

## **Head 281 – Report of the Auditor General on the Department of Agrarian Development - Year 2017**

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The Appropriation Account and the Reconciliation Statement under Head and Item Number stated in the First Schedule and Third Schedule of the Appropriation Act, No. 24 of 2016 as amended by the Appropriation (Amendment) Act, No. 32 of 2017 were presented to Audit by the Department of Agrarian Development. The financial and physical performance reflected by those accounts and the reconciliation statements were audited in terms of Article 154 (1) of the constitution of the Democratic Socialist Republic of Sri Lanka.

### **1.2 Responsibility of the Chief Accounting Officer and the Accounting Officer on the Financial Management and Accountability**

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The Minister of the Finance is charged with the raising of Revenue and the collection of other Government monies as well as with the general oversight of all the financial operations of Government in terms of Financial Regulation 124 of the Democratic Socialist Republic of Sri Lanka. The Chief Accounting Officers have been appointed by the Minister of the Finance to discharge the above responsibility in terms of Financial Regulation 124(2). The Head of the Department will be the Accounting Officer in respect of all the financial transactions of his Department in terms of Financial Regulation 125(1)(a) and the Revenue Accounting Officer has been appointed by the Treasury. This responsibility includes designing, implementing and maintaining internal controls relevant to the maintenance, preparation and fair presentation of Accounts and Reconciliation Statements presented within the limitations imposed by parliament in accordance with the provisions in Articles 148, 149, 150 and 152 of the constitution of the Democratic Socialist Republic of Sri Lanka, other Statutory provisions, Government Financial Regulations and Administrative Regulations.

### **1.3 Scope of Audit**

The audit of Department of Agrarian Development - Head 281 for the year ended 31 December 2017 was carried out in pursuance of provisions in Article 154 (1) of the Constitution of the Democratic Socialist Republic of Sri Lanka in respect of designing of financial and physical performance, Government expenditure, Government revenue, Management of human and physical resources, Apply of internal control systems, Compliance with laws, rules and regulations and maintenance of books, registers, records and reconciliation statements in an updated manner, Preparation and presentation of accounts in timely manner, issuance of performance reports to respective parties based on the performance indicators. The Management Audit Report for the year under review was issued to the Commissioner of the Department on 18 October 2018. The audit observations, comments and findings on the accounts and the reconciliation statements were based on a review of the plans, accounts, reconciliation statements and performance reports presented to audit and tests of samples of transactions. The scope and extent of such review and tests were such as to enable as wide an audit coverage as possible within the limitations of staff, other resources and time available to me.

## 1.4 Audit Observations

The audit observations of the Department of Agrarian Development for the year ended 31 December 2017 revealed in audit appear in Management Audit Report in detail, mentioned in paragraph 1.3 above. The material and significant audit observations out of the audit observations included in the Management Audit Report appear in paragraph 2.1 to 2.20 of this report. It was observed that, the accountability as the Chief Accounting Officer and Accounting Officer had been satisfactorily executed, to ensure the adequacy of the financial control satisfactorily subjected to the following summarized audit observations revealed in the execution of the provisions of the Financial Regulations 128 of the Financial Regulations of the Democratic Socialist Republic of Sri Lanka.

<b>Accountability of the Accounting Officer in terms of Financial Regulation 128(i)</b>	<b>Non-compliance with that provision by the Accounting Officer</b>	<b>Reference to the paragraph of the report which included the observation</b>	
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Financial Regulations			
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128(1)(a)	The work of his Department is planned and carried out with due dispatch having regard to the policy laid down by the Government and the intentions of Parliament in granting him financial provision for the activities authorised, and that an endeavour is made to complete the programme of work laid down for the year and / or to attain the targets specified.	<ol style="list-style-type: none"> <li data-bbox="941 1198 1212 1310">1. Action plan had not been prepared accurately</li> <li data-bbox="941 1332 1212 1444">2. Not obtaining of the intended outcome</li> <li data-bbox="941 1467 1212 1624">3. Deficiencies in implementing the procurement procedure</li> <li data-bbox="941 1646 1212 1713">4. Un-economical transactions</li> <li data-bbox="941 1736 1212 1845">5. Non-maintenance of Registers and Books</li> </ol>	<ol style="list-style-type: none"> <li data-bbox="1228 1198 1485 1243">2.3 .1</li> <li data-bbox="1228 1332 1485 1377">2.2.2 (b)</li> <li data-bbox="1228 1467 1485 1512">2.3</li> <li data-bbox="1228 1646 1485 1691">2.7</li> <li data-bbox="1228 1736 1485 1780">2.17</li> </ol>

