not included in the approved cadre for the Coconut Cultivation Board was provided with a monthly allowance of Rs. 59,650, an assigned vehicle and 115 liters of fuel per month, and during the year under review, Rs. 948,394 was paid as monthly allowance, fuel allowance, overtime and combined allowances to the attached Driver.</p> | <p>The Minister of Plantation Industries has made an appointment to the post of Working Director of the Coconut Cultivation Board under Section 2 A (1) of the Coconut Development Act, as amended in terms of Section 10.2 (ix) A of the Act by the letter No. MPI/Admin/12/BM/CCB (Temp) dated 12.10.2022. Accordingly, since a monthly allowance can be granted in terms of Section 2 of Public Enterprises Circular No. 3/2015 and an official vehicle can be assigned in terms of Public Enterprises Circular No. 01/2015 and sub-section 1:1:6(iii) of Public Administration Circular 22/99 dated 08.10.1999, the relevant appointment, allowances and provision of an official vehicle have been made in accordance with the instructions of the Ministry as well as the Board of Directors. However, the officer appointed to the post of Working Director of this Board has resigned from service with effect from 11.09.2024.</p> | <p>Appointments to the post of Working Director that have not been approved as per the referred circulars and the letters should not be made.</p> |
| (d) | <p>Section 1.3 of Chapter XXVIII of the Establishments Code</p> | <p>An attendance register should be maintained in every government office, and although there is an attendance register to record the arrival and departure of the Coconut Development Officers on the days they report to their Divisional offices, the officers had neglected to sign the said register.</p> | <p>Coconut Development Officers are field officers and Monday is their office day. The report on future programme submitted by the Coconut Development Officers mentions the field duties and the office day. However, an attendance register should be maintained to record the arrival and departure on the office day.</p> <p>It has been reported that the Coconut Development Officers in some Regional offices do not maintain the said register properly. However, as per the letter, it can be confirmed that in future, all Coconut Development Officers will maintain the attendance and departure register in their</p> | <p>Action should be taken in accordance with the section of the Establishments Code.</p> |

offices, as informed to the Regional Managers by the Coconut Development Officers, and the Regional Manager will supervise this properly.

(e) Financial
Regulations
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| (i) F.R.102 | <p>An employee who was in charge of the main stores of the Board from 25.10.2021 to 24.07.2023 had distributed 37 Dell laptops, 39 Diana Book laptops and 24 tabs worth Rs.16, 663,700 to each Divisions and Regional offices and although a shortage of 4 laptops and a tab worth Rs.910, 800 was reported during the board of survey conducted in the year 2022, the Board had not taken action to conduct an investigation into the matter. Instead, the management had assessed the current value of these machines as Rs.1, 071,555 and charged Rs.15, 000 per month from the employee's salary. Even though 4 years had passed since these 5 inventory items went missing, no disciplinary action had been taken against the employee, despite the fact</p> | <p>These missing 4 laptops and 1 tablet are newly purchased, unused items and at the same time, the employee admitted his guilt and agreed to pay the market value. Hence, the need for an investigation in terms of F.R. did not arise. Accordingly, it is stated that the entire market value is currently being deducted from the salary.</p> | <p>Action should be taken as per the Financial Regulations.</p> |
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that he had informed that he would accept the responsibility for the missing items.

- (ii) F.R 571 Cash in hand at the Head office of Rs. 3,533,782 had not been settled or taken into revenue for 4-5 years. The amount has been temporarily withheld as the retention money payments related to the construction works at the Polonnaruwa Circuit Bungalow, Jaffna Zonal Office and Matale Zonal Office have been suspended. Action should be taken as per the Financial Regulations
- (f)Section 6.6 of the Public Enterprises Circular Number. PED 01/2021 dated 16 November 2021 Even though the financial statements of public institutions should be submitted to the Auditor General within two months of the end of the financial year, the Board had submitted the financial statements for the financial year 2024 to the Auditor General on 30 April 2025. Action is being taken to ensure that such delays do not occur again and since the vacancy of the Deputy General Manager (Finance) post has fallen vacant for more than a year has created difficulties in coordinating each Division. In accordance with the section of the Public Enterprises Circular, the financial statements should be submitted for the audit before 28 February of the year

2. Financial Review

2.1 Financial Results

The operating result of the year under review amounted to a surplus of Rs. 105,537,456 as against a deficit of Rs. 62,743,429 in the preceding year. Accordingly, an improvement amounting to Rs. 168,280,885 of the financial result was observed. This improvement was mainly due to the decrease in the receipts and other income of the Ministry during the year under review by Rs. 72,857,261 and Rs. 502,087,198 respectively, compared to the preceding year, and the decrease in special project expenses and nursery expenses by Rs. 69,905,992 and Rs. 681,334,302 respectively.

