

30 Agrarian Services Committees in Ratnapura District - 2024

1. Audit Opinion

1.1 The audit of the financial statements of the 30 Agrarian Service Committees in Ratnapura District for the year ended 31 December 2024 comprising the statements of financial position as at 31 December 2024 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 (3)154of 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 (1)58of the Agrarian Development Act, No. 46 of .2000My comments and observations which I consider should be report to Parliament appear in this report.

1.2 Qualified audit opinion has been expressed on the 30 audit reports issued in relation to 30 Agrarian Service Committees in the Ratnapura District, the following are the material deficiencies that caused to the expression of a qualified audit opinion.

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
(a) In 22 committees, a comparison between budgeted and actual figures had not been presented as a supplementary financial statement in accordance with paragraph 21 (e) of Sri Lanka Public Sector Accounting Standard 01 or the budgeted figures had not been presented as a separate column in the financial statements.	That they will seek advice from the department and act accordingly.	Financial statements should be presented in accordance with accounting standards.
(b) In the statement of financial position of 11 committees, the current assets had not been arranged in order from least liquidity to most liquidity.	That the action will be taken to display current assets in the correct order in the future.	Current assets should be shorted in order from the least liquidity to the most liquidity.
(c) Although, in accordance with paragraph 71 of Sri Lanka Public Sector Accounting Standard 01, the amounts expected to be recovered or settled within 12 months before and 12 months after the reporting date should be disclosed separately, 08 committees had not been disclosed their current assets in	That in the future, we will act in accordance with accounting standards.	Public sector accounting standards should be followed.

accordance with the provisions of the Act as of 31 December 2024.

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| (d) | The cost of non-current assets, accumulated depreciation and net value as of the end of the year under review had not been disclosed in accordance with Sri Lanka Public Sector Accounting Standard No. 07 in 04 committees. | That the action will be taken according to Accounting Standard in the future. | Accounting standards should be followed. |
| (e) | Although according to Sri Lanka Public Sector Accounting Standards 09, the closing stock should be accounted for at the lower of cost or net realizable value, 08 committees had been accounted for it at cost only. | That the final stocks will be valued according to standards in the future. | Assets should be accounted for in accordance with standards. |
| (f) | In accordance with Sri Lanka Public Sector Accounting Standard No. 16, the value obtained by deducting the fair cost of sales from fair value of agricultural crops under non-current assets had not been compared with the previous year's value and the resulting profit or loss had not been recognized and accounted for by the Damahana Agrarian Committee. | No replies received. | Should be accounted for in accordance with standards. |
| (g) | All accounts related to the Agrarian Bank of 12 committees had not been prepared the consolidated financial statements by including annual final accounts of the Agrarian Committees. | That it was prepared according to the format provided by the department. | Consolidated accounts should be prepared annually. |
| (h) | In accordance with paragraph 21 (e) of Sri Lanka Public Sector Accounting Standard 01, the comparison between budgeted figures and actual figures as a supplementary financial statement of the Agrarian Bank, or the budgeted figures as a separate column in the financial statements had not been presented in 02 Agrarian Committees. | That will be corrected in the future. | Public sector accounting standards should be followed. |

1.3.2 Accounting Deficiencies

Audit Observations	Comments of the Management	Recommendation
(a) The surplus for the year of 23 committees had been overstated by Rs.5,013,412 and understated by Rs.12,298,320.	That the action will be taken to correct it.	When preparing financial statements, income and expenses related to the accounting year should be accurately reconciled and appropriate corrections should be made.
(b) The non-current assets of 23 committees had been understated by Rs. 2,195,200 and overstated by Rs. 1,000,884, while the current assets had been understated by Rs. 1,419,382 and overstated by Rs.930,077.	That the action will be taken to correct it.	Steps should be taken to correct the account balance.
(c) The responsibilities of 08 committees had been overstated by Rs. 538,000 and understated by Rs. 6,342,627.	That the action will be taken to correct it.	Steps should be taken to correct the account balance.
(d) The net assets of 03 committees had been overstated by Rs. 128,902 and understated by Rs. 1,051,404.	That the action will be taken to correct it.	Asset balances should be accurately accounted for.