128(1)(b)	The organisation for financial control and accounting in his Department is effective, and providers adequately for the correct ascertainment, where necessary, of dues, to Government, Systematic and bringing to account of monies received, the authorization of commitments on behalf of the government, the supervision and examination of services and supplies rendered, and the prompt and correct payment therefor from public funds.	<ol style="list-style-type: none"> <li>1. Deficiencies in implementing the procurement procedure 2.3</li> <li>2. Deficiencies in rendering services to the public 2.10</li> </ol>
128(1)(c)	The Financial Regulations and other supplementary instructions of the government are adhered to in his Department, and that they are supplemented by Departmental instructions where necessary.	<ol style="list-style-type: none"> <li>1. Non-maintenance of Registers and Books 2.17</li> <li>2. Non-compliances 2.18</li> </ol>
128(1)(d)	An adequate system of internal check for receipts, payments and issues is maintained and rested from time to time.	Deficiencies in advances to public officers 2.13
128(1)(e)	Adequate and proper arrangements are made for the safe custody and preservation of money, stores, equipment and other assets belonging to the Government, or is in its custody, and that these are verified from time to time and where they are disposed of such disposal is according to prescribed Regulations and instructions.	<ol style="list-style-type: none"> <li>1. Deficiencies in Assets Management 2.4</li> <li>2. Deficiencies in Annual Board of survey 2.4 (f)</li> </ol>
128(1)(f)	Such information, statements and returns as are called for by the Chief Accounting Officer or the Treasury, are rendered correctly and promptly.	<ol style="list-style-type: none"> <li>1. Action plan had not been submitted accurately 2.2.1</li> <li>2. Non preparation of Annual Performance Report 2.2.3</li> </ol>
128(1)(h)	Special arrangements are made to recover	Non recovery of 2.13 (a)

	outstanding dues and that the officers assigned that task report to him at least once a quarter or as otherwise directed regarding arrears and action pursued to expedite their recovery.	out standing loan balances in the Advances to Public Officers Account	
128(1)(i)	The activities of his department are undertaken with due regard to economy, efficiency, propriety and integrity expected in the transaction of public business (in this context, economy means not merely keeping within the estimates but also ensuring that the Government receives best value for money expended)	1. Not obtaining Intended outcome 2. Uneconomical transactions	2.2.2 (b) 2.7
128(1)(n)	Officers liable to provide security do so in terms of the law and instructions in force	Deficiencies in obtaining securities from relevant officers	2.20
128(1)(o)	The procedure laid down in Financial Regulations 103 to 108 is adhered to in case losses to Government by the delays, negligence, faults or frauds on the part of officers/employees and surcharged are imposed on officers / employees responsible for such losses in terms of F.R. 156 (1).	Improper use of non taken over assets	2.4 (i)

## 2. Material and Significant Audit Observations

### 2.1 Main Activities of the Department

- (a) Making arrangements to ensure the maximum utilization of agricultural lands in accordance with the governments agricultural policies.
- (b) Making arrangements to protect cultivating rights of agricultural landlords, agricultural landlord cultivators and occupiers and tenant cultivators.
- (c) Making regulations regarding registration and functioning of famer's organizations and to ensure the execution of those regulations.
- (d) Establishment of Agrarian Development councils and supervision and guidance of the execution of powers of those councils.

