

30 Agrarian Services Committees in Ratnapura District - 2022

1. Audit Opinion

1.1 The audit of the financial statements of 30 Agrarian Services Committees in Ratnapura District for the year ended 31 December 2022 comprising the statement of financial position as at 31 December 2022 and the statements of financial performance for the year then ended and the cash flow statement, 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 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 A qualified opinion had been expressed in 30 audit reports issued related to the 30 Agrarian Service Committees in Ratnapura district and the material deficiencies caused for that qualified opinion are given below.

1.3 Financial Statements

1.3.1 Non-compliance with Accounting Policies including Sri Lanka Public Sector Accounting Standard

	Committee/ Committees	Audit Observation	Comments of the Management	Reccommendation
(a)	Eheliyagoda, Godakawela, Ambewila, Weligepola, Pambahinna, Ayagama, Rassagala	Depreciation percentages had not been disclosed in the financial statements.	That it will be disclosed in the future.	Sri Lanka Public Sector Accounting Standards should be followed.
(b)	Damahana, Marapana, Dodampe, Bambarabotuwa, Niwithigala	Non-saleable stocks of Rs.267,633, Rs.72,897 and Rs.22,916 respectively and fictitious assets of Rs.63,112 and Rs.1,678,389 respectively had not been accounted under the current assets.	That the approval of Commissioner will be obtained and removed from the books.	Removal should be done under formal approvals.

1.3.2 Accounting Deficiencies

	Committee	Audit Observation	Comments of the Management	Reccommendation
(a)	Ratmalawinna, Eheliyagoda, Ayagama	Total Rs.153,478 in 03 receivable balances had not been accounted.	That it will be corrected in the year 2023.	Accounts should be correctly prepared.
(b)	Godakawela	Rs.121,306 discrepancies between the closing balances of 02 accounting subjects included in the financial statements of the previous year and the opening balances recorded in the ledger of the year under review were observed.	That it will be corrected in the future.	Accounts should be correctly prepared.
(c)	Gilimale	A stock of Rs.126,389 stated in the financial statements was not physically exist.	That the letters and reports have been submitted to the Deputy Commissioner to settle the stock.	Accounts should be correctly prepared.
(d)	Embilipitiya	A few years old Rs.78,243 fertilizer stock of and a Rs.600,000 fertilizer stock received in the year 2021 had been misplaced.	That the action to be taken in that regard has not been informed until now and even though the letters have been sent to recover the stock value of Rs.78,243, it has not been collected yet.	Necessary action should be taken immediately.
(e)	Pelmadulla	Even though Rs.4,127,000 was stated as the security of Gem license, the information about the parties who pledge the security was not submitted to the audit.	That the security deposit register is currently being updated.	The security deposit register should be updated immediately.

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| (f) | Pelmadulla | Ledger accounts had not been prepared for 21 account subjects which was Rs.2,861,789 and included in the balance sheet. | That it will be corrected in the future. | Accounts should be correctly prepared. |
| (g) | Rassagala | Even though the balance of the accumulated fund was Rs.1,510,872 as of 31 December 2022, a ledger account had not been prepared for that. | That the accounts will be prepared for confirm the value and corrected in the future. | Accounts should be correctly prepared. |
| (h) | Rassagala | Due to the addition errors in the statement of financial performance and statement of financial position, the surplus for the year and net assets had been increased by Rs.31,988 and Rs.2,583,215 respectively. | That it will be corrected in the future. | Accounts should be correctly prepared. |
| (i) | Rassagala | According to the consolidated report, there was a discrepancy of Rs.1,116,968 between the balance of 06 account subjects as on 31 December 2022 and the same balance according to the financial statements on that date. | That it will be corrected in the future. | The consolidate report should be kept correctly. |
| (j) | Ratmalawinna,
Godakawela,
Weligepola,
Kiriella, Rassagala | The 07 accounting subjects with a total value of Rs.4,746,006 had not been accounted in the year under review. | That the interest was accounted based on the information obtained from the bank branches and that the unaccounted balances will be accounted in the next year. | Accounts should be correctly prepared. |

