

29 Agrarian Services Committees in Ampara District - 2023

1. Audit Opinion

1.1 The audit of the financial statements of the 29 Agrarian Service Committees in Ampara District for the year ended 31 December 2023 comprising the statements of financial position as at 31 December 2023 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 In the 29 audit reports issued in relation to 29 Agrarian Service Committees in Ampara district for the year 2023, a qualified opinion has been expressed in 29 audit reports and material deficiencies that had been caused to these are shown below.

1.3 Financial Statements

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

Audit Observations	Comments of the Management	Recommendation
The Lahugala and Palamuna Agrarian Services Committees had not prepared the statement of changes in equity, which is a component that should be included in the financial statements, and had not been submitted it with the financial statements.	I would like to kindly inform you that the statement of change of equity will be prepared and submitted from the year 2024.	Financial statements, including all components, should be submitted to the audit.

1.3.2 Accounting Deficiencies

Audit Observations	Comments of the Management	Recommendation
(a) The surplus for the period under review of Rs.10,591,246 had not been disclosed in the statement of changes in equity submitted with the financial statements of the Dehiattakandiya Agrarian Services Committee for the year under review.	I will record the surplus in the mass statement of change in equity in the future.	Financial statements should be prepared accurately and presented.
(b) The fixed deposit interest of Rs.542,976 and the fixed deposit balance of Rs.200,311 of Madanagama and Pallanoya Agrarian Service	I will correct it next year.	Receipts for the year under review should be shown in the statement

	Committees had been understated during the year under review in the financial statements.		of financial performance.
(c)	The opening balance of urea fertilizer used for maize of Rs.2,878,500 and the closing balance of SSP fertilizer Rs.96,100 had not been stated in the fertilizer account and the financial statement. of the Mayadunnna Agrarian services Committee.	Corn fertilizer was not mentioned as it was not a final balance. 31 SSP fertilizer bales were not included under current assets in the statement of financial position at the end of the year because they were purchased from a private institution on a cash-for-sale basis.	The opening and closing balance of the fertilizer stock should be shown in the fertilizer accounts.
(d)	The stock values of urea, MOP and TSP fertilizers of Rs.3,474,859, Rs.6,097,033 and Rs.59,280 respectively had been overstated in the financial statements as at the end of the year under review in respect of 06 Agrarian Service Committees.	I will correct it in the year 2024.	The closing balance of fertilizer stocks should be accurately accounted for.
(e)	The closing stock value of urea fertilizer of Rs.469,064 in the year under review of Hingurana and Padiyathalawa Agrarian Service Committees had been understated in the financial statements.	I will correct it in the year 2024.	- do -
(f)	The Pallanoya Agrarian Services Committee had not prepared trading accounts for the sales of urea and MOP in the year under review, the related sales revenue and unloading rent of Rs.20,854,620 and Rs.235,410 respectively had not disclosed in the financial performance statement.	I will correct it in the next year.	Relevant transactions should be disclosed in the trading account or in the financial performance statement.
(g)	The purchase expenses of urea and MOP of Rs.51,141,836 for the year under review of the Pallan Oya Agrarian Services Committee had not been disclosed in the Financial Performance Statement.	I will correct it in the next year.	The relevant expenses should be disclosed in the financial performance statement.