- (e) Preparation, amending and maintaining registers of agricultural lands within each every Agrarian Development council area of Authority Island-Wide.
- (f) Making arrangements to solve problems of tenant cultivators and other disputes of farmers' community regarding the Agricultural Lands.
- (g) Execution of regulations to ensure the productivity, protection, conservation and management of minor irrigation system and water resources.
- (h) Taking legal action against the parties who violate the regulations of the Agrarian Development Act and Government agricultural policies.

## **2.2 Performance**

### **2.2.1 Planning**

The action plan for the year 2017 had been prepared in terms of the Public Finance Circular No.01/2014 of 17 February 2014. The following deficiencies were observed relating to the Action Plan.

- (a) The organizational structure, details of the Approved Cadre and Actual Cadre had not been included in to the Action Plan.
- (b) Ten projects carried out by incurring an expenditure amounting to Rs. 23,702,110 under the new constructions of Agrarian Services Centres and the renovations of District Offices in the year under review had not been included in the Action Plan.

### **2.2.2 Non-execution of Functions**

The following observations are made.

- (a) **Non- execution of the functions included in the Action Plan**  
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Even though provisions amounting to Rs. 27 Million had been provisioned for 06 projects under the renovations of Agrarian Service Centres, 04 projects under the renovations of the District Offices and for the Kalutara District under new constructions as per the Revised Action Plan, those projects had not been initiated even by 30 June 2018.

**(b) Not Obtaining the Intended outcome**  
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Provisions amounting to Rs. 918 million for 558 tanks under activities of the programme of Rehabilitation and Reconstruction of Small Tanks and amounting to Rs. 593 million for 500 anicuts under 04 activities of the programme of Development of Minor Irrigation and Follow Fields had been provisioned during the year under review. Work of 247 tanks and 235 anicuts had been commenced respectively during the year under review and a sum of to Rs. 965.1 million had been spent. Accordingly work of 311 tanks and 265 anicuts had not been initiated.

**(c) Funds released but not completed Projects**  
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Even though the Department had released funds for District Offices for the following projects, work had not been completed even by 31 December 2017. Details appear below.

- (i) Even though an expenditure amounting to Rs. 627,155,011 had been spent as at 31 December 2017 for 1,184 projects under the programme of Rehabilitation and Reconstruction of Small Tanks during the year under review, these projects had not been completed even by the end of the year under review.
- (ii) Even though an expenditure amounting to Rs. 164,904,313 had been spent as at 31 December 2017 for 437 projects under programme on the Development of Minor Irrigation and follow fields during the year under review, these projects had not been completed even by the end of the year under review.
- (iii) Even though an expenditure amounting to Rs. 1,500,000 had been spent as at 31 December 2017 for 628 projects under the programme of Crops diversification and even though these projects had to be completed by the end of the year under review, it had not been completed accordingly.
- (iv) Even though an expenditure amounting to Rs. 20,945,629 had been spent as at 31 December 2017 for 15 projects under the programme of the Renovation of Agrarian Service Centres and even though these projects had to be completed by the end of the year under review, it had not been completed accordingly.

**2.2.3 Annual Performance Report**

Even though the Performance Report of the year under review should be tabled in Parliament within 150 days after the close of the Year of Accounts by the Department in terms of the Public Finance Circular No. 402 of 12 September 2002, that report had not been tabled in Parliament even by 09 August 2018. Likewise the performance report of the year 2016 had not been tabled in Parliament.

## **2.3 Obtaining Supplies and Services through the Procurement Process**

### **2.3.1 Implementation of Procurement Process**

The following observations are made.

- (a) Even though a sum of Rs. 700,000 had been paid in 26 December 2017 for purchase of Water Measurement Equipment, those goods had been received to the institution in the year 2018. However goods had been brought to account as being received in the year 2017.
- (b) Even though taxes should be paid only to the Registered Suppliers for the Value Added Tax as per the Guideline 5.4.11 of the Government Procurement Guidelines, a sum of Rs. 96,525 had been paid as Value Added Tax to a Supplier who had not been registered for the Value Added Tax in the invoice in printing of posters valued at Rs. 740,025.

