

Head 281 – Department of Agrarian Development

1. Financial Statements

1.1 Qualified Opinion

The audit of the financial statements of the Head 281 – Department of Agrarian Development for the year ended 31 December 2022 comprising the statement of financial position as at 31 December 2022 and the statement of financial performance and cash flow statement for the year then ended was carried out under my direction in pursuance of provisions in Article 154(1) of the Constitution of the Democratic Socialist Republic of Sri Lanka read in conjunction with provisions of the National Audit Act, No.19 of 2018. The summary report containing my comments and observations on the financial statements of the Department of Agrarian Development was issued to the Accounting Officer on 31 May 2023 in terms of Section 11(1) of the National Audit Act, No.19 of 2018. The Annual Detailed Management Audit Report relevant to the Department was issued to the Accounting Officer on 12 June 2023 in terms of Section 11(2) of the Audit Act. This report will be tabled in Parliament in pursuance of provisions in Article 154(6) of the Constitution of the Democratic Socialist Republic of Sri Lanka to be read in conjunction with Section 10 of the National Audit Act, No.19 of 2018.

In my opinion, except for the effects of the matters described in paragraph 1.6 of this report, the financial statements give a true and fair view of the financial position of the Department of Agrarian Development as at 31 December 2022, and of its financial performance and its cash flows for the year then ended in accordance with Generally Accepted Accounting Principles.

1.2 Basis for Qualified Opinion

I expressed qualified opinion on the matters described in paragraph 1.6 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 the Chief Accounting Officer and the Accounting Officer for the Financial Statements

The Accounting Officer are responsible for the preparation of financial statements that give a true and fair view in accordance with Generally Accepted Accounting Principles and provisions in Section 38 of the National Audit Act, No.19 of 2018 and for the determination of the internal control that is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

In terms of Sub-section 38(1)(c) of the National Audit Act, the Accounting Officer shall ensure that an effective internal control system for the financial control exists in the Department and carry out periodic reviews to monitor the effectiveness of such systems and accordingly make any alterations as required for such systems to be effectively carried out.

1.4 Auditor's Responsibilities for the Audit of the Financial Statements

My objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error and to issue an auditor's summary 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 and its materiality depends on the influence on economic decisions taken by users 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 skepticism throughout the audit. I also:

- Appropriate audit procedures were designed and performed to identify and assess the risk of material misstatement in financial statements whether due to fraud or errors in providing a basis for the expressed audit 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.
- An understanding of internal control relevant to the audit was obtained in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.
- Evaluate the 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.
- Evaluate the overall presentation, structure and content of the financial statements including disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with the Accounting Officer regarding, among other matters significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

1.5 Report on Other Legal Requirements

I declare the following in terms of Section 6 (1) (d) of the National Audit Act No. 19 of 2018.

- (a) Financial statements are consistent with the previous year.
- (b) 1.6.1 (a) (i), (ii), (c) (i), (ii), (iii), (iv) of this report, the recommendations made by me in the previous year's regarding the observations mentioned in the paragraphs had not implemented also during the year under review.

1.6 Comments on the Financial Statements

1.6.1 Accounting Deficiencies

(a) Statement of Reconciliation on Advances to Public Officers Account

The following observations are made.

Audit Observation	Comments of the Accounting Officer	Recommendation
(i) The difference of Rs.2,301,653 existed between the balance of the department's control account and the balance of the individual balance classification summary had not been identified and corrected.	These are the unidentified debit balances that have existed for a long time and letters have been sent to the institutions for few identified balances and settled in the year 2022. The relevant divisions have been informed to identify and settle this difference in the future.	The difference should be identified and corrected.
(ii) The loan balances of Rs.1,991,743 that to be collected from the officers who transferred within the department as of 31 December 2022 were the loan balances that arose in the years 2008 and 2009 and, those had not been properly adjusted in the accounts in the year 2022 as well.	Although these loan balances should be settled by offsetting the loan balances which have been transferred internally between the years 2008 and 2009 with the loan balances which came with the transferred from the respective years, these loans have not been correctly adjusted to the accounts in the respective years. Internally transferred loan balances are not the loan balances that should be recovered from the relevant officers and this remains due to an internal settlement error in the advance B account of Public Officers in the years 2008, 2009. It has not been possible to obtain specific information about these loans during the inquiries made by the district offices.	These balances should be corrected immediately.

(b) Property Plant and Equipment

The following observations are made.