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| (h) | The sales value of urea fertilizer in the year under review of the Padiyathalawa and Irakkamam Agrarian Services Committees had been overstated by Rs.12,029,524 in the urea sales account. | I agree to deduct from the initial accumulated fund of the year 2024.01.01. | Values should be accounted for accurately. |
| (i) | The Padiyathalawa Agrarian Services Committee's urea and MOP sales income of Rs.4,964,078 and the Rs.10,994,439 paid to the relevant fertilizer institutions in the year under review had not been disclosed in the cash flow statement. | I agree to prepare annual reports by accounting those accounts to the relevant account from next year onwards. | Revenue and expenses should be accounted for accurately. |
| (j) | The MOP sales value of the Akkarapattu East and Akkarapattu West Agrarian Service Committees of Rs.479,139 for the year under review had been overstated in the trading account. | I will correct it in the next year. | Value should be accounted for accurately. |
| (k) | The Lahugala Agrarian Services Committee had not included the value of Rs.900,000 in the trading account for the purchase of 5,000 kilograms of MOP fertilizer for the year under review. | The purchased M.O.P. 5000 kilograms of fertilizer was imported for distribution during the 2023/24 Maha season. | Value should be accounted for accurately. |
| (l) | The Panama Agrarian Services Committee had been under-accounted of Rs.1,151,364 payable for MOP fertilizer and Rs.122,884 payable for urea fertilizer in the year under review. | Since subsidized fertilizer was sold on a cash-on-sale basis, only the sold value as at 31.12.2023 was shown as payable and so, the remaining amount of fertilizer was not sold, that value was not recorded as payable. | Value should be accounted for accurately. |
| (m) | The value of 615 liters of organic bio-liquid fertilizer of Hingurana and Chawalakade Agrarian Service Committees, which was Rs.312,967, had not been stated in the financial statement. | I will correct it in the next year. | Final stock should be accounted for accurately. |

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| (n) | Steps had not been taken to assess and account for the value of 336 fixed assets provided by the Department of Agrarian Development and other institutions to 11 Agrarian Service Committees. | I will correct it in the year 2024. | Urgent action should be taken to obtain and record the assessed values. |
| (o) | The Lahugala Agrarian Services Committee had accounted for 10 spray machines worth Rs.243,000 issued to farmers under the Farmers Bank loan in the year under review as fixed assets. | 10 spray machines purchased for the Farmers' Bank in the year under review have been included in fixed assets by mistake, and I would like to inform you that steps will be taken to remove those 10 machines from fixed assets. | Assets that are not relevant to the committees should not be accounted for. |
| (p) | The Pottuvil Agrarian Services Committee had not accounted for the Rs.320,000 receivable for the repair of the lake. | I will correct it in the next year. | The total value of receivables for the year should be accounted for accurately. |
| (q) | The acreage tax receivable in the financial statement relating to 05 Agrarian Service Committees was understated by Rs.967,531. | I kindly inform you that we will take steps to correct this error in 2024. | The total acre tax amount should be accounted for accurately. |
| (r) | The value of Rs.342,000, which is 40% of the Rs.855,000 received by the Agrarian Services Committee for land reclamation in the year under review, payable to the Commissioner General of Agrarian Development had not been disclosed in the Financial Statement. | I will correct it in the next year. | The value payable to the Commissioner General of Agrarian Development should be accounted for accurately. |
| (s) | The value of the tractor, trailer, Nine Tine trailer, 04 water motors and 04 40-foot water pipes provided to the Agricultural College located in Palamuna by the Ninthavoor Agrarian Services Committee in 2017 had not been removed from the accounts. | I will take the necessary steps to remove those values from the accounts next year, with the approval of the Deputy Commissioner of Agrarian Services. | Steps should be taken to formally remove the values of the items given to the Palamuna Agrarian College from the accounts. |

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| (t) | The amount of Rs.410,971 paid from the funds of the Agrarian Services Committee for the project to construct a fence around the Uhana Agrarian Services Committee had not been capitalized and the payable amount of retention in hand Rs.41,097 had also not been accounted for. | I would like to inform you that the failure to account for the retention amount of Rs.41,097 due from the Agrarian Services Committee for the fence construction project of the Agrarian Services Committee is a mistake and will be corrected in next year's financial report. | The amount paid from the council's funds should be capitalized and the amount of withholding to be paid should be properly accounted for. |
| (u) | The ownership of lands belonging to 10 Agrarian Service Committees had not been transferred to the Agrarian Service Committees and accounted for. | I will take steps to take over and account for it in the future. | Action must be taken to take ownership and account for it. |