## **2.4 Assets Management**

The following deficiencies were observed during the course of the audit test checks relating to the assets of the Department.

### **(a) Documentation of Assets**

Even though the office of Comptrol General under the purview of the Ministry of Finance and Mass Media had been called information pertaining to the assts of every institution in terms of the Assets Management Circular No. 01/2017 dated 28 June 2017, that information had not been furnished by the Department

### **(b) Non examination of the Fuel Combustion**

The examination of the fuel combustion had not been carried out for 158 Motor Vehicles of the Department in terms of paragraph 3.1 of the Public Administration Circular No. 30/2016 of 29 December 2016.

### **(c) Expenses on Office Continuation**

A total sum of Rs. 23,467,839 had been spent for all the buildings of the Department, as annual cleaning charges amounting to Rs. 14,313,795, security charges amounting to Rs. 8,229,800 and rates charges amounting to Rs. 924,244. Accordingly during the year under review the continuation cost per person was a sum of Rs. 1,665. The following observations are made in this regard.

- (i) In terms of the paragraph 05 of the Security Service Agreement a security officer should not be employed more than 24 hours. Contrary to that it was observed during the course of the audit test check that 03 Officers had served between a time frame ranging from 84 hours to 240 hours in 11 instances.
  
- (ii) According to the Service Agreement for cleaning there should be a minimum of 09 employees per day, an over payment of Rs. 77,698 had been paid from July to December due to the employment of less employees rather than the specified number of employees.

**(d) Non disposal of Disposable Assets**

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Action had not been taken to dispose an Excavator Machine, 09 Bulldozers, 02 Dozers, 01 Vibrating Roller and 12 Motor vehicles valued at Rs. 15,300,000 which was decided to be disposed from a period of over one year according to the Annual Board of Survey Reports even by 31 July 2018.



**(e) Idle and Under-utilized Assets**  
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It was observed during the course of the audit test checks that some assets remained idle or being under-utilized as categorized below.

	<b>Type of the Assets</b>	<b>Number of Units</b>	<b>Value of Rs.</b>	<b>Period that remained Idle (Year)</b>
(i)	Excavator	01	-	01
(ii)	Bulldozers	06	-	01
(iii)	Vibrating roller	02	-	01
(iv)	Loader	01	-	01
(v)	Machines	13	-	01 years 07 months
(vi)	Vehicles	08	24,300,000	01

**(f) Conduct of Annual Board of Survey**  
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In terms of the Public Finance Circular No. 05/2016 dated on 31 March 2016, Annual Board of Survey reports of 05 District Offices had not been furnished to audit even by 12 September 2018.

**(g) Assets given to External Parties**  
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Three Motor vehicles belonged to the Department had been released for a period of over one year to the Divisional Secretary Southern Province, Ministry of Agriculture and Hunupitiya Fertilizer Secretariat Office and Action had not been taken either to vest or take over those Motor vehicles.

**(i) Improper use of Assets owned by Other Institutions**  
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(i) Three Motor Vehicles of the Ministry of Agriculture, 03 Motor Vehicles of the project of World Food, 02 Motor Vehicles of the Department of Agriculture in Jaffna and Mannar, 01 Motor Vehicle of the Office of the Secretary of the Matara District and 01 Motor Vehicle of the Ministry of Economic Development had been used by the Department for a period of over one year with out being taken over.

(ii) The Prado Jeep which was received in year 2011 under the aids of Tsunami from the programme of World Food had not been registered and it remained being parked at the Malabe Vehicle Park with out being used.

## **2.5 Commitments and Liabilities**

### **Entering in to Commitments exceeding the Annual Budget Limit**

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Non compliance with the paragraph 02 (a) of the Public Accounts Circular No. 255/2017 dated 27 April 2017, provisions amounting to Rs. 61.13 million made for 06 Objects exceeding by Rs. 12.81 million and commitments amounting to Rs. 14.59 million had been committed.