Audit Observation	Comments of the Accounting Officer	Recommendation
(i) Although the communication equipment worth Rs.3,048,117 has been taken over to the Department by the Sri Lanka Information and Communication Technology Agency under the State Networking Project in the year 2018, their value had not been included in the Statement of Non-financial Assets.	We have not received any information about the issue order by the ICTA Institute relating to the check point 3200 type firewall equipment given to Department by the Lanka State Networking Project or the value of that equipment. Therefore, it is informed that the relevant communication equipment has not been included in the Statement of Non-financial Assets.	The value of the equipment should be received by ICTA and accounted.
(ii) Due to 14 machinery such as Dozers, Bulldozers, Backhoe Loaders and Vibrating Rollers that were decided to be disposed in the years 2015, 2018, 2019 and 2020 has not been disposed in accordance with F.R.770(4)(a), their value had been overstated in the Statement of Non-financial Assets.	Although 09 machines out of the 14 machines to be disposed were previously assessed and presented to the auction, that machines were not purchased by the highest bidders and the Departmental Procurement Board has recommended that all the machines currently proposed for dispose should be re-assessed and auctioned. It is informed that, action will be taken to remove those machines from the statement of Non-financial Assets after auctioning.	Actions should be taken to immediate disposals and remove from the books.
(iii) The value of 178 lands owned by the department which were included in the information sent to the Comptroller General last year had not been included in the Statement of Non-financial Assets.	Necessary work is being done to assess other un-assessed lands owned by the department. The development division has made arrangements to take over the ownership of the lands which rights not confirmed through regional offices at the district level. Unforeseen circumstances take a lot of time during the takeover process. The relevant divisions have been informed to report the relevant values in a formal manner immediately after the takeovers are completed.	Land should be immediately valued and included in the Statement of Non-financial Assets.

- (iv) The 47 warehouses, 137 Agrarian Service Centers, 19 other buildings, 312 office buildings, 23 shops, 30 quarters, 05 circuit bungalows, 27 garages, 36 other commercial buildings, 03 mechanical yards and 02 laboratories and research buildings and, 03 buildings of head office was not assessed and had not been shown under the Non-financial Assets. Assessed buildings were included in the statement of non-financial assets and other buildings are in progress for valuation. It is informed that the buildings which the relevant assessments are completed will be accounted immediately. All buildings should be assessed and accounted.
- (v) The value of purchases during the year as per Statement on Non-Financial Assets (ACA 6) during the year under review had been overstated due to the inclusion of repair expenses of Rs.2,755,250 in the value of purchases during the year. The value of Rs.7,130,126 transferred from the value of buildings and construction work in progress in the year 2021 to the value of non-residential buildings and construction in the year 2021 and, the value of Rs.2,755,250 paid by the expenditure object of building rehabilitation for the repair work of Bambarabotuwa Agrarian Service Center in Ratnapura District Office includes in the purchase value for the year according to the statement of non-financial assets in 2022. Although this value was correctly accounted for under expenditure object 281-2-2-0-2001 in the CIGAS program, it was included in the balance of non-financial asset and action had been taken to remove that value from the Statement of Non-financial Asset. Since the over stated values have not been corrected, actions should be taken to correct that balance.
- (vi) Although the value of the building was Rs.1,760,597,708 according to the information sent to the Comptroller General as on 31 December 2021, due to the value of that building was shown as Rs.842,167,013 in the statement of movement of non-current assets as of 01 January 2022, the value of the building had been under stated by Rs.918,430,695 in the financial statements. The relevant building values were submitted to the district offices by the respective centers during the collection of information by the Comptroller General's Office. Necessary arrangements will be made to formally include these assets in the Non-financial Asset Register in the future. The correct value should be accounted.

2. Financial Review

2.1 Utilization of Provisions made available by other Ministries and Departments

The following observations are made.

Audit Observation	Comments of the Accounting Officer	Recommendation
(a) Construction of Hela Bojunhal and One Stop Shop in Agrarian Service Centers		
(i) The Hela Bojunhala which was built at the Panadura Agrarian Service Center at a cost of Rs.1,399,746 under the expenditure object No.118-2-3-20-2509 remained unused since 2018 due to non-supply of electricity. Also, a provision of Rs.6,500,000 was given for the construction of a toilet and a One Stop Shop in the year 2020 and although it was supposed to be completed by February 2021, Rs.1,252,852 had been spent to prepare the land, put concrete in the toilet system and only the base had been built by December of the year under review.	An allocation of Rs.6,500,000 was given for the construction of Panadura One Stop Shop in the year 2020 and an amount of Rs.1,252,852 out of that has been spent and construction has been done up to the level of the concrete lining. Construction has been temporarily stopped due to delay in the allocations of the Ministry and instructions have been given to commence the construction of Panadura One Stop Shop immediately after allocation is received.	The deficiencies should be rectified and Hela Bojunhala and One Stop Shop should be opened to the customers immediately.
(ii) The Hela Bojunhala which was built at a cost of Rs.1,506,720 and affiliated to the Kananwila Agrarian Service Center in the year 2018 had not been started until 31 March 2023.	The Public Health Inspector has notified few changes which is harmful to public health in relation to Hela Bojunhala which was built affiliated to the Kananwila Agrarian Service Centre. Instructions have been given to make those changes and open Bojunhala immediately.	Hela Bojunhala should be opened to customers immediately.
(b) An provisions of Rs.1,200,000 had been given to the Sitawaka Divisional Secretariat for the restoration of Hali canal in Hanwella town and the cultivation of 09 acres of beliatta paddy field which was lying fallow in Muttessa field by the Gama Samanga Pilisandarak Project under the expenditure object No.198-02-15-002-2506. Although an amount of Rs.845,648 was spent to clear 05 acres of land and construct the canal, none of the expected paddy fields of the project were harvested.	Muttessa fields are planned to be harvested in the 2023/24 Maha season and the farmers have given their consent in writing. The Assistant Commissioner of Colombo District Agrarian Development has informed that the farmers refrain from cultivating paddy fields due to the heavy rains that fall in the area during the Yala season and this paddy is cultivated only in the Maha season.	Fallow paddy fields should be harvested without delay.