1.3.3 Unreconciled control accounts and Reports

Audit Observations	Comments of the Management	Recommendation
(a) There was a difference of Rs.12,890,321 between the value as per the financial statements and that balance as per the corresponding reports of 51 accounting subjects related to 12 committees.	That the action will be taken to correct it.	Comparisons should be made and the corresponding documents should be reconciled with the financial statements.

1.3.4 Unauthorized Transactions

Description of the Unauthorized Transactions	Comments of the Management	Recommendation
(a) 125 journal entries worth Rs.53,998,196 of 06 committees had not been approved.	That the action will be taken to correct it.	Only approved journal entries should be entered, and action should be taken against parties who do not do so.

1.3.5 Suspense Accounts

Audit Observations	Comments of the Management	Recommendation
(a) The long-standing debit balance of Rs.20,315 and credit balance of Rs.266,270 in the suspense accounts of 05 committees had not been settled.	That the action will be taken to correct it.	Urgent steps should be taken to resolve suspense account balances.
(b) It was observed that there is an unresolved balance of Rs. 230,419 in the Nivithigala Agrarian Committee.	This balance has been around for a long time and information cannot be found.	A formal investigation should be conducted and steps should be taken to settle the balances.

1.3.6 Lack of Written Evidence for Audit

Audit Observations	Comments of the Management	Recommendation
(a) Due to the absence of asset records, balance confirmations and time analysis for 53 accounting items worth a total of Rs. 10,518,247 from 10 committees, it was not possible to satisfactorily observe or accept them during the audit.	That the action will be taken to correct it.	The requested evidence should be submitted to the audit.

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

Reference to Laws, Rules, Regulations	Non-compliance	Comments of the Management	Recommendation
(a) Agricultural Development Act No. 46 of 2000			

(i)	Section 14	The total amount of Rs.2,538,330 received by the Agrarian Services Committee as land tenant payable to the landowner of 05 committee had not been settled.	That the steps will be taken to resolve the issue of tenant farming land ownership in the future.	Action should be taken in accordance with the Agrarian Development Act, and action should be taken against parties who do not comply.
(ii)	Section 22	A program had not been implemented to determine the most suitable crops for agricultural lands and animals for animal husbandry in 23 committees.	That the program will be implemented in the next year as per departmental instructions.	Action should be taken in accordance with the provisions of the Act, and action should be taken against those parties who have not taken action.
(iii)	Section 44	Information was not provided that the accounts of the farmers' organizations in 14 committees had been examined and certified by the Commissioner for Agrarian Development or a representative authorized by him.	That the action will be taken to certify accounts in the future.	- Do -
(iv)	Section 51 (1)	The Agricultural Development Council and the Centre for 13 Committees had not been established yet and in accordance with the powers conferred by Section 99 (2) (c) (i) of the said Act, the Agrarian Services Committee and the Agrarian Services Centre established under Section 43 (1) of the Agrarian Services Act, No. 58 of 1979, were being further maintained.	Action will be taken according to the future orders.	- Do -
(v)	Section 53(4)	The land records of 11 committees had not been revised.	Revisions will be made in the future according to departmental instructions.	- Do -

(vi)	Section 56 (4)	Action had not been taken to recover the arrears of acreage tax, totaling Rs.176,946, which had been outstanding since 2017, in accordance with the provisions of the Act by 03 committees.	That the steps will be taken to recover outstanding acreage taxes in the future.	Action should be taken to recover outstanding acreage taxes, and action should be taken against those who have not acted on time.
(b)	Section 52 of the Agrarian Development Act, No. 46 of 2000, as amended by the Agrarian Development (Amendment) Act, No. 46 of 2011	An agricultural program and development plan had not been prepared for 14 committees.	Although it was missed in the year under review, it has been informed that it has been adjusted for the year 2025.	Action should be taken in accordance with the Act, and action should be taken against those who have not done so.
(c)	National Audit Act No. 19 of 2018 Section 38 (f)	Adequate internal audit had not been conducted in 20 committees.	Audit activities will be carried out by the district office.	- Do -
(d)	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 12 committees.	That the action will be taken to maintain a loss and damage register in the future.	Financial regulations should be followed, and action should be taken against parties who fail to do so.
(ii)	F.R. 137	Rs. 405,416 had been paid from 26 vouchers without the approval of 03 committees.	That the steps have been taken to approve the vouchers.	- Do -
(iii)	F.R. 395 (h)	Although the preparation of bank reconciliation statements for 18	It has been informed that bank reconciliation	- Do -

committees should have been done by someone not involved in financial matters, the officer responsible for those matters had prepared them himself.

statements will be prepared according to the officer's duty list.

