

## 30 Agrarian Services Committees in Ratnapura District - 2023

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### 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 2023 comprising the statement of financial position as at 31 December 2023, the statement of financial performance and the cash flow statement for the year then ended, notes to the financial statements and including material accounting policy information 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 In the 30 audit reports issued in relation to 30 Agricultural Service Committees in Ratnapura district, a qualified opinion has been expressed, and the material deficiencies that caused to the qualified opinion are shown below.

### 1.3 Financial Statements

#### 1.3.1 Non-compliance with accounting policies including Sri Lanka Public Accounting Standards

	Committee / Committees	Audit Observation	Comments of the Management	Recommendati on
(a)	Ahaliyagoda Kuruwita Opanayake Rathmalawinna Namaldeniya	Current assets in the statement of financial position were not ranked in order of liquidity from least asset.	That will be corrected in the future.	Current assets should be arranged in order of liquidity.
(b)	Ayagama Godakawela Pelmadulla Pothupitiya	Depreciation percentages had not been disclosed in the financial statements.	That will be disclosed in the future.	Should be done according to Sri Lanka Public Accounting Standards.
(c)	Ambewila Damahana Bambarabotuwa Ahaliyagoda Elapatha Gilimale	Expired unsaleable stock of Rs.678,110 and physical non-existent stock of Rs.1,745,144 had been accounted	That the commissioner's approval will be obtained and removed from the books.	Removal should be done under formal approvals.

Pothupitiya  
Kalthota  
Namaldeniya

under current assets.

### 1.3.2 Accounting Deficiencies

	<b>Committees</b>	<b>Audit Observation</b>	<b>Comments of the Management</b>	<b>Recommendation</b>
(a)	Ambawila Dodampe Weligepola Godakawela	The closing stock of Rs.2,169,733 had been valued considering only the purchase cost.	That will be corrected in the future.	Accounts should be prepared properly.
(b)	Pambahinna Ambawila Elapatha Godakawela Kolonna Kuruwita Panamura Thimbolketiya	Non-current assets of Rs.3,792,523 had not been accounted.	- do -	- do -
(c)	Bambarabotuwa Thimbolketiya	Ledger accounts had not been prepared for 370 account subjects included in the trial balance.	No answers provided.	- do -
(d)	Pambahinna Ayagama Godakawela Kahawaththa Pelmadulla Rassagala Thimbolketiya Rathmalawinna Kiriella	Surplus for the year by Rs.1,352,232 and net assets by Rs.694,148 had been decreased due to accounting errors in preparation of Statement of Financial Performance and Statement of Financial Position.	That will be corrected in the future.	The account should be prepared properly.

(e)	Ahaliyagoda Opanayaka Ambawila Kuruwita Rassagala Niwithigala Namaldeniya	A total of 177 journal vouchers worth Rs.21,170,014 had not been prepared and approved.	In the future, journal entries will be prepared and the necessary approvals will be obtained	Journal entries should be prepared and approval should be obtained.
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### 1.3.3 Lack of Evidence for Audit

	Committees	Audit Observation	Comments of the Management	Recommendation
(a)	Kuruwita	The relevant evidence had not been submitted to the audit regarding the interest receivable amounting to Rs.258,567 in the statement of financial position.	No answers provided.	Relevant documents should be kept correctly.
(b)	Ambawila Ayagama Dodampe Ahaliyagoda Kalthota	19 accounts subjects totaling Rs.3,265,320 could not be confirmed due to not submission of insufficient evidence.	That will be corrected in the future.	- do -

### 1.3.4 Unreconciled Control Accounts of Reports

Committee / Committees	Audit Observation	Comments of the Management	Recommendation
Kahawaththa Pambahinna Niwithigala Weligepola Ratnapura Rassagala Rathmalawinna Thimbolketiya	There was a difference of Rs.18,093,828 in value as per financial statements of 10 accounting subjects compared to value as per corresponding reports.	That will be corrected in the future.	Financial statements should be reconciled with corresponding records.

### 1.3.5 Suspense Accounts

Committee / Committees	Audit Observation	Comments of the Management	Recommendation
Ambawila Weligepola Panamura Damahana Thimbolketiya Embilipitiya	The sum of 04 debit balances was Rs.109,809 and the sum of 03 credit balances was Rs.35,665 from a period between 8 years and 42 years.	That will be corrected in the future.	Suspense accounts should be settled.