2.2 Trend Analysis of major Income and Expenditure items

The major income and expenditure items for the year under review, compared with the preceding year, are as follows.

Item	Year 2024 Rs.	Year 2023 Rs.	Variance Rs.	Variance as a percentage
<u>Income</u>				
Treasury receipts	1,137,500,000	975,528,021	161,971,979	17
Ministry receipts	61,369,025	134,226,286	(72,857,261)	(54)

Other income		914,597,911	1,416,685,109	(502,087,198)	(35)
<u>Expenses</u>					
Development expenses	Programme	476,446,085	472,040,263	4,405,822	1
Special project expenses		44,538,842	114,444,834	(69,905,992)	(61)
Salaries and allowances		479,065,710	456,066,871	22,998,839	5
Nursery expenses		278,615,493	959,949,795	681,334,302	71
Depreciation and amortization expenses		138,136,584	82,647,065	55,489,519	67
Kapruka Investment Fund expenses		22,956,408	28,054,451	5,098,043	18
Other expenses		151,676,341	119,910,849	31,765,492	26

2.3 Ratio Analysis

The current and quick asset ratios in the year under review were 9:1 and 6:1, as compared with the preceding year, the ratios were 7:1 and 5:1 respectively. The increase in current and quick assets was mainly due to the fact that the stock in the years 2023 and 2024 was Rs.514,593,147 and Rs.618,452,497 respectively, and short-term investments were Rs.904,068,523 and Rs. 639,215,445 respectively.

3. Operational Review

3.1 Management Inefficiencies

Audit Issue	Management Comment	Recommendation
(a) Out of the 09 recommendations made by the Committee on Public Enterprises held on 06 July 2023, the following 06 recommendations had not been implemented.		
(i) The measures to be taken to control whitefly damage had not been submitted to the Committee on Public Enterprises within 2 weeks, i.e. before 20 July 2023.	The Ministry of Plantation Industries has been requested to establish a contingency fund to urgently provide the necessary provisions for the Disaster Management Center established to deal with emergency disaster situations such as whitefly, and for this purpose, the Director (Planning) of the Ministry of Agriculture and Livestock Industries, by his letter No. MAPI/PD//PLN/04/Project Pro/Coco dated 26.08.2024, has informed that the approval of	The recommendations of the Committee on Public Enterprises should be implemented.

the Treasury will not be granted to retain a fund of the Ministry for the control of unexpected disaster situations for the affiliated institution.

Therefore, a proposal to implement a project for the control of disaster situations in coconut cultivation has been prepared according to the project proposal submission form of the Department of National Planning and submitted to the Ministry as instructed by the Ministry. Approval has not been received for the same so far. Accordingly, it has not been possible to obtain provisions for the establishment of an appropriate contingency fund.

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| <p>(ii) Even though the Secretary to the Ministry had been recommended to take immediate action to prevent the fragmentation of coconut cultivation lands and to make the Committee on Public Enterprises aware within 2 weeks, action had not been taken accordingly.</p> | <p>Even though the Secretary to the Ministry had been recommended to take immediate action to prevent the fragmentation of coconut cultivation lands and make the Committee aware within 2 weeks, the Board had not been made aware whether the Secretary to the Ministry had taken action in this regard. In this regard, the General Manager of the Coconut Cultivation Board, by his letter No. EXT/DEV/FSD/13-(Volume IV) dated 20.05.2025 requested the Ministry to provide information to the Audit Division regarding the said issue. However, the Ministry has not yet responded to the said issue.</p> | <p>The recommendations of the Committee on Public Enterprises should be implemented.</p> |
| <p>(iii) The recommendation made to the Secretary of the Ministry to submit a detailed report to the Committee within a month regarding the payment of Rs. 2,149,974 to a consultancy company in the year 2016 without providing services for the construction of a new building for the Negombo Seed Coconut Unit had not been implemented.</p> | <p>The Negombo Seed Production Unit building was renovated by the Negombo Municipal Council, and since the renovation work was not carried out by a consulting company, no consultancy fee has been paid to date in relation to the renovation work of the Negombo Seed Production Unit building. However, information should be obtained from the Ministry regarding this audit inquiry, and the Ministry has not informed the Coconut Cultivation Board. Action will be taken to inquire from the Ministry in this regard in the future.</p> | <p>The recommendations of the Committee on Public Enterprises should be implemented.</p> |
| <p>(iv) Even though it had been recommended to the Secretary of</p> | <p>The aggrieved party has filed a writ petition in the court with the number CA (Writ) 23/214 on</p> | <p>The recommendations</p> |

the Ministry to take action and recover the amount of Rs. 17,186,549 distributed as labour allowances to 27 Senior Officers of the Coconut Cultivation Board without the approval of the Treasury, action had not been taken to recover it in accordance with F.R. 119.