## **2.6 Financial Irregularities in Transactions**

An Officer of Meegasara Agrarian Service Council in Hambanthota had misused money and had deposited short of money amounting to Rs. 320,700 in the bank.

Out of that money only Rs. 122,000 had been paid back to committee. Disciplinary action had not been taken in this connection even by 30 August 2018.

## **2.7 Uneconomic Transactions**

Details on the transactions entered in to without being economical revealed at the audit test checks appear below.

(a) Souvenir books and invitation cards had been supplied 20 days and 38 days after the close of the ceremony respectively for the harvest festival which was held on 07 and 08 date of April. Expenditure amounting to Rs. 532,182 had been incurred thereof.

(b) Even though an order had been given on 02 October 2017 to print posters with the intention of raising awareness of the farmers on the Farmers' Week which was implemented during the period from 06 October 2017, to 12 October 2017, the posters had been supplied a month after the close of the Farmers' Week, that is on 07 November 2017 and the expenditure incurred in this connection was a sum of Rs. 740,025.

## **2.8 Unresolved Audit Paragraphs**

Reference to the paragraphs that had not been rectified by the Department relating to the deficiencies indicated by the audit paragraphs included in the Auditor General's Reports in the year 2016 relating to the Department appear below.

**Reference to the Report of Subject  
the Auditor General**

**Paragraph No.**

- 3.13 The fixed deposit of Rs. 450,000 deposited at Kekirawa Rural Development Bank had been credited to his Personal Account by the former Agrarian Regional Officer.
- 3.15 (b) Even though investigations commenced for 09 Agricultural Research and Production Assistants on fertilizer fraud at the Balangoda Rathmalawinna Agrarian Service Center had been concluded in 27 June 2016, the stock deficit amounting Rs. 1,667,250 had not been recovered.
- 3.15 (e) Out of the loan obtained from the Farmers Trust Fund in year 2015 to provide loans to 5,386 farmers who grow maize, a sum of Rs. 35,385,267 had not been settled.
- 3.15 (g) Financial and stock deficit amounting to Rs. 364,111 occurred due to the financial irregularities of an Officer of Agrarian Service Center in Anuradhapura, Kallanchiya had not been recovered.

**2.9 Management Weaknesses**

The following weaknesses were observed during the course of audit test checks.

- (a) Action had not been taken to complete 12 Preliminary Investigations relating to the fertilizer irregularities and Financial irregularities remaining from a period of over 05 years, 04 Inquiries in terms of the Financial Regulations 104 and 03 proper Disciplinary Actions by the end of the year under review.
- (b) Action had not been taken to recover a sum of Rs. 8,560,108 that remained recoverable from a period of over five years from 24 officers relating to the Financial irregularities, concessional fertilizer stocks and other stocks shortage as per the Inquiries in terms of the Financial Regulations 104 (1) (b), carried out in 10 Agrarian Service Centers.
- (c) Out of the 13 categories of loans amounting to Rs. 9,626,886,464 which was given by the Farmers Banks to the farmers, amounting to Rs. 1,428,462,224 had to be recovered by the end of the year under review.

- (d) In terms of the section 6.3 and 6.4 of the Circular issued by the secretary to the Ministry No. 2016/NFS/FCG (1) dated 09 march 2016, Even though balance stocks at the Agrarian Service Centers under the scheme of fertilizer subsidy valued at Rs. 239,272,318 as at 29 February 2016 should be sold before 31 March 2016 and money should credited to the Government Revenue Account, 93,830 kilograms had not been sold even by 31 December 2017 and a sum of Rs. 207,741,350 from the sales of fertilizer had been retained in the Agrarian Services Committee Accounts.
- (e) Even though fertilizer stocks valued at Rs. 58,229,685 at Agrarian Service Centers in Batticaloa district had been given to the farmers on credit basis, those money had not been recovered and credited to the Government Accounts even up to 31 March 2018.