2.2 Non-compliance with Laws, Rules and Regulations

The following observations are made.

		Observation	Comments of the Accounting Officer	Recommendation	
	Reference to Laws, Rules and Regulations	Amount Rs.	Non-compliance		
(a)	Financial Regulations of the Democratic Socialist Republic of Sri Lanka				
(i)	F.R.104(1)	22,219,826	An amount of Rs.22,219,826 which should have been collected from 23 officers according to the disciplinary investigations had not been collected even though a period of time from 05 to 18 years had been passed.	Actions have been taken to recover by law. Unreported disciplinary investigations are planned to be followed up as soon as they are reported. Actions will be taken to collect all the amounts due.	The amounts due should be collected promptly.
(ii)	F.R.104(1)(a)		Although investigations should be commenced immediately after a loss or damage occurs to know its extent and causes and to determine those responsible for it, the related investigations had not been conducted regarding the accidents of 08 vehicles that occurred in the years 2019, 2020, 2021 and 2022.	Necessary actions will be done immediately after information about the officer who has formally handed over the Cab No.PF-8446 and the relevant documents related to the vehicle No.PJ-3251 are received. An investigation committee has been appointed and instructions have been given to the relevant officers to take formal action in this regard.	Investigations should be done promptly and the loss should be recovered.

(iii) F.R.104(2)	978,013	<p>Although a copy of the report should be sent to the Public Finance Department of the Treasury if the value of the losses/damages is more than Rs.50,000, a copy of the report on the misplacing checkpoint 3200 Type Firewall equipment which certified by the Sri Lanka Information and Communication Technology Agency (ICTA) that it has a value of Rs.978,013 had not been forwarded to the Treasury by 02 March 2023.</p>	<p>We have not received any information or the issuance order provided by ICTA about the value of the check point 3200 type firewall equipment given to the Department of Agrarian Development by the Sri Lanka State Networking Project. Therefore it was not possible to proceed according to F.R.104(1)(a). In order to find out the value of that equipment and obtained information regarding the relevant respondents related to its loss and the equipment by conducting an investigation through the Sri Lanka Police. After that, investigations were started according to F.R.104. As it is not possible to conclude whether the said equipment is less than or more than Rs.50,000, a copy of the report related to loss and damage has not been sent to the Public Finance Department of the Treasury as per F.R.104(2).</p>	<p>Actions should be taken to determine the value of the loss without delay and report it to the Treasury and also to identify the officers responsible for the loss and to recover the loss.</p>
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| (iv) F.R.571 | 5,392,512 | Although the deposits that more than 02 years old should be disposed, It had not been dealt with in that way regarding the deposit amounting to Rs.5,392,512 which was more than 02 years old in the general deposit account as of 31 December of the year under review. | It is informed that the deposit of Rs.5,392,512 held for payment on behalf of the third party as on 31 December 2022 will be settled in the future based on the possibility of obtaining imprest. | Overdue deposits should be disposed as per Financial Regulations. |
| (v) F.R.880(i) | | The 349 Agrarian Development Officers in 565 Agrarian Service Centers, 321 Committee Clerks and 6,374 Agricultural Research and Production Assistants had not kept Security deposits. | A Guideline regarding the deposit of security by officers have been prepared and it is informed that the deposit of security will be carried out as per the relevant instructions. | Arrangements should be made to obtain the security deposit from the officers who should have kept the security deposit. |
| (vi) F.R.1647(b) | | Surveys regarding the vehicles and equipment had not been conducted for more than 05 years. | The Transport Division prepares a survey report regarding the vehicles in every year after obtaining information from the district offices about all the vehicles owned by the department and, it is informed that the report will be submitted to the Auditor General annually in the future. | A survey on vehicles and equipment should be carried out as per the Financial Regulations. |