1.3.3 Unreconciled Control Accounts or Reports

Audit Observations	Comments of the Management	Recommendation
(a) There was a discrepancy of Rs.7,027,368 between the total value stated in the cash flow statement and the correct total value that should have been recorded in the cash flow statement in relation to the Padiyathalawa Agrarian Services Committee.	It is an old balance. There is no written evidence of this. Only the upcoming balances are in the annual reports.	Action should be taken to investigate the causes of discrepancies and correct promptly.
(b) There was a discrepancy of Rs.939,578 between the value of 06 accounting items as per the financial statements and the value as per the corresponding records as per 31 December of the year under review in relation to the Pallan Oya Agrarian Services Committee.	Since there is no evidence, necessary steps are being taken to write off those balances.	Necessary steps should be taken to settle these balances or write them off in a formal manner.
(c) The Pottuvil Agrarian Services Committee had stated the balance of the Fixed Deposit Account as Rs.8,076,827, while the balance confirmation letter sent by the bank stated the value as Rs.6,251,438, resulting in a discrepancy of Rs.1,825,389.	No answers provided.	Necessary actions should be taken to check and settle these balances.

1.3.4 Suspense Accounts

Audit Observations	Comments of the Management	Recommendation
Actions had not been taken to correct 03 suspense account balances of Rs.1,077,844 in the financial statements related to 03 Agrarian Service Committees from the year 2018 to the year 2021.	I will work to correct it in 2024.	Relevant transactions in the suspense account should be identified and corrected.

1.3.5 Lack of Written Evidence for Audit

Audit Observations	Comments of the Management	Recommendation
Due to the lack of evidence and confirmation of balances for the balance of assets and liabilities of Rs.166,529,914 stated in the respective financial statements of 25 Agrarian Service Committees, it could not be satisfactorily vouched/ verified in audit.	It is hereby informed that the Center is unable to find evidence and information to submit to the audit for asset and liability account items from many years and I would like to inform you that the necessary steps are being taken to settle that balance and that it is expected that the balance will be corrected in the financial report in the year 2024.	Evidence and information required to verify the relevant asset and liability account balances should be submitted to the audit.

1.4 Non-compliances with Laws, Rules, Regulations and Management Decisions

Reference to the Laws, Rules, Regulations etc..	Non-compliance	Comments of the Management	Recommendation
(a) Agrarian Development Act No. 46 of 2000			
(i) Sections 32 and 33	Out of the 32 acres of paddy land reclaimed illegally in the Addalachchena Agrarian Service area, the 16 acres that had been ordered to be replanted by court, but	The farmers who have not cultivated the respective lands in the year 2023, proceedings will be filed again.	Urgent steps should be taken to cultivate the 16 acres of paddy land.

		it had not been cultivated.		
(ii)	Section 53(1)	Although 3,336 applications have been received for the edition of paddy land registers from 2020 to 2022 in relation to 15 Agrarian Service Committees, only 1,149 applications have been edited.	I will work to amend it in the future.	The necessary amendments should be made urgently in accordance with the provisions of the Act.
(iii)	Section 55(1)	The Commissioner General had not certified the First Schedule relating to agricultural lands within the Pallan Oya Agrarian Services Area.	No answers provided.	The relevant schedules should be certified by the Commissioner General in accordance with the Act.
(b)	Financial Regulation of the Democratic Socialist Republic of Sri Lanka			
(i)	F.R. 110	A register of losses and damages had not been maintained in accordance with the financial regulations in relation to 18 Agrarian Service Committees.	I agree to maintain a damage and loss register.	Actions should be taken according the Financial Regulations.
(ii)	F.R. 138	Payments had been made for 12 vouchers worth Rs.123,091 from the Pallanoya Agrarian Services Committee without the certification of the Executive Secretary of the Agrarian Services Committee.	No answers provided.	Actions should be taken according the Financial Regulations.
(iii)	F.R. 139	The persons who accepted the cheques or cash in relation to 11 vouchers worth Rs.337,239 in the	No answers provided.	Actions should be taken according the Financial Regulations.