## **2.10 Rendering Service to the Public**

The following observations are made.

- (a) Even though a website had been created for the Department in the year 2011, a methodology to carry out Awareness Programme necessary to the public and to received complaints made by the public had not been prepared.
- (b) Actions had not been taken to separate the waste properly at the point of generating, installing dust bins with standard color codes to dispose waste, not taking action to minimize the use of polythene in the Institution had not been carried out in terms of the provisions in the Public Administration Circular No. 24/2016 dated 20 October 2016 regarding to the Waste Management.

## **2.11 Achievement of Sustainable Development Goals**

According to the United Nations Agenda Year 2030, Sustainable Development Goals, every public entity should act in accordance with its agenda and even though Department had been aware of the manner that perform its functions should be performed within the scope relating to the year under review, Sustainable Development Goals and targets had been identified.

## **2.12 Utilization of Provisions made by the Parliament to execute the activities**

Details regarding the provisions made for the Department, Utilization and savings for 05 years from the year ended 31 December 2017 and audit observations relating thereto are given below.

Year	Expenditure Category	Net Provision	Utilization	Savings	Savings, as a Percentage of Net Provision
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		Rs. Millions	Rs. Millions	Rs. Millions	
2013	Recurrent	3,722.78	3,719.21	3.57	0.09
	Capital	655.27	600.17	55.10	8.4
	<b>Total</b>	<b>4,378.05</b>	<b>4,319.38</b>	<b>58.67</b>	<b>1.34</b>
2014	Recurrent	4,434.74	4,430.07	4.67	0.11
	Capital	2,040.00	2,007.77	32.23	1.57
	<b>Total</b>	<b>6,474.74</b>	<b>6,437.84</b>	<b>36.90</b>	<b>0.56</b>
2015	Recurrent	6,076.09	5,988.42	87.67	1.44
	Capital	2,086.00	1,843.57	242.43	11.62
	<b>Total</b>	<b>8,162.09</b>	<b>7,831.99</b>	<b>330.10</b>	<b>4.04</b>
2016	Recurrent	6,920.40	6,676.10	244.30	3.53
	Capital	1,663.00	914.22	748.78	45.03
	<b>Total</b>	<b>8,583.00</b>	<b>7,590.22</b>	<b>992.78</b>	<b>11.57</b>
2017	Recurrent	6,752.17	6,698.85	53.32	0.79
	Capital	1,881.68	869.04	1,012.64	53.80
	<b>Total</b>	<b>8,633.85</b>	<b>7,567.89</b>	<b>1,065.96</b>	<b>12.34</b>

(a) **Appropriation Account**

(i) **Making available over - provisions**

The savings of the net provisions was ranging from 36 per cent to 78 per cent on utilizing only a total sum of Rs. 47 million of the relevant provisions relating to those objects, on making over- provisions totaling Rs. 154 million for 03 objects.

(ii) **Utilization of Provisions made available by other Ministries and Departments**

Provisions amounting to Rs. 4,915 million, Rs. 55.7 million and Rs. 2.08 million had been made available respectively by 02 Ministries, 02 Departments and by the Presidential Secretariat for various activities. Out of that only a total sum of Rs. 1,995.49 million had been utilized by the end of the year under review. Accordingly out of the provisions made available amounting to Rs. 2,977.29 million or 60 per cent of the provisions had been saved. The following observations are made in this regard.

- Even though provisions totaling Rs. 23,263,000 had been received for Minor Irrigation reconstructions in Matale District for 11

industries had been received from the Ministry of Agriculture, those projects had not been initiated.

- To purchase computers amounting to Rs. 30 million had been provided to the Department by the Ministry of Agriculture, for the purchase of 200 computers and 30 computers were given to Head Office and the balance of 170 computers were at stores from the 08 May 2018. Due to the not obtaining a software for the computers it could not be able to used.