(b) **Public Administration Circulars**

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| (i) | Ministry of Public Administration and Management Circular No.05/2018(1) dated 24 January 2018 | The Citizen/Client Charter had not been prepared. | It is accepted that the Citizen/Client Charter and Human Resource Development Plan have not been prepared as per the relevant Circulars. The relevant officers have been informed to prepare and finalize it. | Citizen/Client Charter should be prepared as per Circular. |
| (ii) | Public Administration Circular No.02/2018 dated 24 January 2018 | A Human Resource Development Plan had not been prepared. | The relevant officers have been informed to prepare and finalize it. | A Human Resource Development Plan should be prepared as per the Circular. |
| (c) | Departmental Circular No.7/2018 dated 27 April 2018 of the Department of Agrarian Development | Approval by the Commissioner General to use 226.5 perches of Gampaha Kappetiawatta (Bunkinda) for Araliya Lands Homes Pvt. Company had been given without obtaining the recommendations of the Agrarian Service Committee, the Divisional Agriculture Committee, the District Divisional Engineer, the District Technical Committee, the District Agriculture Committee and the Technical Committee of the Ministry of Agriculture. | Departmental Circular No.7/2018 dated 27.04.2018 has been issued including instructions and procedures regarding obtain the intended recommendations, reports and information that the Commissioner General of Agrarian Development intends that it should be considered for taking the decision while giving permission to use paddy land for a purpose other than paddy cultivation as per the Agrarian Development Act No.46 of 2000 as amended by the | As this land has been clearly identified and reported by the Assistant Commissioner of the Product Development and Marketing Division as a Category B land (where only other crops can be cultivated) on 16 June 2022 and the Circular has also clearly stated that a fallow paddy field located in the middle of a paddy field and a fallow field in a reserve zone related to water source should not be used for any other purpose, this |

Agrarian Development (Amendment) Act No. 46 of 2011. The relevant request mentioned in the audit report was first rejected and an investigation committee was appointed to consider the appeal made by the company again. After taking into consideration all the facts presented including its recommendations, the recommendations of the director engineer of the department, the recommendations of WPO/GQ/08/06/025 /2022 issued by the Central Environment Authority and the recommendations of the letter dated 08.03.2022, and the recommendations of farmers' organizations, since the subject paddy land is further not possible to use for cultivation, the relevant permission has been given in accordance with the powers assigned under the Act subject to more conditions including that the applicant should obtain approval from the Sri Lanka Land house building project should be banned and legal action should be taken against all officials who have committed offences.

Development Corporation, Central Environmental Authority and all other relevant institutions.

(d) **Public Accounts Guidelines**

Section 2.1 of Public Accounts Guidelines No.2021/03 dated 26 November 2021

Although the financial statements should be submitted in Sinhala, Tamil and English languages, it was not submitted in Tamil for the year 2022.

Management has not commented.

A Tamil translation of the financial statements should be submitted.

2.3 Operation of Bank Accounts

The following observations are made.

Audit Observation	Comments of the Accounting Officer	Recommendation
(a) Action had not been taken as per the F.R.396 (d) regarding 336 cheques worth Rs.3,112,051 which were not presented for the payment for more than 06 months after being issued.	All responsible officers have been instructed to settle the amount of Rs.3,112,051 related to the 336 cheques that issued, but not submitted for payment as of 31-12-2022 in accordance with F.R.396.	Action should be taken in accordance with Financial Regulations 396(d).
(b) The 11 cheques were in the balance of unrecognized receivables of Rs.1,813,960 in the head office bank reconciliation as on 31 December 2022 and they were not formally recognized and taken in to income.	It is informed that, the arrangements are being made to settle the amount of Rs.1,813,960 related to 11 cheques from unidentified receipts according to the bank statement of the head office on 31 December 2022.	Actions should be taken to recognize the unrecognized receipts and treated as income.

3. Operational Review

3.1 Delays in the Execution of Projects

Audit Observation	Comments of the Accounting Officer	Recommendation
<p>The Assistant Commissioner had approved the payments and made the payments for the bills for the renovation of Sagini Lake which was done by the Monaragala District Office at a cost of Rs.2,495,645 under the Minor Irrigation and Fallow paddy Field Development Program under the expenditure object No.281-2-2-12-2506 without the recommendations of Engineer and Technology Officers for completed work. During the physical inspection, it was observed that the lake had not been restored in a usable manner because there were defects such as cracked dams, cracked concrete in the sluices, and the bottom of the tank was not prepared to hold more water.</p>	<p>Rs.4,325,000 has been estimated for the construction of the Sagini Lake project and out of that, Rs.2,495,645 by expenditure head 281-2-2-12-2506 and the amount of Rs.1,597,201 by the Food Promotion Board have been agreed to be provided and only Rs.500,000 has been given. Accordingly, on the basis of the provisions made by the expenditure head, bills of Rs.2,494,842 have been submitted for the payment activities with the recommendations of the Technical Officer and Regional Engineer. That file had been brought for audit. The soil compaction report of the lake embankment has been passed even though the surface soil layer shows a tendency to crack at the time of dry due to the nature of the soil. The cracked part is the un-estimated additional part and payment has not been made for that part. That part is built to move to the sluice gate. As the remaining amount of Rs.1,097,201 was not received, the project could not be completed effectively as planned. It was not possible to deepen the bottom of the lake. It is informed that the necessary agreement and further work has been done to carry out the rest of the work after discussions with the Food Promotion Board.</p>	<p>An investigation should be done by a committee consisting of an Engineer.</p>

3.2 Annual Performance Report

The following observations are made.