		Namalthalawa and Pallanoya Agrarian Services Committees had not signed the receipt of the cheques or cash.		
(iv)	F.R.316	Institutions that use papers and forms showing government money and financial values should keep that money or papers safety in a safe or a security box or a security room, but Mahaoya and Lahugala Agrarian Banks did not done so.	In the future, I will take steps to store money and financial documents in a safe or secure box.	Actions should be taken according the Financial Regulations.
(v)	F.R.395 (a)	The Mayadunnana Agrarian Services Committee had not prepared a bank reconciliation statement for a bank account as of 31 December 2023.	The bank reconciliation statement for committee account 2162724 has been prepared as of 31 December 2023.	Actions should be taken according the Financial Regulations.
(vi)	F.R.396 (d)	Action had not been taken in accordance with the financial regulations regarding cheques worth Rs.656,487 issued by 04 Agrarian Service Committees but not presented to the bank for payment for more than 02 years.	I kindly inform you that in future, we will act in accordance with financial regulations regarding this cheque.	Actions should be taken according the Financial Regulations.
(vii)	F.R. 452	04 Agrarian Service Committees had not maintained an audit query register in accordance with the financial regulations.	I would like to kindly inform you that we will take steps to prepare and maintain an accurate audit query register in the future.	Actions should be taken according the Financial Regulations.
(viii)	F.R. 502 (2)	A fixed asset register had not been maintained in accordance with the financial regulations for 13 Agrarian Service Committees.	I would like to kindly inform you that we will take steps in the future to prepare and maintain a fixed asset register.	Actions should be taken according the Financial Regulations.

- (c) Circulars and letters of the Commissioner General of Agrarian Development
- (i) Circular No. 107 dated 16 October 1981
Paragraph 30 (2)
- Confirmation certificates should be obtained from the debtors and creditors to prove the assets and credit balances relating to the 06 Agrarian Service Committees, but no arrangements had been made to obtain the confirmation certificates.
- I will work to obtain it in the future.
- Debtor and creditor balance confirmations should be obtained.
- (ii) Circular of the Agricultural Development Commissioner General and No. 08/2020 dated 25 June 2020
- 08 officers concerned had not deposited bail deposits for 04 Agrarian Service Committees.
- I will take steps to place bail deposits for the relevant officers in the future.
- Arrangements should be made to deposit the bail deposit.
- (d) The Procurement Guidelines Code 2006 of the Democratic Socialist Republic of Sri Lanka
- Section 2.4
- Technical Evaluation Committee reports had not been prepared regarding equipment worth Rs.4,929,796 purchased by 10 Agrarian Service Committees.
- I will correct it in 2024.
- All procurement activities should be carried out in accordance with the Procurement Guidelines.
- (e) Circular No.07/2014 (107 edited iii) dated 22 August 2014
- Although the maximum amount that can be held in hand daily by the Mahaoya Agricultural Services Committee is
- It is not possible to bank the money every day, because the Center Management
- Action should be taken as per the circular.

Rs.10,000, in contrast, Assistant Officer between October and works at two centers, December 2023, cash This problem has ranging from Rs.10,172 been caused by a to Rs.442,768 was large number of withheld on 46 occasions. farmers coming to purchase fertilizer.

