

10 Agrarian Services Committees in Mullathivu District - 2022

1. Audit Opinion

1.1 The audit of the financial statements of the 10 Agrarian Service Committees in Mullathivu District for the year ended 31 December 2022 comprising the statements of financial position as at 31 December 2022 and the statements of financial performance, cash flow statements for the year then ended and notes to the financial statements, including a summary of significant accounting policies was carried out under my direction in pursuance of provisions in Article 154(3) 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 and Section 58(1) of the Agrarian Development Act, No. 46 of 2000. My comments and observations which I consider should be report to Parliament appear in this report.

1.2 The audit reports had been issued relating to 10 Agrarian Service Committees in Mullathivu District for the year 2022, a qualified audit opinion was expressed in those reports. The following are the material deficiencies due to the expression of a qualified opinion.

1.3 Financial Statements

1.3.1 Accounting Deficiencies

The following observations were made.

Observations	Comment of the Management	Recommendation
Although a total of Rs.1,960,529 should have been collected from 03 fertilizer companies as organic fertilizer unloading rent for 04 Committees, it was omitted from the financial statements.	It will be corrected in the financial statements of year 2023.	Action should be taken to shown in the financial statements.

1.4 Non-compliance with the Laws, Rules, Regulations and Management Decisions

Instances of non-compliance with the following laws, rules and regulations were observed.

Reference to Laws, Rules and regulations	Non-compliance	Comment of the Management	Recommendation
9.1 paragraph of Part II of the Public Finance Circular No. 01/2020 dated 28 August 2020	Action had not been taken to take bail money from the officers in charge in money, cheques and stores by the 8	Details of the officers have been referred to the Commissioner General.	Action should be taken to taken bail money from the officers.

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Committees.

2. Financial Review
2.1 Financial Results

According to the presented financial statements, the operational result of 10 Agrarian Service Committees in the year under review was a deficit of Rs.8,960,425, correspondingly the deficit of the previous year was Rs.27,586,615. Accordingly a growth of Rs.18,626,190 in the financial result was observed.

3. Operating Review
3.1 Management Deficiencies

The following observations were made.

	Observations	Comment of the Management	Observations
(a)	The sum of Rs.595,950 Yala season fines to be paid to farmer's organizations by the Tunukkai Agrarian Service Committee had not been settled.	Informed to pay properly.	Action should be taken to settle.
(b)	The arrears of rent of Rs.1,721,050 for the tractors given on the basis of the lease of the 04 Agrarian Service Committees were not recovered from the last 4 years to 10 years or the tractors had not been takeovered from the lessees.	All agrarian service committees have been informed to takeover the tractors.	Action should be taken to recover.
(c)	Although receivable amount of Rs.2,017,950 and the payable amount of Rs.3,716,995 were stated in the financial statement of the year under review of 04 Agrarian Service Committees, but 10 years have passed, necessary arrangements had not been made in this regard.	According to the circular of the Commissioner General of Agricultural Development No. 7/05/12/11 dated 01 June 2022, the correction is underway.	Necessary action should be taken regarding receivable and payable amounts.

3.2 Vehicle Systems Management

Observations	Comment of the Management	Recommendation
121 tractors used in the centers of 10 Agrarian Service Committees had been parked in the vehicle yard for a period of 01 to 11 years without repair.	Auction or repair will be done as per the recommendations of the Commissioner General.	Action should be taken to use after repair.

3.3 Assets Management

Observations	Comment of the Management	Recommendation
The non-current assets of 09 items worth Rs.11,722,959 utilized by the Pudukuduiruppu Agrarian Service Committee Center had not been transferred to the name of the centre.	Arrangements will be made to show in the financial statement after proper transfer.	Action should be taken to use after handover.

3.4 Deficiencies in Contract Administration

The following observations were made.

Observations	Comment of the Management	Recommendation
(a) In the year 2021 of the Tunukkai Agricultural Service Committee, the Kollankulam dam renovation and culvert construction had been completed at a total cost of Rs.5.65 million. The following observations are made in this regard.		
(i) During the reconstruction of the lake embankment, there was no action taken to remove the silt in the water catchment area of the lake.	The contract farmers organization has been informed to remove before 15 November 2023.	Necessary actions should be taken to regularize water supply by removing silt as formal manner.
(ii) Cracks had been occurred due to not doing a quality check on the soil used for the reconstruction of the tank embankments at a cost of Rs. 2.01 million and not doing the proper amount of soil compression.	Due to my notification through the letter No. 281/13/02/10/103 and dated 10 January 2023 to repair the existing	Necessary actions should be taken to complete the deficiencies.

4.2 Budgetary Control

Observations	Comment of the Management	Recommendation
According to paragraph 09 of the Circular No. 107 dated 16 October 1981 of 10 Agrarian Service Committees, income from 01 to 16 was properly identified and estimated and income estimates had not been prepared for the year under review.	In the future, the budget document will be prepared properly.	The annual expected income should be entered and the budget document should be prepared.

4.3 Sustainable Development Goals

Observations	Comment of the Management	Recommendation
In order to achieve the sustainable development goals of the 06 Agrarian Service Committees, the goals to be implemented annually by the centers and the necessary activities to achieve those goals and the indicators needed to measure its progress had not been identified and implemented since the period of 05 years.	Actions will be taken to measure progress annually.	Actions should be taken to identify and implement necessary activities to achieve sustainable development goals.

5. Agrarian Banks

Observations	Comment of the Management	Recommendation
10 Agrarian Service Committees had not taken actions to recover the crop loans issued from 2012 to 2021 of 75 farmers amounting to Rs.1,263,582 and penalty interest amounting to Rs.15,194 from 02 to 08 years.	Working in progress.	Actions should be taken to recover outstanding crop loans.