Audit Observation	Comments of the Accounting Officer	Recommendation
(a) As per the Section 16(2) of the National Audit Act No.19 of 2018 and Paragraph 10.2 of the Public Finance Circular No.02/2020 dated 28 August 2020, the annual performance reports for the year under review had not been prepared and submitted to audit with the accounts in accordance with the format mentioned in Guideline No.14 issued by the Public Finance Department.	Information is being gathered by the divisions for the preparation of annual performance report related to the year 2022 and it is informed that it will be completed promptly and submitted for audit.	The performance report should be submitted along with the accounts.
(b) According to paragraph 12.1 of the Public Finance Circular No.02/2020 dated 28 August 2020, although the annual performance reports and financial statements should be prepared by all Accounting Officers including the audit report and annual performance reports should be tabled in tri-languages in Parliament before 150 days after the end of the financial year, the annual performance reports of the department for the years 2019, 2020, and 2021 had not been tabled in Parliament.	There was a delay in preparing the performance reports for the years 2019, 2020 and 2021 due to the situation and crisis in the country and the approval was also delayed due to the transfer of Ministries. It is informed that since the work on the performance reports related to those years is in the final stage, the work will be completed and will be tabled in Parliament before the end of this year.	Annual performance reports should be prepared in tri-languages and tabled in Parliament.

3.3 Foreign Aid Projects

The following observations are made.

Audit Observation	Comments of the Accounting Officer	Recommendation
(a) The 7,231 Solar Power Water Pumps Systems had been provided to 19 Agrarian Service Centers from the provisions of Rs.2,327,272,272 provided by the Department of External Resources to the Ministry of Agriculture in the years 2005-2008 to use solar-powered water pumps and drip water technology as a solution to the energy crisis and to grow with minimum amount of water during periods of low rainfall in the dry zone of Sri Lanka. It was stated that by the letter dated 03 July 2020	Secretary, Ministry of Agriculture has been informed with copies to Treasury Operations Department by the letter No.7/5/19-2021-1 dated 23.03.2023. The report in relation to the send of Rs.5,827,895 in cash from the amount which has been retained in accounts of Agrarian Service Centers	All amounts due as per the agreements should be collected promptly and an investigation should be conducted regarding the misplacing of systems.

addressed by the Director General of the Treasury Operations Department to the Commissioner General of Agrarian Development that all the amount for these systems should be collected by the end of 2018 and the further amount to be collected is Rs.2,264,753,696. The Commissioner General of Agrarian Development had informed the Treasury that the loan balance could not be recovered as 90 percent of the systems provided by the end of the year under review were misplaced, unused, farmers' information could not be found and remained inactive.

related to the program of installing Solar Power Water Pumps Systems for the Sustainable Agriculture Water Management project to the Ministry of Agriculture has been submitted. In relation to this program, the facts revealed during the observation of the Agrarian Development District Offices, Agrarian Service Centers and the reports have been mentioned.

(b) Establishing of storage facilities on the emergency situation of Covid-19 under World Bank Aid

Although 26 warehouses covering 11 district offices should be completed by the end of 2021 at a cost of Rs.223,170,000 under the World Bank loan CERS (Contingent Emergency Response Component) to provide short-term storage facilities for intercrop under the National Program on "Ensuring Food Security and Receiving Proper Prices for Crops", 15 warehouses had not commenced construction up to 31 December of the year under review, and one warehouse had not been completed out of the 11 warehouses where construction had begun. All the 10 completed warehouses remained unused as of the date of this report.

The construction of other field crop warehouses should be completed by 31.03.2023 and although 26 warehouses were proposed to be constructed, only 11 warehouses have been approved by the Ministry of Agriculture. The work of 02 warehouses has been completed as on 31.12.2022 and the remaining 09 warehouses have also been completed so far.

It should be used for storage the intercrop or if there is no such requirement, it should be used for other suitable purpose.

**3.4 Projects under Domestic Financing
Audit Observation**

Comments of the Accounting Officer Recommendation

An amount of Rs.5,266,478 from the expenditure object of Minor Irrigation Renovation and fallow paddy field Harvesting had been used for other expenses such as settlement of telephone bill, payment of casual allowances for foreign travel, installation of camera system, installation of auditorium systems.

It is kindly informed that it is not possible to submit an adequate answer report based on the above mentioned facts and if a detailed report is given on those observations, It can be submitted related explanations.