(f) Circular of the Agricultural Development Commissioner General No. 7/7/ක.ඉ.ලේ.ජරනි/2023 dated 16 May 2023	Although the Geo Goviya program should be completed by 31 May 2023 in the Mahaoya and Dehiattakandiya Agrarian Service Committees, 12,572 farmers had not been registered (PLR) and 14,237 land locations with latitude and longitude calibration (KML) had not been surveyed.	The Geo Goviya program could not be completed on time due to insufficient staff.	The investigations should be conducted regarding the failure to complete the program on time or methods should be introduced to expedite the program.
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2. Financial Review

2.1 Financial Results

In relation to 29 Agrarian Service Committees belonging to Ampara district, the operating result of the reviewed year was a profit of Rs.60,486,043, and the corresponding profit of the previous year was Rs.25,639,124. Accordingly, an increase of Rs.34,846,919 was observed in the financial result. This growth was mainly due to the increase in the fixed deposit interest income and the increase in acreage tax income and other incomes of the Agrarian Service Committees.

3. Operating Review

3.1 Uneconomic Transactions

Audit Observations	Comments of the Management	Recommendation
In the year 2020 related to 06 Agrarian Service Committees, a stock of compost fertilizer produced at a cost of Rs.964,948 had been piled up in the committee premises without being sold to the farmers.	Action will be taken to sell it in the future.	The sale should be arranged to cover at least the cost incurred for the production of compost.

3.2 Management Inefficiencies

Audit Observations	Comments of the Management	Recommendation
(a) An amount of Rs.9,342,034 was to be settled by 31 December 2023 for 71 hand tractors provided on the basis of installment payment by the Ampara District Office of the Department of Agricultural Development during the period of 2008, 2010 and 2012.	I will take steps to recover the money in the future and take legal action against those who default on payments.	Urgent action should be taken to recover the arrears.
(b) Necessary actions had not been taken to recover the value of Rs.179,635,528 due from various parties during a period of 03 to 23 years from 27 agrarian service committees.	The District Office - Ampara and the Head Office have been informed to take necessary steps to recover or write off these receivable balances.	Immediate action should be taken to recover the relevant amount.
(c) In relation to 26 Agrarian Service Committees, the necessary actions had not been taken to settle the balance of accounts payable amounting to Rs.282,143,854 which is being carried forward in a period from 05 to 26 years.	There is no information for some balances and I will settle the balances that can be found in the future.	Arrangements should be made to settle accounts payable balances.
(d) It was observed that no transactions had done in two savings accounts belonging to the Mahaoya Agrarian Services Committee with a balance of Rs.685,645 for a period of 2 years to 3 years and if there was no need for those savings accounts, arrangements had not been made to invest the money in them in a fixed deposit and earn interest income.	I have kept this money in a savings account instead of a current account because it earns interest. I will work to save it in a fixed deposit in the future.	Under formal approval, arrangements should be made to invest in a deposit to obtain maximum interest income.
(e) A formal document had not been used to record the value and interest income of each fixed deposit in relation to 04 fixed deposits worth Rs. 3,805,000 held by the Mahaoya Agrarian Services Committee.	I will work to maintain a fixed deposit register in the future.	Arrangements should be made to maintain a fixed deposit register.

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| (f) | The Mahaoya Agrarian Services Committee had not prepared and used debtors and creditors registers including receivables and payables. | I will prepare and use a debtor and creditor register in the future. | Registers of debtors and creditors should be maintained. |
| (g) | Fixed asset registers had not been prepared and used, including the fixed assets owned by the Mahaoya and Dehiattakandiya Agrarian Services Committees and it was observed that it has not been possible to identify and remove depreciated assets due to the fact that depreciation was calculated at the accumulated value and presented in the financial statements without preparing separate schedules for the asset items included under each asset classification. | I will take action to maintain a fixed asset register in the future. | Steps should be taken to keep fixed asset records up to date. |
| (h) | Action had not been taken to recover the value of Rs.1,408,825 due to the Uhana Agrarian Services Committee since 2013 for the paddy issued to the paddy mill owners under the paddy purchase program. | A court case is currently underway regarding the failure to recover the amount of Rs.1,408,825 due since 2013 for paddy issued to paddy mill owners under the paddy purchase programme and I hereby inform you that steps will be taken to recover that money by that case. | Urgent action should be taken to recover the relevant money. |
| (i) | Although a stock of agrochemicals worth Rs.199,675 purchased between 2011 and 2015 and a stock of coconut fertilizer worth Rs.76,977 purchased in 2004 by the Uhana Agrarian Services Committee had been expired and as of 31 December of the year under review, no disposal or other action had been taken on those stocks. | As of 31 December of the year under review, the expired agrochemical stock worth Rs.83,445 and the coconut fertilizer stock worth Rs.76,977 have been sent to the head office for examine by a disposal committee and to further disposal activities. | The necessary actions should be taken urgently. |
| (j) | The Namalthalawa Agrarian Services Committee had not taken the necessary steps to settle the revolving loan of Rs.445,802 and the remaining | No answers provided. | Necessary steps should be taken urgently to settle the balance. |