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| (k) | Eheliyagoda,
Gilimale,
Weligepola,
Niwithigala,
Kahawatta,
Namaldeniya | Total 143 journal vouchers worth Rs.17,318,267 had not been prepared and approved. | That the journal entries will be prepared and the necessary approvals will be obtained in the future. | Approval for journal entries should be obtained. |
| (l) | Pothupitiya | There was a debit balance of Rs.246,370 in suspense account which is continuously brought forward from the year 2014 and an unsettle balance of Rs.35,241 carried forward from the year 2015. | That the instructions have been given to settle the suspense account and action is being taken to settle the unsettle balances. | Suspense accounts should be settled and action should be taken to settle the unaccount balances. |
| (m) | Bambarabotuwa | There was a difference of Rs.1,647,507 between the interest receivable as per debtor schedule and the interest income receivable in the statement of financial position. | Answer had not been given. | Debtor schedules should be kept accurately. |

1.3.3 Evidences not made available for the Audit

Committees	Audit Observation	Comments of the Management	Reccommendation
(a) Ratmalawinna, Elapata, Ambewila, Weligepola, Pambahinna, Kiriella, Kalthota, Bambarabotuwa, Pelmadulla, Kuruwita, Rassagala	The sufficient evidences were not to confirm the payments of Rs.11,411,427 made in 98 occasions.	That the required documents will be presented in the future with updates.	Relevant documents should be updated and submitted.
(b) Kuruwita	The relevant evidence was not submitted for audit regarding the Rs.258,567 of interest receivable which was in the statement of financial position.	Answers had not been given.	Relevant documents should be kept correctly.

(c)	Rassagala	Any information on how the cost of Rs.1,666,015 in fixed assets was obtain was not provided.	That the action will be taken to identify the assets separately.	Fixed assets should be correctly stated separately.
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1.3.4 Un-reconciled Control Accounts or Reports

Committee/ Committees	Subject	Value according to the Financial Statement Rs.	Value according to correspon ding reports Rs.	Difference Rs.	Comments of the Management	Recommendation
Opanayake	Fertilizer Current Account	226,327	46,644	179,683	That it has been taken to the head office custody for investigation purposes.	Investigations should be done immediately and necessary action should be taken.

1.3.5 Suspense Accounts

Committee\ Committees	Audit Observation	Comments of the Management	Recommendation
Ambewila, Weligepola, Panamura, Damahana, Timbolketiya, Embilipitiya	Total debit balance coming from long period of time was Rs.109,811 and total credit balance was Rs.35,667.	That it will be corrected in the future.	Suspense Accounts should be settled.

1.4 Non-compliance with Laws, Rules, Regulations and Management decisions etc.

The following facts were observed.

Committee\ Committees	Reference to Laws, Rules, Regulations etc.	Non-Compliance	Comments of the Management	Reccommendation
	Agrarian Development Act No.46 of 2000			
(a) Ratmalawinna, Kalawana, Elapata, Opanayake, Gilimale, Ratnapura, Pothupitiya, Kiriella, Bambarabotuwa, Marapana, Dodampe, Niwithigala, Ayagama, Kahawatta, Pelmadulla, Namaldeniya, Kuruwita	Section 30	An amount of paddy land with a cultivable area of 4191 acres had been lied fallow.	That the paddy fields will be harvested in the future.	Action should be taken as per Section 30 of the Act.
(b) Ratmalawinna, Opanayake, Gilimale, Pothupitiya, Panamura, Kiriella, Bambarabotuwa, Marapana, Dodampe, Niwithigala, Ayagama, Kahawatta, Pelmadulla, Rassagala	Section 56 (1)	There was a total outstanding acreage tax balance of Rs.1,908,012 as on 31 December 2022.	That the approval has been sought to write off the outstanding balance for a long time, and that the part of the arrears has been recovered and the remaining amount will be recovered in a planned manner.	Action should be taken as per 56(1) of the Act.