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| (e) | Section 09 of the Public Finance Circular No. 01/2020 dated 28 August 2020 and Financial Regulations 128 (1), 315, 880, 881 | All employees of 02 committees had not been deposited bail. Also, Agricultural Research Production Assistant Officers had been exempted from posting bail, contrary to the financial regulations. | In the future, that the steps will be taken to deposit the security deposit on the instructions of the Assistant Commissioner for Agrarian Development and according to the letter from the Assistant Commissioner of Agrarian Development, the Agricultural Research and Production Assistant Officers have been released from bail deposits. | Action should be taken in accordance with the circular and financial regulations, and action should be taken against those who fail to do so. |
| (f) | Agricultural Bank Circular No. 04/2012 dated 29 February 2012 | | | |
| (i) | Paragraph 2.4.1 | The potential transaction plan for 19 committees had not been prepared. | That will be prepared in the future. | A potential transaction plan should be prepared in accordance with the circular. |
| (ii) | Paragraph 3.1 | Within the jurisdiction of 10 committees, farmers who were expected to implement agricultural equipment-based projects had not been identified, encouraged to launch those projects and provided with agricultural equipment loans. | That will be done in the future. | Action should be taken to empower farmers as per the circular, and action should be taken against those who have not done so. |

(iii)	3.4.11.(1)	Rs. 4,806,471 collected in the Disaster Loan Coverage Account of 18 committees had not been deposited in a fixed deposit account.	We will take steps to prevent this from happening in the future.	Action should be taken as per the circular and action should be taken against those who fail to do so.
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2. Financial Review

2.1 Financial Results

According to the financial statements submitted, the total of 26 Agrarian Service Committees in the year 2024 had a surplus of Rs. 20,589,483, and 04 Agrarian Service Committees had a deficit of Rs. 2,451,695. In the year 2023, the total of 18 Agrarian Service Committees had a surplus of Rs. 11,172,247, and 12 Agrarian Service Committees had a deficit of Rs. 2,433,403.

2.1.1 Analytical Review

In the year under review, 12 Agrarian Service Committees had an increase in surplus of Rs.10,514,840 compared to the previous year, and 9 Agrarian Service Committees, which had incurred losses in the previous year, had incurred profits in the current year. This was mainly due to an increase in trade income, an increase in non-trade income, and decrease in non-trade expenditure.

3. Operating Review

3.1 Money Management

Audit Observations	Comments of the Management	Recommendation
(a) It was observed that there was a balance of Rs. 5,962,333 in the savings account of the Marapana Agrarian Services Committee as of 31 December 2024, no steps had been taken to invest that money in a productive way.	That we will work to invest in the future.	Excess funds should be invested effectively under formal approval.
(b) Although the current account opened by the Namaldeniya Agrarian Services Committee for depositing subsidized fertilizer funds showed a balance of Rs. 51,929 at the end of the year under review, it was observed that it was an account that had not been transacted in many years.	This account has not been used for a long time.	Investigation should be conducted regarding inactive accounts and action should be taken.
(c) Two types of funds amounting to Rs. 81,370 have been in existence in the Rassagala Agrarian Services Committee for several	That we will take steps to address the relevant issues in the	Funds should not be left idle and should be used for the intended

years and steps had not been taken to utilize those funds for appropriate purposes. future. purpose.