cash deficit of Rs.93,035 shown in the Farmers Bank's debtor balance list for the year 2003, which is almost 20 years old as of 31 December of the year under review.

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| (k) | Although a value of Rs.500,226 was stated in the accounts from 2011 to be due from a former clerk of the Pallan Oya Agrarian Service Committee, as of December 31st of the year under review, no action had been taken to recover that amount. | No answers provided. | Immediate action should be taken to recover the relevant amount. |
| (l) | In the years 2018 and 2019, the liquid fertilizer stock name Sanstha worth Rs. 14,7693,573 provided by Lanka Fertilizer Company Limited to 14 Agrarian Service Committees had expired and had been piled up in the committees without taking any action in this regard. | The relevant companies have been informed to take back these stocks, I will take steps to disclose in the future. | Steps should be taken to dispose of expired fertilizer and take necessary action if there has been a loss. |
| (m) | The Dehiattakandiya Agrarian Services Committee had not been taken necessary action to hand over the expired and damaged stock balances worth Rs.1,634,691 included in the financial statements to the relevant institutions or to remove them from the records. | Investigations have been conducted regarding expired vegetable seeds, dead plants, expired seeds, and expired agrochemicals, but the reports have not been received yet. After receiving that reports I will take action accordingly. | Action should be taken immediately to return it to the relevant institution or to properly dispose of it. |
| (n) | Although the collection of the acreage tax annually in respect of 03 Agrarian Service Committees should have been completed by 31 March of the financial year in accordance with paragraph 4 of the letter No. 7/5/6/වි.වි./අ.බ dated 14 June 2006 of the Assistant Commissioner of Agrarian Development (අ.ස.ව.), as of 31 December of the year under review, an acreage tax value of Rs.3,452,001 was due for collection in respect of previous years. | I will correct it in 2024. | Necessary actions should be taken to recover the acreage tax value that is due for previous years. |

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| (o) | A stock of 7672 liters of Nitro Plus liquid fertilizer provided to the Mahaoya Agrarian Services Committee by Bio Foods Private Company in 2022 has expired and no steps had been taken to return the stock to the relevant company. | Bio Foods Company has been informed about this and I will take steps to dispose of in future. | Necessary steps should be taken immediately to return expired stocks to the relevant companies. |
| (p) | Although 15 Agrarian Service Committees had paid Rs.256,965 to the Office of the Deputy Commissioner of Agrarian Development for the purchase of software for the Agrarian Service Committee and Agrarian Banks, the software had not been obtained and put into use. | I would like to inform you that it will to be used in the future. | The software should be obtained and used. |
| (q) | No action has been taken to recover the amount of Rs.240,470 that has been carried forward in the accounts since 2013 as being due from a former Agrarian Development Officer of the Hingurana Agrarian Services Committee. | A preliminary investigation has been initiated to recover the amount of Rs.240,470 that has been pending in the accounts since 2013. | The necessary should be taken urgently. |
| (r) | Although 235 bales of fertilizer in the custody of the Sammanthura Police had been given to the Malwatte Agrarian Services Committee in 2017, even at the end of the year under review, that stock of fertilizer was still stored in the committee and no action had been taken in this regard. | Letters have been sent to the Deputy Commissioner of Agrarian Services requesting approval to remove this stock of fertilizer from the warehouse. | The necessary steps should be taken to remove expired stocks promptly. |

3.3 Operating Inefficiencies

Audit Observations	Comments of the Management	Recommendation
Although the total amount of paddy land belonging to the Pallan Oya Agrarian Service Committee is 5268 acres, only 3364 acres were included in the paddy land register.	No answers provided.	The total amount of paddy land should be included in the paddy land register.