The provisions related to the project should be used for itself.

3.5 Assets Management

The following observations are made.

Audit Observation	Comments of the Accounting Officer	Recommendation
(a) The Jeep No.CR-0098 given to the department by the World Food Project had been parked idle at the Malambe traffic yard without being used after its registration in 2015.	Provided by the World Food Project and brought to the island duty free. Although it works to exempt customs duties through the Comptroller General for registration of the vehicle in the Department of Motor Traffic, it was not unsuccessful. Since this is a very old vehicle, requested has been done through the Secretary of the Ministry of Agriculture to the Director General of Customs to calculate and notify the new customs fees. It is informed that, necessary steps will be taken to register the vehicle as soon as get a formal reply.	If it cannot be used, it should be disposed.
(b) Assets such as 165 of 04-wheel tractors, 37 of 02-wheel tractors, 115 tractor-trailers, 77 harvesters, 264 disc ploughs/ hook ploughs, 350 mud wheels, 19 combine harvesters and 720 other implements at 25 Agrarian Service Centers remained inactive and unused for a period from 07 to 25 years.	The unusable agricultural equipment among the agricultural equipment available at the Agrarian Service Centers as of 31.12.2022 has been prepared for disposal.	Should be disposed.
(c) Although the assessment board dated 21 September 2020 suggested that not to auction and, to repair and reused the 04 vehicles that had been decided to be auctioned by the survey board dated 02 March 2020, vehicles were not repaired and remained idle at the Malambe traffic yard until 31 December of the year under review.	There are 04 vehicles proposed to be repaired by the assessment board. Out of these vehicles, vehicle No.32-6627 to Badulla District Office, vehicle No.32-7684 to the vehicle pool of head office, vehicle No.51-7033 to Gampaha District Office, the lorry No.227 -3342 to the lorry pool after repair has been added.	These vehicles which were in the traffic yard should be repaired and used.

- (d) According to the National Budget Circular No.03/2022 dated 26 April 2022, although it has been stated that, all projects that have started / are to be started should be temporarily suspended in incurring expenses and in projects carried out using local funds for the procurement of works or goods (including budget proposals), 04 concrete mixers, 06 concrete poker machines and 06 soil vibrating hammers were purchased at a cost of Rs.5,902,110 on 28 December 2022 under No.281-2-2-0-2103 considering it as a very urgent matter. And the machinery had been kept in Malambe warehouse without being used until 15 June 2023.
- It is informed that the relevant machinery has been purchased on the basis of the need to carry out development projects at the district level, and distribution to the relevant districts will be done promptly.
- The Circular issued by the government should be followed.
- (e) 08 vehicles in Matale and Mullaitivu District Offices were out of service for a period of 01 to 04 years.
- The information of 04 vehicles among these vehicles is as follows.
01. 32-7705 - repaired and put into operation.
 02. 32-6603 - About 33 years old, proposed to be disposed.
 03. 32-1469- About 35 years old and proposed to be sold by disposal.
 04. 57-9438- This vehicle is about 32 years old and proposed to be sold by disposal.
- Arrangements should be made to repair and add to running, deal with disposals, take over the vehicles that are not owned by the department or deliver the respective motorcycles to the parties who have the right.
- The other 04 vehicles among these vehicles are motor bikes provided under the Sustainable Agriculture Water Management Project. Since our department does not own the rights to those motorbikes, they cannot be disposed or repaired and used. Accordingly, instructions have been given to the relevant officers to transfer the ownership of the respective motorcycles to the department or to give the respective motorcycles to the parties who have the right.

- (f) The 02 photocopy machines, 02 computers and 01 HP Laser Jet worth total of Rs.399,950 remained idle and underutilized in Mullaitivu District Office for a period of 03 years. The audit observations were noted down. It is informed that the relevant office equipment will be repaired and put in to use or, if that is not possible, it will be disposed. This equipment should be disposed, if it is not in used.
- (g) The soil digging equipment, a water standard measuring equipment kit, tools required for soil excavation, Topcon Auto Level, Aluminum Telescopic Tripod, Soil Auger Set, Current velocity meter equipment totaled to Rs. 25,822,137 purchased in year 2019 as it is necessary to the Water Management Department were remained unused until 31 March 2023 from the date of purchase. This equipment will be issued to the districts as per the requirements and will be used for water management training. This equipment should be used.
- (h) Although a 65-inch Digital Smart UHD LED TV at a cost of Rs.500,000 to display information about water management in agricultural exhibitions in the year 2018 under expenditure object No.281-02-02-12-2506, and 04 Panasonic 49-inch LED Display Monitor for the implementation of the program of demonstration of the flood condition of minor irrigation canals under the research and development expenditure object No.281-02-02-12-2507 at a cost of Rs.701,258 were purchased on 26 February 2019 and given to the Water Management Division, the equipment had not been used for the purpose of the purchase as of 07 February 2023 which was the audit date. The 01 out of two 65-inch Digital Smart UHD LED TV and 04 of 49-inch LED Display Monitors were temporarily handed over to the Control Division for installation in the Main Auditorium and near the Reception Division and since it was informed to provide these television to the Control division on a permanent basis as per the report of the annual board of survey 2022 of the Water Management division and as per the committee report related to the letter 7/2/1 division and dated 13.02.2023 of the Commissioner (Human Resource Development), the necessary arrangements are currently being made to deliver those machines to the control division. Such uneconomic transactions should not be repeated. The other 65-inch Digital Smart UHD LED TV was installed in the water management division and is currently being used for Diyawithara report display, daily rainfall data display and database preparation.