## 2.13 Advances to Public Officers Account

### Limits Imposed by the Parliament

The limits authorized by the Parliament for the Advances to Public Officers Account relevant to the Department, under Item No. 28101 and the actual amounts are given below.

<b>Expenditure</b>		<b>Receipts</b>		<b>Debit Balance</b>	
<b>Maximum Limit</b>	<b>Actual</b>	<b>Minimum Limit</b>	<b>Actual</b>	<b>Maximum Limit</b>	<b>Actual</b>
<b>Rs. Millions</b>	<b>Rs. Millions</b>	<b>Rs. Millions</b>	<b>Rs. Millions</b>	<b>Rs. Millions</b>	<b>Rs. Millions</b>
285.00	284.19	192.00	234.46	600	407.06

The following observations are made in this regard.

#### (a) **Non recovery of outstanding loan balances**

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According to the Reconciliation Statement presented to Audit the balances that remained outstanding as at that date totaled to Rs. 7,733,398 except the loan balances of the officers who were transferred and even though those outstanding balances have been coming over a period of 05 years, the follow up actions taken on the recovery of those balances had been at a weak level.

- (b) The recoverable loan balances shown as amounting to Rs. 2,021,473 as at 31 December 2017 from the officers who were internally transferred, in that loan balance there was a balance of amounting to Rs. 1,991,743 coming over a period of 05 years.

## **2.14 Imprest Account**

The balance of the imprest account under the Department as at 31 December 2017 was Rs. 323,819. The following observations are made in this regard.

- (a) Out of the above imprest balance Rs. 50,800 had not been settled up to 05 June 2018.
- (b) Even though Ad-hoc sub imprest should be settled within 10 days after completing the relevant purpose in terms of the Public Finance Circular No. 3/2015 of 14 July 2015 amended Financial Regulation 371 (5), total Ad-hoc sub imprests amounting to Rs. 2,255,208 in 182 instances which was given to 26 officers had been settled after completing the work delaying from 33 days to 355 days.
- (c) Without settling the previous Ad-hoc sub imprest, another Ad-hoc sub imprest totaling Rs. 3,526,232 had been given to 25 officers in 242 instances.
- (d) Even though Ad-hoc sub imprest given for a particular financial year should not be use for the payments of another financial year, in terms of the Financial Regulation 371 (6), advances amounting to Rs. 218,330 taken in year 2017 by the officers of the department had been settled in year 2018 and therefore delay period was from 17 days to 216 days.
- (e) Ad-hoc sub imprest amounting to Rs. 151,430 which was given to 08 officers in 10 instances and without done the said activity retaining in hand a period of from 9 days to 321 days the whole sum had been deposited back.

## **2.15 General Deposit Accounts**

Total balances of 07 General Deposit Accounts under the department as at 31 December 2017 was Rs. 500 million. The following observations are made in this regard.

- (a) Actions had not been taken in terms of the Financial Regulation 571, in respect of 954 deposits amounted to Rs. 35.97 million exceeding over 02 years.
- (b) Out of the advances settled from the year 2015 to 2017 amounted to Rs. 48.85 million which was given to the Agrarian Service Centers for the fertilizer subsidy out of the recoveries in year 2015 from the officers who had been given Motor Cycles and the balance of Rs. 0.14 million after crediting to the Government Account had not been settled and retained in deposit account up to 30 May 2018.
- (c) The sum of Rs. 1.45 million which had been in the General Deposit Account from the years 2013 to 2017 to spent for the Harvest Festival had not been

utilized and expenses for the festival had been incurred by obtaining provisions from the Ministry of Agriculture.

- (d) Difference amounted to Rs. 1.15 million had been observed between the Treasury books and department books in 04 General Deposit Accounts of the department as at 31 December 2017.

## **2.16 Operation of Bank Accounts**

The following observations are made.