3.4 Idle or Underutilized Property, Plant and Equipment

Audit Observations	Comments of the Management	Recommendation
(a) 10 paddy planting machines worth Rs.10,000,000 received to 03 Agrarian Service Committees in the year 2021 had been kept in storage for about 03 years without being used by the end of the year under review.	The Agrarian Services Committee carried out a model paddy cultivation during the 2023/24 Maha season using planting machines received under World Bank donation, it was identified that the planting distance of those planting machines was too large, so making it a waste from use to cultivation. I would like to kindly inform you that farmers in the area are reluctant to cultivate using these machines because the spacing between the plants is too large.	Necessary actions should be taken to utilize those machines for the relevant purpose.
(b) It was observed that 17 vehicles and machinery belonging to the Dehiattakandiya Committee were not being used for more than 02 to 05 years at the end of the year under review. The attention of the committee had not been focused to selling the unusable vehicles and machinery at the auction and repairing and using the repairable vehicles and machinery.	Although the Board of Surveyors has recommended that this machinery suitable for auction, permission has not been received to date.	Necessary actions should be taken to repair and use the asset or if that is not possible auction it.
(c) 19 water pumps provided by the District Office to 03 Agrarian Service Committees in the year 2004 had been lying idle for a long time without use.	An application has been made for auction.	Necessary actions should be taken to utilize the assets properly or, if that is not possible, to dispose of them properly.
(d) 04 hand tractors worth Rs.647,000 owned by the Malwatte Agrarian Services Committee had been lying idle for more than 05 years without use.	04 hand tractors have been applied for auction.	- do -

- (e) 15 compost shredders owned by 15 Agrarian Service Committees were lying idle without use. Work is underway to hand it over to the relevant institution. - do-

3.5 Human Resources Management

Audit Observations	Comments of the Management	Recommendation
(a) There were vacancies for 13 Agrarian Development Officer posts in 13 Agrarian Service Committees.	I will work to fill these vacancies in the future.	Steps should be taken to fill the vacancies.
(b) There are 37 vacancies for the position of Development Officer, including 34 officers in 14 Agrarian Service Committees and 03 officers in the District Office, while 30 officers in other Committees were excess.	Since all the officers listed as excess are officers of the Tamil media, there is no possibility of assigning them to the duties of the Sinhala media Agricultural Services Committees where there are vacancies.	Steps should be taken to fill vacancies and assign surplus officers to other institutions.
(c) In relation to 29 Agrarian Service Committees, it was observed that there is an excess of 07 officers and vacancies of 118 officers for 04 positions except for the Development Officer positions.	Since the recruitment for those posts is carried out by the Department of Agrarian Development, I will take steps to fill these vacancies when the department recruits officers for those posts again.	Steps should be taken to fill staff vacancies and approve or transfer excess staff.
(d) According to the approved staff of the Agrarian Development District Office, there were vacancies for 06 officers in 04 posts other than the Development Officer post.	The Ministry of Public Administration and the Department of Agrarian Development have been informed regarding these vacancies.	Steps should be taken to fill staff vacancies.

4 Agrarian Banks

Audit Observations	Comments of the Management	Recommendation
(a) According to Section 1.6 of Agricultural Development Department Circular No. 04/2012 dated 29 February 2012, an Agrarian Service Committee should be regularly maintained the agrarian banks in order to improve the living	I will work to make it active in the future.	Steps should be taken to operationalize the Farmers' Bank to provide loans to provide relief to farmers as per the circular.

