

13 Agrarian Services Committees in Mannar District - 2022

1. Audit Opinion

1.1 The audit of the financial statements of the 13 Agrarian Service Committees in Mannar 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 13 Agrarian Service Committees in Mannar 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.

	Audit Observations	Comments of the Management	Recommendation
(a)	The value of the land, buildings, property and machinery owned by the agrarian service centers of 12 agrarian service committees was not shown in the financial statements of the year under review and the value of non-current assets was understated.	After the transfer of ownership, arrangements are made to show it in the financial statements.	The value should be estimated and shown in the financial statements.
(b)	02 liabilities valued at Rs.180,000 of the 02 Agrarian Service Committees had not been shown in the accounts.	It will be adjusted in the financial statements of this year.	Arrangements should be made for adjustments.
(c)	The total value of Rs.7,923,384 of the assets to be written off and received as donations by 02 Agrarian Service Committees had not been transferred to the accumulated fund in the year under review.	Unable to cut off by mistake and informed to make adjustments.	Arrangements should be made for adjustments.
(d)	Palamapitiya Agrarian Service Committee sent the amount of Rs.19,681,498 from the sale of urea fertilizer to the Assistant Commissioner and stated the amount as an	Rectification has been done in the books of account.	Arrangements should be made for adjustments.

expenses in the financial performance statement, expenditure exceeded from that amount than income of the year under review.

- (e) The allocations of Rs.190,167 which were stated under the equity in the Statements of the Financial Position of the Murungan Agrarian Service Committee in the previous years had been removed from the financial statements without making any notes in the year under review, so the value of the equity was less than that amount. This has informed to correct in the Financial Statements. Arrangements should be made for adjustments.

1.3.2 Lack of Written Evidence for Audit

Audit Observations	Comments of the Management	Recommendation
Although the sum of receivable and payable balances of the centers during the year under review was shown Rs.7,904,598, it could not be satisfactorily verified during the audit due to non-availability of supporting evidence.	Some receivable schedules can't collect and will be given as soon as possible.	Relevant evidence should be submitted to the audit.

1.4 Non-compliance

1.4.1 Non-compliance to 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
(a) Agrarian Development Act No. 46 of 2000			
(i) Section 44(1)	Although the accounts of individual farmer organizations should be audited by the Commissioner General of Agricultural Services or an agent authorized by him, the accounts of 13 Agrarian Service Committees had not been audited.	Action has taken to check the accounts in future years.	Action should be taken according to the Agrarian Development Act.

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| (ii) | Section 45(1) | Although the paddy land register should be certified by the Commissioner of Agricultural Services, the paddy land register of 13 Agrarian Service Committees had not been certified by the Commissioner of Agricultural Services. | Action will be taken according to the section 45(1) | Action should be taken according to the Agrarian Development Act. |
| (b) | Section 9.1 of the Part II of Public Finance Circular No.01/2020 dated 28 August 2020 | Since last 03 years, no arrangements had been made to get bail money from the officers in charge of cash, cheques and stores. | Details of the officers has refered to the Commissioner General for further action. | Bail money should be taken from the officers. |

2. Financial Review

2.1 Financial Results

According to the presented financial statements, the operational result of 13 Agrarian Service Committees in the year under review was a deficit of Rs.10,918,767, correspondingly the deficit of the previous year was Rs.104,952. Accordingly a decline of Rs.10,813,815 in the financial result was observed.

3. Operating Review

3.1 Management Deficiencies

Audit Observations	Comment of the Management	Recommendation
The shortfall amount of Rs.845,000 of the hand tractor loan which was given to 4 farmers under the Japanese yen aid programs to be paid in installments was outstanding for more than eight years, but the Iluppeyikadaweyi Agrarian Services Committee had not taken actions to recover it.	Action had taken to recover the balance amount.	Action should be taken quickly regarding the balance amount.

3.2 Operating Inefficiencies

The following observations were made.

Audit Observations	Comment of the Management	Recommendation
(a) The amount of Rs. 4,900,378 due from 09 Agrarian Service Committees had not been recovered for a long time.	There were no details related to the arrears amounts.	Action should be taken regarding the arreras amounts.

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| (b) | 06 Agrarian Service Committees had not been taken action to pay the amount of Rs. 5,119,580 to the creditors for a long time. | There were no details related to the arrears amounts. | Action should be taken regarding the payable amounts. |
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3.3 Idle or Under utilized Property, Plant and Equipments

The following observations were made.

Audit Observations	Comment of the Management	Recommendation
(a) Assets of 15 items belonging to three categories of Manthai Agrarian Service Center had not been used for more than eight years, but action had not been taken to remove or reuse.	Action has taken to repair and remove.	Necessary actions should be taken.
(b) 36 tractors and 88 assets belonging to 11 categories of 05 Agrarian Service Committee had not been used for more than 8 years, but action had not been taken to repair or reuse.	A committee has been appointed to write off the unusable assets and necessary steps are being taken.	Necessary actions should be taken.

3.4 Human Resources Management

Audit Observations	Comment of the Management	Recommendation
Details of the approved number of employees and actual number of employees as of 31 December 2022 in 13 Agrarian Service Committees were not submitted to the audit, and it was observed in the audit that no formal human resource plan had been prepared.	The approved number of employees and the actual number of employees have been notified to be submitted for audit along with this year's account report.	Necessary actions should be taken.

3.5 Vehicle Management

The following observations were made.

Audit Observations	Comment of the Management	Recommendation
Action had not been taken to transfer the ownership of all tractors owned by Agrarian	Action will be taken to transfer the ownership of all	Log books and running charts should be

Service Committees and maintain the log books and running charts in updated manner.	tractors owned by Agrarian Service Commitees and maintain the log books and running charts in updated manner.	maintained updated manner to transfer the ownership.
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4. Accountability and Good Governance

4.1 Annual Action Plan

Audit Observations	Comment of the Management	Recommendation
The action plan had not been prepared according to the Agrarian Development Department Circular No.02/2020 dated 01 January 202	Action has been taken to prepare annual procurement plan and action plan including internal audit plan in future.	Action should be taken accordinf to the relevant circular and financial regulations.

4.2 Budgetary Control

Audit Observations	Comment of the Management	Recommendation
According to paragraph 09 of the Circular No. 107 dated 16 October 1981 of the Commissioner General of Agricultural Development, the incomes from 01 to 16 were properly identified and estimated and the income estimates for the year under review had not been prepared.	It has been informed that revenue estimates will be prepared as per the circular in future.	Action should be taken according to the circular.

4.3 Sustainable Development Goals

Audit Observations	Comment of the Management	Recommendation
According to the Sustainable Development Act No. 19 of the year 2017, the goals to be implemented annually to achieve the sustainable development goals (in the year 2030) and the necessary activities to achieve those goals and the indicators needed to measure its progress had not been identified and implemented for a period of 05 years.	The goals to be implemented annually to achieve the sustainable development goal, and the indicators to measure the progress of achieving those goals will be identified and implemented.	Necessary actions should be taken.