### 1.4 Non-compliance to Laws, Rules, Regulations and Management Decisions etc.

Committee / Committees	Reference to Laws, Rules and Regulations	Non-compliance	Comments of the Management	Recommendation
(a)	Agricultural Development Act No. 46 of 2000			
i. Pambahinna Opanayaka Rassagala Rathmalawinna Kalthota Elapatha	Section 14	The amount of Rs.436,208 received from the tenant farmers in previous years had not been paid to the respective land owner.	That the money will be paid in the future.	Should be done according to the act.
ii. Godakawela Opanayaka Weligepola ThimbolketiyaK althota	Section 22	There was no program to determine which crops and animals could be raised on agricultural land.	That an acceptable program will be implemented in the future.	- do -
iii. Ahaliyagoda Elapatha Gileemale Ratnapura Niwithigala Ayagama Pelmadulla Kuruwita	Section 30	A large amount of paddy land with an area of 4259 acres, 737 roods and 437 perches of the cultivable collection was lying fallow.	That the paddy fields will be harvested in the future.	- do -

iv.	Ayagama, Gileemale Kahawaththa Niwithigala Opanayala Panamura Pelmadulla Pothupitiya Rassagala Thimbolketiya Marapana Bambarakotuwa Damahana	Section 56 (1)	As on December 31, 2023, there was an outstanding acre tax balance totaling Rs.1,424,712.	That the approval has been request to write off the outstanding balances for a long time, that a part of the arrears has been collected and that the rest of the money will be recovered in a planned manner.	- do -
(b)	Ahaliyagoda Ratnapura Namaldeniya Kahawaththa Kuruwita Opanayaka	Agricultural Service Commissioner General's Circular No. 107 dated 16 October 1981 Paragraph 30.4	Depreciation rates and methods contrary to the instructions for depreciation of non-current assets had been followed.	That the correct rates and methods of depreciation will be followed in the future.	Should be done according to the circular.
(c)	Ayagama Bambarakotuwa Dodampe Elapatha Embilipitiya Gileemale Kolonna Niwithigala Panamura Pothupitiya	Agricultural Development Commissioner's Circular No.264 dated 21 October 1986	According to the Statement of Financial Position, the outstanding room rents as at 31 December 2023 were Rs.1,085,274.	That the part of the outstanding room rents have already been charged, approval has been sought to write off the outstanding balances for a long time and the remaining balances will be settled in a planned manner in the future.	Should be recovered as per circular.

- (d) Ambawila Circular No Although all the That the Accounts should  
Ayagama 04/2012 dated 29 accounts related to the consolidated be prepared  
Ahaliyagoda February 2012 Agricultural Bank financial correctly.  
Kahawaththa Paragraph 5.6(1) should be included in statements will be  
Kuruwita the Annual Final prepared in  
Opanayaka Accounts of the future.  
Pelmadulla Agricultural Service  
Weligepola Commission and  
Ratnapura consolidated financial  
Thimbolketiya statements should be  
Kalthota prepared, but this has  
Namaldeniya not been done.  
Pambahinna  
Godakawela
- (e) Financial  
Regulations of the  
Democratic  
Socialist Republic  
of Sri Lanka
- i. Pambahinna Financial Stock certificates were That will be Should be done  
Kahawaththa Regulation 237 not available for 145 corrected in the according to the  
Kalawana (b) payments totaling future. Financial  
Rassagala Rs.2,767,079. Regulation.  
Rathmalawinna  
Kiriella  
Bambarakotuwa  
Dodampe
- ii. Kolonna Financial To set up a software That the - do -  
Ratnapura Regulation 257 system for the payments were  
Kalawana Committee and made for these  
Rassagala Agrarian Bank, Rs. purchases based  
Dodampe 3,753,977 had been on a decision  
Namaldeniya paid to the head office, taken by the  
Kalthota but the relevant Agricultural  
Pambahinna equipment and Services District  
Opanayaka software facilities had Office.  
Ahaliyagoda not been received  
Marapana during the year under  
Kuruwita review.  
Ambawila  
Embilipitiya  
Weligapola

(f)	Ambawila Godakawela Waligepola Thimbolketiya Kalthota	National Audit Act No. 19 of 2018 Section 38(f)	Adequate internal audit had not been done.	That an adequate internal audit will be conducted in the future.	An internal audit should be conducted.
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## 2. Financial Review

### 2.1 Financial Results

The net operational growth of 17 Agricultural Service Committees was Rs.10,704,203 and the net operational decline of 13 Agricultural Service Committees was Rs.2,471,758.

## 3. Operating Review

### 3.1 Management Inefficiencies

	Committees	Audit Observation	Comments of the Management	Recommendation
(a)	Kalthota	Account balances of Rs.4,259,209 since the year 2010 had not been settled after completion of investigations.	No replies received.	Should be settled immediately.
(b)	Damahana Godakawela Weligepola Ambawila	Rs.16,457,263 had to be paid for crop damage for the 2023 yala season due to non-renovation of irrigation industries.	Non-receipt of provision.	Irrigation industry renovation should be done urgently.
(c)	Damahana Niwithigala Ayagama Gileemale Kiriella Dodampe Elapatha Marapana Embilipitiya Opanayaka Godakawela	The land and ownership of the center had not been taken over.	That the information has been submitted to the Department of Agricultural Development for this purpose.	Ownership of the property should be settled.