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| (c) | Kolonna,
Elapata,
Godakawela,
Gilimale,
Ratnapura,
Pothupitiya,
Panamura,
Pallebedda,
Embilipitiya,
Bambarabotuw,
Dodampe,
Niwithigala | Circular No.264 dated 21 October 1986 of Commissioner of Agrarian Development | According to the Statement of Financial Position, the room rent receivable coming from long period of time was Rs.1,269,239 as on 31 December 2022. | That the part of the outstanding room rents have already been collected, the approval has been sought to write off the outstanding balances which no information for long time, and the remaining balances will be settled in a planned manner in the future. | Room rent should be recovered as per the Circular. |
| (d) | Kolonna,
Eheliyagoda,
Kalawana,
Elapata,
Gilimale,
Pothupitiya,
Weligepola,
Panamura,
Kiriella,
Bambarabotuw,
Marapana,
Dodampe,
Niwithigala,
Ayagama,
Kahawatta,
Kuruwita | Circular No.08/2020 dated 25 June 2020 of Commissioner General of Agrarian Development | The required government officers had not pledge the securities. | That the security will be placed according to the Public Officers' (Security) Ordinance and on the instructions of the District Office,. | Action should be taken as per the Circular. |

2. Financial Review

2.1 Financial Results

The net operational growth of 12 Agrarian Service Committees was Rs.4,591,397 and the net operational decline of 18 Agrarian Service Committees was Rs.4,352,411.

3. Operational Review
3.1 Management Inefficiencies

	Committee/ Committees	Audit Observation	Comments of the Management	Reccommendation
(a)	Ratmalawinna, Eheliyagoda, Opanayake	A balance of Rs.9,569,101 had not been invested in fixed deposit account as able to earn more interest income.	That the action will be taken to invest in the future.	Action should be taken to invest in a fixed deposit account as able to earn more interest income.
(b)	Kolonna, Eheliyagoda, Elapatha, Godakawela, Pothupitiya, Panamura, Damahana, Pallebedda, Thimbolketiya, Embilipitiya, Bambarabotuwa, Marapana, Niwithigala, Ayagama, Kahawatta, Kuruwita	The ownership of the Center had not been taken over.	That the details of the relevant land have been submitted to the Department of Agrarian Development through the District Office for taking over the ownership of the Centre.	Action should be taken to take over the ownership of the Centre.
(c)	Eheliyagoda	Rs.1,411,492 incurred in 2021 and previous years for the repair of the district office had not been recovered.	That it is included under the receivable balances.	Action should be taken for immediate recovery.
(d)	Kalthota	The total of Rs.4,259,209 account balances which is coming from the year 2010 had not been settled by the completion of investigation.	That the information could not be found and instructions will be sought to settle the accounts.	Investigations should be completed and settled.

3.2 Operational Inefficiencies

Committee/ Committees	Audit Observation	Comments of the Management	Reccommendation
Ratmalawinna, Kolonna, Eheliyagoda, Kalawana, Elapatha, Opanayake, Godakawela, Ambewila, Gilimale, Ratnapura, Pothupitiya, Weligepola, Panamura, Damahana, Pallebedda, Timbolketiya, Embilibitiya, Pambahinna, Kiriella, Kalthota, Bambarabotuwa, Marapana, Dodampe, Niwithigala, Ayagama, Kahawatta, Pelmadulla, Namaldeniya, Kuruwita	The 402 debtor balances amounting to total of Rs.23,884,247 and 417 creditor balances amounting to total of Rs.27,487,529 shown in the financial statements for a long time had not been recovered/settled by 31 December 2022.	That the action will be taken after obtaining the necessary instructions to settle these balances and to write off the existing balances based on the inability to confirm the information and to investigate and settle the other balances.	Actions should be taken to immediately recover the arrears loan balances and settle creditor balances.

3.3 Idle or underutilized Property, Plant and Equipment

Committee/ Committees	Audit Observation	Comments of the Management	Reccommendation
(a) Kolonna, Embilibitiya, Pambahinna, Kiriella, Thimbolketiya	The 05 quarters were idle from 07 to 20 years.	That the actions have been made to repair the quarters and that the work is being done as per the instructions of the Deputy Commissioner.	Quarters should be repaired and put to use.