- (i) Despite permission has been granted to recruit 05 Program Officers, 05 Technical Officers (Mechanical) and 08 Technicians (Mechanical) for machinery issued by the Chinese Government as per Department of Management Services letter No.DMS/G2/56/01 dated 20 June 2012, the request had been done from the Public Service Commission to retrieve service of Mechanical Superintendent (Retired) for training those officers without filling up the vacancies within 10 years until 31 December of the year under review.
- Some of the machines provided by the Chinese government such as combine and waster tractors, prime mover vehicle/ dozer machines were transferred to other entities as they did not match the requirements of the department.
- Officers should be recruited permanently to the approved posts.

3.6 Failure to reply Audit Queries

Audit Observation	Comments of the Accounting Officer	Recommendation
<p>The 50 audit queries for the accounting year 2019, 62 queries for the year 2020, 66 audit queries for the year 2021 and 148 audit queries for the year under review issued to the department had not been answered until 31 March 2023.</p>	<p>The Department of Agrarian Development provides services to the public through 562 Agrarian Service Centers and 25 District Offices spread across the island. District Offices and Agrarian Service Centers are audited by the Superintendent of Audit of the respective district and submit audit queries. Apart from this, the government audit division of the head office also audits the relevant district offices and Agrarian Service Centers and forwards audit queries. For all the audit queries presented in this way, the relevant explanations should be obtained from the district offices and the relevant Agrarian Service Centers and the answers should be filed.</p> <p>The time required to obtain and analyze the clarifications required for some audit queries is impractical to accomplish in the time allotted to provide answers. Hence, there is some delay in replying within specified time. However, the relevant answers are being prepared for the audit queries that have been delayed</p>	<p>Audit queries should be answered within the specified time frame.</p>

in giving final answers, and it is informed that all the audit queries that need to be answered promptly will be answered.

3.7 Management Weaknesses

The following observations are made.

Audit Observation	Comments of the Accounting Officer	Recommendation
(a) Rs.80,790,000 was given to 5,386 farmers for the Anuradhapura district office from the farmers' trust fund in the years 2015/2016 for the cultivation of maize for on the basis of recovery in 06 months and, although 05 years had been passed, the amount due as on 31 December of the year under review was Rs. 16,596,395. Any installments from this loan amount had not paid by 531 farmers and the relevant loan amount has not been collected even though they have been referred to the Agrarian Tribunals for non-payment of loans.	Under the 2015/2016 Special Maize Project, 5386 selected farmers in Anuradhapura district has been given Rs.80,790,000 from the Farmers' Trust Fund and out of that amount, Rs.64,981,115 has been collected on 15.05.2023 and the further amount to be collected is Rs.15,808,885.	Follow up should be done continuously and loan should be collected promptly.
(b) In the years 2020/2021, although Rs.200,000,000 had been given from the farmers' trust fund, it was observed that the amount due is Rs.13,761,453 (excluding interest) as of 31 December of the year under review.	An amount of Rs.13,395,208 has to be further collected from the amount given from this fund to the farmers for the cultivation of maize in the years 2020/2021.	Follow up should be done continuously and loan should be collected promptly.
(c) Although an amount of Rs.25,000,000 has been given from the farmers' trust fund to obtain seed-paddy in the year 2020 on the basis of collection in 06 months, it was observed that the amount to be collected is Rs.4,306,145 as of 31 December of the year under review.	From the amount of Rs.25,000,000 given from the farmers' trust fund to obtain seed-paddy in the year 2020, the amount due from Kandy district is Rs.2,978,928 and from Matara district is Rs.210,000 as of 17.05.2023. Accordingly necessary actions are being taken to recover the amount due of Rs.3,188,928 as soon as possible.	Follow up should be done continuously and loan should be collected promptly.