04.07.2023 to prevent the recovery of this labour allowance. The Attorney General's Department has informed through the letter No. CA/CA/510/2023(R) and dated 08.09.2023, not to make any deduction from the aggrieved party. The case is still in progress. In this regard, inquiries have been made to the Attorney General's Department through the Ministry regarding the current status. According to the last letter received, the Attorney General's Department informed by telephone that this case will be called on 30.06.2025, and the lawyer currently conducting the case stated that the case is currently at the stage of examining evidence and has not reached the stage of discussion. The Coconut Cultivation Board has not received any summons from the court so far.

of the Committee on Public Enterprises should be implemented.

- (v) The Ministry of Coconut Development and Janatha Estate Development had not recovered Rs. 6,573,572 due from 2 private companies. Although the Secretary of the Ministry had been recommended to take an appropriate measure to recover the said amount and make the Committee aware within a month, no such action had been taken so far. According to the reply sent by the Chairman of the Board on 24 June 2025, action had been taken to write off the amount in the year 2022. However, the approval obtained for such write-off had not been submitted for the audit, and the same had not been stated at the Committee on Public Enterprises held on 6 July 2023.

As per the instructions of the Audit and Management Committee meeting, the amount of Rs. 6,573,572 stated in the financial statements as debtors since the year 2014 was presented to the 614th Board of Directors meeting held on 27.06.2023 and approval was obtained, and action was taken to write off the amount from the financial statements as at 31.12.2022.

The recommendations of the Committee on Public Enterprises should be implemented.

- (vi) Even though the money spent on purchasing a rented house and furniture for an officer in the Sri Lanka Administrative Service attached to the Coconut Cultivation Board should have been recovered from her, the Board had not taken

The Ministry has been informed by a letter dated 03.04.2025 regarding the rental of a house for the use of the former General Manager, requesting a response or any other progress from the Ministry of Public Administration, Provincial Councils and Local Government and the Sri Lanka Institute of

The recommendations of the Committee on Public Enterprises should be implemented.

action to recover that money from the officer and although it had been recommended to the Secretary to the Ministry to recover it from the place where she currently works, action has not been taken so far.

Development Administration. A copy of a letter dated 16.06.2025 sent to the Sri Lanka Institute of Development Administration in response to an inquiry made to the Ministry of Plantations and Community Infrastructure by that institute in this regard has also been forwarded to us. Since the relevant officer is in the Sri Lanka Administrative Service, further action will be taken by the Ministry of Public Administration, Provincial Councils and Local Government.

- (b) 4 debtor balances of Rs. 2,308,029, which were overdue for more than 5 years, had not been recovered during the year under review.

Cases have been filed against Western Brokers and W.T.VAS and Companies for non-payment of Rs. 1,176,375 and Rs. 1,042,378 respectively to the Board and the proceedings in the case are being conducted by the Attorney General's Department.

Debtor balances should be recovered.

The amount of Rs. 89,276, which is the sum of Rs. 11,900 and Rs. 77,376 respectively due from Millawana Plantation Company and the Welfare Association of the Ministry of Plantations, is an account balance that has been brought forward for more than 10 years. Although information was searched in this regard, sufficient information could not be found. Therefore, it will be submitted to the Board of Directors under the recommendations of the Audit Management Committee held in the future and written off in accordance with the Financial Regulations.

- (c) An amount of Rs. 9,953,712 payable to 03 contractors remained unsettled for a period of 4 - 5 years.

The necessary work is currently being done to solve the issues related to the construction of Rs. 6,683,533 and to solve the issues related to the payment values. After solving the relevant issues, if the contractor is entitled to payment, the payment will be made in a formal manner.

Action should be taken to pay the retained money after solving the existing issues.

The recommendations for the release of the retention money of Rs. 267,030 will be obtained from a Technical Officer in the area, and further action will be carried out in a formal manner.

