

10 Agrarian Service Committees of Kilinochchi District - 2022

1. Audit Opinion

- 1.1 The audit of the financial statements of the 10 Agrarian Service Committees of Kilinochchi 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 Flows 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 the provisions of the National Audit Act, No.19 of 2018 and the section 58(I) of 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 Kilinochchi District for the year 2022, a qualified opinion had been expressed for all the 10 committees. Even that the material deficiencies that caused it are as follows.

1.3 Financial Statements

1.3.1 Accounting Deficiencies

The following matters were observed.

Audit Observations	Comments of the Management	Recommendation
(a) In the year 2022, the arrears acre tax of 07 agrarian service committees total value of Rs.3,513,520 had not been stated as receivable amount in the financial statements.	Actions will be taken to recover the acreage tax due in the coming years.	Should be disclosed in the financial statements.
(b) Seven committees had been paid Rs.1,664,150 as rent for fertilizer unloading during the fertilizer distribution in the year under review. That value had been completely omitted from the financial statements.	It was not shown in the financial statements that it was not certain that the Department would reimburse the cost of distribution in the yala season.	Should be disclosed in the financial statements.

1.3.3 Lack of Written Evidence for Audit

Audit Observations	Comments of the Management	Recommendation
Although the sum of receivable and payable balances of the centers in the year under review was shown to be Rs.27,793,140, it could not be	Arrangements will be made to submit annexures in the coming financial years.	Relevant evidence should be submitted to audit.

satisfactorily verified during the audit due to lack of supporting evidence.

1.4 Non-compliance

1.4.1 Non-compliance to the Laws, Rules and Regulations

The instances of non-compliance with laws, rules, regulations and management decisions are as follows.

Reference to Laws, Rules and Regulations	Non-compliance	Comments of the Management	Recommendation
(a) Agrarian Development Department Circular No. 08/2020 dated 25 June 2020	The bail money due from the officers of 10 Agricultural Service Committees had not been collected.	Arrangements will be made to obtain bail money.	Should be done according the circular.
(b) Agrarian Development Act No 46 of 2000			
(i) Section 44(1)	Although it was stated that the accounts of each farmer organization should be audited by the Commissioner General of Agricultural Services or an agent authorized by him, the accounts of 10 Agrarian Service Committees were not audited.	Accounts of farmer organizations have been audited by the Agricultural Service Development Officer.	Should be done according the act.
(ii) Section 52	Agricultural plan had not been prepared for the agricultural development areas of 10 Agrarian Service Committees.	Action plans will be prepared by the agricultural service organizations in the coming years.	Should be done according the act.
(iii) Section 53	Paddy land registers in 10 Agrarian Service Committees had not been prepared.	Arrangements have been made to prepare paddy land registers.	Should be done according the act.
(iv) Section 55	The survey of paddy land in the administrative area of 10 Agricultural Service Committees had not been done.	Land surveying is in progress.	Should be done according the act.

2. Financial Review

2.1 Financial Results

According to the presented financial statements, the sum of recurrent income exceeding the expenditure of ten Agricultural Service Committees in the reviewed year was Rs. 24,842,397, and correspondingly compared with the sum of recurring income exceeding the expenditure of the previous year of Rs.1,262,419, the financial result of the reviewed year had been increased by Rs.21,579,978. Although eight committees have shown an income surplus, correspondingly, six committees have shown an expenditure surplus in the previous year. Accordingly, this had led to the growth of the revenue surplus in the year under review.

3. Operating Review

3.1 Human Resource Management

Audit Observations	Comments of the Management	Recommendation
08 committees did not submit the details of the approved number of employees and the actual number of employees to the audit on December 31, 2022, and it was observed in the audit that a formal human resource plan was not prepared.	Arrangements will be made to submit the relevant details to the audit in the future.	The Human Resource plan should be properly implemented and details should be submitted.

3.2 Vehicle Management

Audit Observations	Comments of the Management	Recommendation
98 tractors that were given to the centers in 2010 by the Ministry of Economic Development and the Chief Secretary of Northern Province in relation to 07 Committees were used by the center and its had been parked in the vehicle yard for 13 years without any repairs. Further, the vehicle registration book had not been submitted for audit to prove its ownership.	Necessary arrangements will be made to repair the trucks that need to be repaired and to auction the unusable trucks.	Arrangements should be made to utilize the vehicle and confirm its ownership.

4. Accountability and Good Governance

4.1 Presentation of Financial Statements

Audit Observations	Comments of the Management	Recommendation
Although the financial statements of the reviewed year should be submitted to the Auditor General before 31 March 2023, 02 committees had not been submitted the financial statements on the due date.	Arrangements will be made to present it in due time in future.	Arrangements should be made to submit the financial statements to the Auditor General in due time.

4.2 Annual Action Plan

Audit Observations	Comments of the Management	Recommendation
10 Agrarian Service Committees had not been prepared an action plan for the year under review as per Agricultural Development Department Circular No. 02/2020 dated 01 January 2020.	Arrangements will be made to prepare an annual action plan relating to the year under review in the next financial year.	Should be done according to the circular.

4.3 Budgetary Control

Audit Observations	Comments of the Management	Recommendation
According to paragraph 09 of the Circular No.107 dated 16 October 1981 by the 09 Agrarian Service Committees, the incomes from 01 to 16 were properly identified and estimated and the income estimates of the reviewed year had not been prepared.	The revenue estimates will be prepared relating to the year under review in the next financial year.	Should be done according to the circular.

4.4 Sustainable Development Goals

Audit Observations	Comments of the Management	Recommendation
According to the Sustainable Development Act No. 19 of 2017, the goals to be implemented annually to achieve the sustainable development goals (in the year 2030) and the activities necessary to achieve those goals and the indicators needed to measure its progress had not been identified and implemented from a period of 05 years.	Actions will be taken to identify and implement activities to achieve sustainable development goals in the coming years.	Actions should be taken to identify and implement activities necessary to achieve sustainable development goals.

5 Agrarian Banks

Audit Observations	Comments of the Management	Recommendation
In the Akkarayankulam Agrarian Service Committee, it was observed that although the total amount of Rs.1,700,000 worth of agricultural loans given to 41 farmers belonging to 03 farmer organizations in the year 2021 was to be recovered before 30 June 2022, it was observed that the loans worth Rs.240,000 had not been recovered.	A loan of Rs.1,295,000 has been recovered. Action will be taken to recover the balance Rs.240,000.	The loan amount of Rs.240,000 should be recovered within the relevant period.