(b) Eheliyagoda, Namaldeniya	At the end of the year under review, there was a balance of Rs.439,415 and Rs.51,929 respectively in the inactive fertilizer current account.	That the transactions were not made from these accounts since the subsidized fertilizers have been issued free of charge from many years and fertilizer transactions are being done from one account by now.	Appropriate action should be done regarding the inactive fertilizer accounts.
(c) Opanayake, Marapana	The balance of Rs.51,230 more than 14 years old and Rs.278,250 balance more than 05 years old respectively in the Irrigation Maintenance Fund had not been utilized due to irrigation maintenance works.	That this money will be used for minor irrigation works in the future and action will be taken to use money for the related irrigation works based on the information received from the center and the instructions and approval of the department.	Funds should be used for necessary activities as soon as possible.
(d) Ratnapura	About 118 liters of organic liquid fertilizer and 7375 kg of compost fertilizer were unused for 02 years in the center's fertilizer store.	That it has been informed in writing to be taken back this stock of fertilizer.	Actions should be taken to return unused stock.
(e) Damahana	Greenhouses worth Rs.255,796 remained idle since 2015.	That the committee has decided to repair.	Assets should not be left unused.
(f) Pallebedda, Kahawatta	Fertilizer shredding machines worth Rs.157,000 and Rs.149,150 respectively were idle.	That it will not be used for any purpose at present since the production of organic fertilizers has been temporarily suspended and it will be used for the production of fertilizers in the future.	Assets should not be left unused.

(g)	Thimbolketiya	The tractor has been unused since 2020.	That the district office has been informed that there is no driver for the tractor.	Assets should not be left unused.
(h)	Kalthota	Plant stall worth Rs.64,000 built in the year 2017, Gemi Bojunhala built in 2020 at a cost of Rs.219,745 had been idle.	That it is expected to be used in the future.	Assets should not be left unused.

3.4 Human Resource Management

Committee/ Committees	Audit Observation	Comments of the Management	Recommendation
Eheliyagoda, Kalawana, Elapatha, Gilimale, Pothupitiya, Panamura, Timbolketiya, Kiriella, Ayagama	There were vacancies for Agricultural Research and Production Assistant officers in 43 domains out of 141 Agricultural Research and Production Assistant domains as of 31 December 2022.	That the District Office has been informed to fill up the vacancies.	Necessary actions should be taken to fill up the vacancies.

4. Agrarian Bank

Committee/ Committees	Audit Observation	Comments of the Management	Recommendation
(a) Ratmalawinna, Kolonna, Eheliyagoda, Kalawana, Elapatha, Opanayake, Godakawela, Ambewila, Gilimale, Ratnapura, Pothupitiya, Weligepola, Panamura, Damahana,	Outstanding balance from 926 borrowers as on 31 December 2022 was Rs.23,727,461.	That the money is being collected, reminder letters have been sent to the debtors, the Agrarian Tribunal has been referred to write off the uncollected balances for a long time, and the remaining balances are being recovered in a planned manner.	Arrears should be recovered promptly.

Pallebedda,
Timbolketiya,
Embilipitiya,
Pambahinna, Kiriella,
Kalthota, Dodampe,
Niwithigala,
Ayagama,
Kahawatta,
Pelmadulla,
Namaldeniya,
Kuruwita, Rassagala

- (b) Ratmalawinna, The 27,148 accounts Action will be taken to Inactive accounts
Kolonna, Elapata, out of 47,277 savings activate the inactive accounts should be activated.
Opanayake, accounts had been and increase the savings
Godakawela, become inactive as on interest in the future.
Ambewila, Gilimale, 31 December 2022.
Ratnapura,
Pothupitiya,
Weligepola,
Panamura,
Damahana,
Pallebedda,
Timbolketiya,
Embilipitiya,
Pambahinna, Kiriella,
Kalthota,
Bambarabotuwa,
Marapana, Dodampe,
Niwithigala,
Ayagama,
Kahawatta,
Pelmadulla,
Namaldeniya,
Kuruwita, Rassagala