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| <p>(d) An amount of Rs. 3,044,097 to be recovered from 42 employees who left the service is outstanding for a period of 1 to 5 years, and the Board had not taken action to recover the said loan.</p> | <p>Employees have been informed regarding the recovery of outstanding loans of 1-5 years.</p> | <p>Action should be taken to recover the outstanding employee loan.</p> |
| <p>(e) In terms of 3.11 of the Collateral Agreement relating to the Kapruka Investment Loan Scheme, a value of 0.5 percent on the balance of the refinanced loans due as at 31 December from the financial institutions that have provided credit facilities to the growers should be deposited in the savings account maintained for collateral of the Board on or before 15 January 2024. The Board had not taken action to deposit the collateral value of Rs. 2,852,955 as per the agreement, which was to be deposited in the relevant savings account by the financial institutions. Due to this, it was observed that the Board had lost interest income that could have been earned on the balance of the collateral savings account.</p> | <p>Due to irregularity in the payment of collateral installments by financial institutions, there are cases where the collateral installments for the ensuing year are not transferred to the collateral accounts of the Coconut Cultivation Board before January 15th of each year. Banking institutions have been informed about this from time to time. Accordingly, since the relevant annual collateral installment arrears for the year 2025 have been deposited into the collateral accounts by many financial institutions during the month of January, it is confirmed that this problem can be avoided in the future</p> | <p>Action should be taken to discuss with financial institutions and act according to the agreement.</p> |
| <p>(f) A mobile phone application was created in the year 2018 at a cost of Rs. 1,600,000 for systematic coconut cultivation, and as at 03 February 2025, the last update was recorded as 03 August 2024. Although the number of downloads for this software as at 31 December of the year under review was more than 10,000, it was problematic whether the Board had taken action to popularize the software among coconut growers and provide updated information.</p> | <p>This mobile application provides knowledge on the technical matters required in day-to-day life for coconut cultivation to growers.</p> <p>It is stated that the last update was made on 03 August 2024. Such mobile applications related to agriculture are updated only in cases where it is necessary to inform growers about an emergency situation, a situation where an epidemic disease is rapidly spreading or information related to a special matter. Accordingly, this mobile application was last updated on 13.08.2024 to inform growers about the whitefly damage that was rapidly spreading in the country at that time.</p> | <p>Since the mobile phone application is a very effective means of providing information, the Board should take the necessary measures to further promote it.</p> |
| <p>(g) During the inspection of the infilling planting in the 12 model coconut gardens maintained by the Board, it</p> | <p>The infilling planting is done according to the rainfall and labour availability in the areas where the model coconut gardens are located</p> | <p>Action should be taken to identify infilling planting</p> |

was found that more plants were required to be in filling in the coconut gardens of Mahayaya, Bopitiya, Randeniya, Nagansola and Korei than the number of plants required to be in filling during the year under review. The number of plants to be planted as at 31 December 2024 ranged from 150 to 2537.	and since it is difficult to plant and maintain a large number of plants in one year, infilling planting is done systematically. Due to the ongoing legal proceedings regarding the ownership of the land in the Karandai section of the Palai Model Coconut Garden, it was impossible to carry out development work there. Therefore, infilling planting was also delayed. As the legal proceedings have now been completed, the work of infilling has also been started and is currently being carried out systematically. Further, since the infilling planting in the areas where animal husbandry projects (e.g. buffalo farming project) are being carried out in parts in the Mahayaya Model Coconut Garden, it has not been possible to complete the infilling at once.	requirements in each coconut garden and estimate the same and obtain funds
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3.2 Idle or underutilized Property, Plant and Equipment

Non-compliance with reference to the relevant standard	Management Comment	Recommendation
58 toners worth Rs. 675,517 used for printers purchased in the years 2016, 2018, 2019, 2020 and 2021 and 03 electronic multimedia screens purchased in the years 2017, and 2021 for a value of Rs. 26,270 remained unused in the store as at 31 December of the year under review.	03Multimedia screens have been issued to the Administration and Human Resource Management Division, Extension and Development Division as per the request of those Divisions and to the Ampara Regional Office. The company had printers that were usable at the time of purchase of unused toner with issue notice numbers S/10/38, S/10/48, S/10/37, and these were purchased to be issued as per the requirement for those printers. This stock has remained due to the printers being removed from use due to their inoperability and disrepair.	Goods should be purchased as needed and the purchased goods should also be distributed as scheduled.