- (d) Although Rs.69,850,000 was received from the farmers' trust fund for 318 farmers in 21 district offices in 2016, 2017, 2018, under the "Saralanka" program implemented with the aim of promoting organic fertilizers and issued to them, the amount to be further collected as on 31 December of the year under review was Rs.21,029,067. The disbursement of these loans was at very poor level.
- The sum of Rs.3,542,646 has been collected on 15 May 2023 out of the amount of Rs.21,029,067 that was due on 31 December 2021 from the amount given to the farmers in 2016, 2017 and 2018 by the Farmers' Trust Fund Under the "Saralanka" program, and further Rs.17,486,421 should be recovered. Instructions have been given to all the responsible officers for the recovery of outstanding debts.
- Follow up should be done continuously and loan should be collected promptly.
- (e) The action had not been taken to recover the amount of Rs.12,552,764 to be collected from Badulla and Anuradhapura District Offices where advances have been given to purchase paddy during the period of 2000/2007 and paid to the Treasury until 31 December of the year under review.
- Badulla and Anuradhapura district offices have called for reports related to the advance for paddy purchases, and the summary report is currently being prepared based on that information and therefore as soon as the work is completed, it will be forwarded to the Director General of Public Accounts, Public Accounts Department.
- Actions should be made to settle the loan amount related to the Public Accounts Department
- (f) Although it was decided to recover the loss from the Chief Engineer according to the preliminary investigation report given on the 22 April 2022 regarding the misplacement of the checkpoint 3200 type firewall equipment on 15 March 2020 belonging to the wireless internet system which certified by the Sri Lanka Information and Communication Technology Agency (ICTA) that it is having a value of Rs.978,013 and provided to the department by the Sri Lanka State Networking Project, the officer was retired on 10 November 2020 by 2/17 of the Pension Minute due to the delay in the preliminary investigation. Also, the amount for the above loss was not deducted from the
- In order to make any recovery from a retired officer under Section 43(a) of the Pension Minute, it should be recovered from the pension. Therefore, the department does not have the authority to recover from the arrears of salary that Mr. Prabhath Witharana was entitled to. And under Section 05 of No.13 of Constitution, every person should be presumed innocent until proven guilty. Accordingly to preliminary investigation report, an officer, Mr.Prabhath Vitharana cannot be found guilty and the officer should be found guilty through a formal disciplinary investigation for that. Accordingly, relevant
- Legal action should be taken to recover the loss from the pension officer who responsible for the loss.

paid amount while paying recovery cannot be made from Rs.1,469,725 of the arrears of the officer who has not been salary related to promotion and proved guilty. It was observed allowance to be paid in re- that since the officer has been employment of retired officers in approved for retirement and has in the month of December 2022. not been found guilty at the

time of submission of the documents related to the request for retirement approval, and there was no disciplinary problem at the time of retirement and therefore the officer is not required to retire as per section 2 and 12 of the Pension Minute.

- (g) According to the information sent to the Comptroller's office in the year 2021, 18 buildings in 07 district offices belonging to the department remained unused from 05 to 15 years due to destruction. The 18 buildings in 07 districts are unusable due to damage and due to lack of adequate provision under the rehabilitation expenditure object, therefore it has not been possible to repair those buildings so far. Steps should be taken to utilization, repair or hand over the unused buildings for other government department.
- (h) The vehicles belonging to the department and warehouse at Narahenpita that machine parts are available was not surveyed for 2020, 2021 and the year under review. It is informed that departmental vehicle and Narahenpita machine parts warehouse will be surveyed in this year. Vehicle and machine parts warehouse should be surveyed.

4. Human Resource Management

4.1 Expenditure on attached cadre, actual cadre and personnel salary and wages

The following observations are made.

Audit Observation	Comments of the Accounting Officer	Recommendation
(a) The approved cadre of the department was 19,790 as on 31 December of the year under review and the total number of vacancies for 36 posts was 5,196.	It has been decided in the cabinet meeting to suspend recruitment for all vacancies in the primary service category in the Ministries, Departments and all institutions under that until further notice. Also, it has been informed that to postpone the recruitment for the posts that have not been appointed so far even though preliminary arrangements have been made for the recruitment of employees in the Ministries, Departments and all the institutions	Recruitment for essential posts should be done. Otherwise the cadre should be revised.

under it. Therefore, permission has been sought from the Ministry of Agriculture to fill up those vacancies with the posts of multi-tasking assistants. Accordingly, approval has been granted to fill up 91 Agrarian Development Officer posts. Accordingly, after checking the qualifications of the qualified candidates, 34 officers were recruited as Agrarian Development Officer grade II. Also, approval was granted to recruit 18 Technical Officers (Civil), 05 Technical Officers (Mechanical) and 17 Technical Support Officers.

Accordingly, according to the results of the open written competition examination, the recruitment of 11 Technical Officers (Civil), 01 Technical Officer (Mechanical) and 15 Technical Support Officers are currently being carried out.

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| (b) | In the year 2022, there were 1,628 acting appointments in the positions of Agricultural Research and Production Assistants in 16 district offices and 209 acting appointments out of that had not been approved by the Ministry. | Comments had not been made. | Approval of the Ministry should be obtained for acting appointments. |
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