- standards of rural farmers, the 11 Agrarian Service Committees collected deposits from the farmers after the year 2009, but loans had not been given.
- (b) Although, as per Paragraph 2.6.2 (vii) of the Agricultural Development Department Circular No. 2012/04 dated 29 February 2012 of the Commissioner General of Agrarian Development, the loans issued by the Agricultural Research and Production Assistants to the farmers of the domain should be recovered from time to time, due to failure to do so, an overdue loan of Rs.25,170,644 had to be recovered from 1999 Yala season to 2023 Yala season in relation to 19 Agrarian Service Committees.
- (c) Due to the failure of the Central Camp Agricultural Bank to recover loans from farmers during the period from 2003 to 2005, an amount of Rs.261,228 of the amount that should have been recovered from the relevant officers had not been recovered by the audit date of 18 June 2024 as per Financial Regulation 104 as of the audit date of 18 June 2024.
- (d) No action had been taken to recover the amount of Rs.106,247 that had been due for about 20 years from a now retired officer who served as the Center Manager of the Uhana Agrarian Services Committee in 2004.
- (e) Action had not been taken to recover Rs. 39,834 from a former committee clerk of the Mayadunn Agrarian Services Committee.
- (f) Under the Sithumu Entrepreneurial Loan Program of the Mayadunn Agrarian Services Committee, no
- I will take steps to recover the outstanding debt in the future.
- Urgent action should be taken to recover overdue loans.
- The head office has been informed of this.
- Necessary steps should be taken promptly to conduct a formal investigation and recover the relevant funds from the responsible officers.
- A letter was sent to the Deputy Commissioner of Agricultural Development in 2024 to recover the remaining amount in hand of Rs.106,247 due from Mrs.R.Ranjani Perera, who served as the former Center Manager in 2004.
- Action should be taken to recover the outstanding amount.
- I will work to recover it in the future.
- Urgent action should be taken to recover the relevant money.
- Reminder letters have already been sent to members who have joined the loan
- Necessary steps should be taken immediately to

	steps had been taken to recover the loan amount of Rs.112,360 along with the interest due from two members involved to that.	program to collect their loans.	recover the money from the relevant members.
(g)	As of December 31 of the year under review, the Mahaoya Agrarian Bank had not taken steps to settle the receivable revolving credit balance of Rs.634,308 and the payable revolving fund balance of Rs.599,527, which had been carried forward in the financial statements for more than 10 years.	A request has been made to the head office to write off the revolving loan.	Necessary steps should be taken urgently to settle revolving fund loan balances.
(h)	The shares and deposits ledger of the Mahaoya Agrarian Bank had not been maintained updated manner with the computerized information system regarding shares, deposits, group deposits and farmer organization deposits and due to the computer containing the information being out of order at the date of the audit, the accuracy of the stock and deposit balances, including interest calculations, for the year under review could not be verified.	I will work to maintain the shares and deposits ledger accurately in the future.	The stock and deposit ledger should be maintained accurately in relation to the computerized information system.
(i)	The Department of Agrarian Development had not taken any action regarding the calculation of loan interest, accounting and collection on overdue loans as per the circular No. 2021/16 dated 27 October 2021 to the Namalthalawa Agrarian Services Committee.	No answers provided.	In accordance with the circular, formal action should be taken regarding the calculation of interest of loans, accounting and collection.
(j)	The Namalthalawa Farmers' Bank had issued paddy security loans to an Agricultural Research Production Assistant employed at the Namalthalawa Farmers' Service Center from the 2003/2004 Maha season to the 2004/2005 Maha season and the Agrarian Development Officer had not taken steps to recover the outstanding loan and interest of Rs.97,500 from that officer as of 26 July 2024.	No answers provided.	Necessary steps should be taken promptly to conduct a formal investigation and recover the relevant funds from the responsible officers.