### 3.2 Operating Inefficiencies

	Committees	Audit Observation	Comments of the Management	Recommendation
(a)	Pambahinna, Ambawila, Ayagama, Bambarakotuwa, Damahana, Dodampe, Ahaliyagoda, Elapatha, Embilipitiya, Gileemale, Godakawela, Kahawaththa, Kolonna, Kuruwita, Niwithigala, Opanayaka, Pallebedda, Panamura, Pelmadula, Pothupitiya, Weligepola, Ratnapura, Kalawana, Rassagala, Thimbolketiya Rathmalawinna, Kalthota Namaldeniya, Kiriella, Marapana	For a long time, 853 debtor creditor balances amounting to Rs.41,469,924 shown in the financial statements had not been recovered/settled by 31 December 2023.	That will be settled in the future.	Arrangements should be made to promptly recover outstanding loan balances and settle creditor balances.
(b)	Kalawana	The money due from the goods of Rs.118,272, which were given on the basis of sale and payment for to 07 Agricultural Research Production Assistants in domain, had not been collected until May 2024.	That will be collected in the future.	Actions should be taken to recover the arrears loan balances.
(c)	Elapatha	There were unrecognized fixed assets of Rs.599,301 in the financial statements.	No replies received.	Immediate action should be taken to identify fixed assets.
(d)	Godakawela	There were 122 lakes belonging to the jurisdiction, out of which 31 lakes had not been measured and actions had not been taken to protect the area concerned.	That the survey will be done as the provisions are received.	Surveys should be done immediately in lakes.
(e)	Godakawela	Although 108 acres of short-term crops were not cultivated in 2023, the reasons for this were not investigated.	That the necessary arrangements will be made in the future.	Arrangements should be made to start cultivation immediately.



(f) Godakawela	Out of 1281 farmers who had cultivated in the 2023/24 season, 412 farmers had not been given fertilizer subsidy even after harvesting.	That the fertilizer subsidy money is given through the head office.	Arrangements should be made to formally provide fertilizer subsidy money.
(g) Kalthota, Damahana, Embilipitiya	According to the circular of the Commissioner General of Agricultural Development No. 7/3/19/S.A.V/2023 dated 06 October 2023, under the Suhuru Village Program planned for the creation of new young agricultural entrepreneurs targeting the export market, although 54 green house units were constructed at a total cost of Rs.54,000,000, as Rs.500,000 from each person and Rs.500,000 from the government, due to handover of the construction works without proper agreement with the selected supplier, but more than 06 months had passed, the completion of the construction of the greenhouse, the installation of the water pipe system, the supply of the water motors and the cultivation equipment to be provided had not been completed. Furthermore, some farmers had taken a loan of Rs.500,000 in the middle of various economic difficulties and had contributed to this project, and the motivation towards the project had been weakened due to project weaknesses and delays.	No replies received.	Development projects should be carried out efficiently and effectively.
(h) Namaldeniya	i. There were changes in 457 paddy land blocks in comparison with the old paddy land registers	No replies received.	Paddy land registers should be prepared correctly.

maintained in each domain since 1995, including the important information required to identify paddy land, with the new paddy land registers prepared in 2015 incorporating the information from those old documents.

- ii. The reasons for this were that the paddy land was recorded in two domains, the new paddy land was not included in the paddy land register due to the reclamation of the paddy land included in the old paddy land register, according to the old paddy land register, a significant amount of paddy land belonging to the government has been copied to the new paddy land register as if it had been transferred to different people, failure of the Agricultural Service Center to show the physical location of any paddy land which was clearly recorded in the old paddy land register, existence of paddy land not included in the new paddy land register due to other cultivations, although the name is recorded in the old paddy land register and the paddy land belonging to another district was mentioned in the Namaldeniya paddy land register.
- No replies - do - received.

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| iii. | Even in a very small sample check, the total amount of paddy land affected due to non-maintenance of paddy land register was approximately 20 acres.   | No replies received. | - do -  |
| iv.  | These erroneous entries were observed as an altering, distorting and preparing false documents in accordance to paragraph 12 of the first schedule related to the offenses that can be committed by public officials mentioned in Part II of the Code of Institutions regarding disciplinary control. However, the disciplinary action required under Chapter XLVIII of Part II of the Establishment Code had not been taken till now. | No replies received. | Necessary disciplinary action should be taken as per Chapter XLVIII of Part II of the Establishment Code. |

### 3.3 Idle or Underutilized Property, Plant and Equipment

	Committees	Audit Observation	Comments of the Management	Recommendation
(a)	Pambahinna Ahaliyagoda Embilipitiya Kalawana Kiriella	From 04 years to 20 years, 05 official houses remained idle.	That the arrangements have been made to repair the quarters and will be done as per the instructions of the Deputy Commissioner.	Quarters should be repaired and put to use.
(b)	Kalthota	The Gami Bojunhala building which was built in 2020 at a cost of Rs. 219,745 had not been used for the relevant purpose even on 13 May 2024.	No replies received.	Action should be taken to use immediately.