- (a) Actions had not been taken in terms of the Financial Regulation 396 (d) on 248 cheques valued at Rs. 3.026 million issued but not presented to the Bank.
- (b) Adjustments had not been done by identifying the unidentified payments amounting to Rs. 571,858 in 9 district offices and unidentified receipts amounting to Rs. 532,529 in 07 district offices as at 31 December 2017.

## **2.17 Non-maintenance of Registers and Books**

It was observed during the course of audit test checks that the department had not been maintained the following Registers in the updated manner.

<u>Type of Register</u>	<u>Relevant Regulation</u>	<u>observation</u>
Register of Fixed Assets	Treasury circular No. 842 of 19 December 1978 / Financial Regulation 502 (2) Appendix 11	had not been updated
Register of Fixed Assets on computers. Accessories and software	Treasury circular No. IAI/2002/02 of November 28	had not been maintained
Register of security	Financial Regulation 891 (1)	had not been maintained
Register of listing of motor vehicles	Financial Regulation 1647 (e)	had not been maintained
Log Books	Financial Regulation 1645	had not been updated



## 2.18 Non-compliances

### 2.18.1 Non-compliance with Laws, Rules and Regulations

The following instances of non-compliance with Laws, Rules and Regulations observed during the course of audit test checks are analyzed below.

<u>Reference to Laws, Rules and Regulations</u>	<u>Value Rs.</u>	<u>Non - compliance</u>
Statutory provisions -----		
(a) Section 53 (1) and (4) of Agrarian Development Act No. 46 of 2000		Even though the responsibility of preparing the Agricultural Land Register belongs to the Department, it had not been done so.
(b) Financial Regulations of the Democratic Socialist Republic of Sri Lanka Financial Regulations 1646	31,617,210	Even though the daily running charts of each month should be furnished to the Auditor General with the original of the monthly summary of the running of the Motor vehicles before 15 <sup>th</sup> of the following month, running charts of 133 Motor vehicles had not been sent to the Auditor General.
(c) Circular of Ministry of National Policy and Economic Affairs No. MNPEA 3/2016 (amended) dated 08 September 2016		Even though registration as a Farmers' Organization should be made before 2 years in the Department of Agrarian Development in the instance where a non-competitive contract is being awarded, contrary to that 5 industries had been awarded to 04 Farmers' Organizations in Matale District which was registered in the year 2017.

## **2.19 Human Resource Management**

### **2.19.1 Approved Cadre, Actual Cadre and Expenditure on Personal Emoluments.**

For accomplish of the activities stated in the paragraph 2.1 above, the particulars relating to the approved cadre, actual cadre vacancies and the excess cadre as at 31 December 2017 are given below. Department had incurred a sum of Rs. 6,410.85 million for the personal emoluments for year under review. Accordingly the per capita expenditure had been Rs. 454,832.

	<b>Category of employees</b>	<b>of Approved Cadre</b>	<b>Actual Cadre</b>	<b>Number of Vacancies</b>
(i)	Senior Level	123	70	53
(ii)	Tertiary Level	645	466	179
(iii)	Secondary Level	16,065	12,976	3,089
(iv)	Primary Level	1,543	583	960
	<b>Total</b>	<b>18,376</b>	<b>14,095</b>	<b>4,281</b>

#### **(a) Release of Human Resources informally to other Departments**

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Eight Agricultural Research and Production Assistants had been released to 04 institutions as at 31 December 2017. Actions had not been taken to reimburse the salary receivable from 01 January 2016 to 26 September 2017 amounting to Rs. 326,736 of the officer who had been released to the Sabaragamuwa provincial council.

#### **(b) Staff Training**

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Even though by spending Rs. 184,145 a training on updating the Register of Agricultural Lands had been given for 165 officers during the year under review, the Register of Agricultural Land had not been updated even by 31 December 2017.

## **2.20 Placing of Security by Public Officers**

Even though in terms of the Financial Regulations 880, the officers who are required to give security in accordance with the authority of 612 of the security ordinance should give securities, 9,540 officers in this department had not been kept securities.