(c)	Pambahinna Ahaliyagoda Embilipitiya Kahawaththa Kolonna Pallebedda Thimbilketiya	07 machines and a tractor worth Rs.626,766 was idle.	Having commented that the relevant program is not running, is in a broken stage, etc.	Action should be taken to use immediately.
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### 3.4 Human Resource Management

Committees	Audit Observation	Comments of the Management	Recommendation
Ayagama, Bambarakotuwa, Elapatha, Gileemale, Godakawela, Niwithigala, Pothupitiya, Thimbolketiya, Weligepola	As of 31 December 2023, there were 57 vacancies for Agricultural Research and Production Assistant Officers in 09 Agricultural Service Centers.	That the District Office has been informed to fill up the vacancies.	Necessary arrangements should be made to fill up the vacancies.

### 4. Agrarian Banks

Committees	Audit Observation	Comments of the Management	Recommendation
(a) Pothupitiya	The debit balance of the suspense account of Rs.246,370 from the year 2014 and the outstanding balance of Rs.35,241 from the year 2015 had not been resolved.	That will be resolved in the future	Actions should be taken to settle suspense accounts and outstanding balances promptly.
(b) Ambawila Rathmalawinna	Depreciation adjustments had not been made for computers and equipment amounting to Rs.1,116,065.	That will be corrected in the future.	Accounts should be properly prepared.

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| (c) | Pambahinna, Ambawila, Ayagama, Marapana, Damahana, Bambarakotuwa, Dodampe, Elapatha, Gileemale, Ahaliyagoda, Kuruwita, Kiriella, Embilipitiya, Kahawaththa, Niwithigala, Opanayaka, Panamura, Pothupitiya, Weligepola, Ratnapura, Kalawana, Thimbolketiya, Kalthota | As of 31 December 2023, the outstanding balance was Rs.24,861,759 from 1,322 borrowers.  | That the money is being collected, reminder letters have been sent to the debtors, the agrarian tribunal has been referred to cut off the outstanding balances and the remaining balances are being recovered in a planned manner. | Actions should be taken to recover the arrears promptly.    |
| (d) | Pambahinna, Ayagama, Dodampe, Elapatha, Gileemale, Godakawela, Kolonna, Niwithigala, Opanayaka, Palmadulla, Pothupitiya, Kalawana, Rassagala, Thimbolketiya, Rathmalawinna, Kalthota, Namaldeniya, Kiriella.  | Although the repayment period was overdue, loan installments and interest had not been paid on the loan amount of Rs.5,818,258 due from 218 debtors, | Action will be taken to collect.   | Actions should be taken to recover the arrears promptly.    |
| (e) | Pambahinna, Ambawila, Ayagama, Bambarakotuwa, Embilipitiya, Kahawaththa, Kolonna, Kuruwita, Niwithigala, Opanayaka, Pallededa, Panamura, Pothupitiya, Weligapola, Ratnapura, Kalawana, Rassagala, Thimbolketiya, Rathmalawinna, Kalthota, Namaldeniya, Kiriella     | Rs.1,965,757 should have been collected from 107 dead debtors and 02 disabled people.  | Action will be taken to collect.   | Action should be taken to recover the arrear loan promptly. |

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| (f) | <p>Pambahinna, Ambawila,<br/> Ayagama, Damahana,<br/> Dodampe, Elapatha,<br/> Embilipitiya, Gileemale,<br/> Godakawela, Kuruwita,<br/> Kahawaththa, Panamura,<br/> Kolonna, Niwithigala,<br/> Opanayaka, Pallebedda,<br/> Pelmadulla, Pothupitiya,<br/> Rassagala, Weligapola,<br/> Rathnapura, Kalawana,<br/> Thibolketiya,<br/> Rathmalawinna, Kalthota,<br/> Kiriella, Namaldeniya,<br/> Marapana</p> | <p>As on December 31,<br/> 2023, out of 48096<br/> savings accounts,<br/> 28132 accounts had<br/> become inactive.</p> | <p>In the future, we<br/> will work to<br/> activate dormant<br/> accounts and<br/> increase the savings<br/> ratio.</p> | <p>Disabled<br/> accounts<br/> should be<br/> activated.</p> |
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