3.2 Identified Losses

	Audit Observations	Comments of the Management	Recommendation
(a)	Contrary to the letter of the Commissioner General of Agrarian Development No. 7/2/15/3/3(1) dated 03 July 2015, 05 Agricultural Research and Production Assistant Officers of the Embilipitiya Agrarian Services Committee had been taken an office allowance of Rs. 37,500 in the year 2024.	That the payment has been made as per the instructions of the Commissioner General of Agrarian Development.	Formal action should be taken regarding payments contrary to the circular
(b)	Although Rs. 44,500 had been paid for the use of a backhoe for 8.9 hours to prepare the yard of the Eheliyagoda Agrarian Service Center, there was no confirmation that the work was carried out properly.	That the payments were made to remove the garbage and the landslide layer.	Payments should be made after confirming that the work has been properly completed, and steps should be taken to correct the relevant work.

3.3 Management Inefficiencies

	Audit Observations	Comments of the Management	Recommendation
(a)	It was observed that when obtaining permits for gem mining in the paddy lands of the Pelmadulla Agrarian Services Committee, the consent of the tenant farmer was not obtained and a copy of the land deed was not submitted to confirm ownership of the relevant land and no action had been taken to recover the outstanding amount of Rs. 123,000 for 116 licenses issued at Rs. 6,500 each under the ONE STOP SHOP system.	That the Agrarian Service Center will charge a fee for every license recommendations issued from 2025.	When issuing permits, ownership of the land should be confirmed, and steps should be taken to promptly recover outstanding amounts and take action against parties who have not collected them on time.
(b)	18 tanks and embankments belonging to the Thimbolketiya Agrarian Services area had not been surveyed and actions had not been taken to protect the relevant land area.	No answers were given.	Urgent steps should be taken to protect the land by measuring the tank embankments.

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| (c) | It was observed that out of the 33.45 million tons of "MOP" fertilizer received under the World Food Programme for the 2024/2025 Maha season by the Kaltota Agrarian Services Committee, 2.67 million tons were still in the warehouse as of the audit date of 04 July 2025, but the 2025 Yala season had started on 31 March 2025 and no approval had been given by the Department of Agrarian Development to issue fertilizer for that purpose. | No answers were given. | Fertilizer should be issued promptly after obtaining formal approval. |
| (d) | 23033.75 kilograms of ERP fertilizer, which was received by the Kaltota Agricultural Services Committee for free distribution to farmers along with subsidized organic fertilizer during the 2022 Yala season, remained in the center's warehouse. During the physical inspection on 4 July 2025, it was found that the covers of the fertilizer bundles were rotten and that the stock of fertilizer was blocking the space in the warehouse. Although permission had been granted on 30 November 2022 to sell the stock of fertilizer for cash, appropriate procedures had not been implemented for that purpose. | That a letter has been submitted to the Assistant Commissioner of Agrarian Development seeking advice. | Action should be taken promptly regarding remaining fertilizer in a proper manner. |
| (e) | Although the productivity of agricultural lands should be considered through a harvest survey to measure the performance of farmers and Agricultural Research Production Assistant Officers and to promote land productivity, the Weligepola Agrarian Service Council had not been taken steps to calculate the productivity of paddy lands. | No answers were given. | Action should be taken to calculate the productivity of agricultural lands. |
| (f) | Although the Weligepola Agrarian Services Committee received the equipment to test the pH value and electrical conductivity (salinity) of the soil on 29 January 2021, evidence that soil tests had been conducted through the equipment was not presented to the audit. | No answers were given. | Action should be taken to perform the intended function from the device. |

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| (g) | It was found that 1,689 kilograms of TSP fertilizer received by the Agrarian Services Center to be issued to farmers under the free subsidy fertilizer program of the Pambahinna Agrarian Services Committee was outdated by 2025 and out of 20,985 kilograms of urea fertilizer, 187.995 kilograms of urea out of the remaining stock of 13,400 kilograms as of 31 December 2024 had been expired and solidified beyond use due to the delay in granting the necessary approvals for issuance | That the instructions have been requested to issue TSP fertilizer. | Action should be taken relating outdated fertilizers with formal approval and fertilizer should be distributed on the due date. |
| (h) | A portion of approximately 01 acre of the Pambahinna Agrarian Services Committee's center land measuring 01 acre, 01 rood, 4.74 perches had been leased to a lessee since 2023. Accordingly, Rs. 11,000 in taxes for the year 2023 had been collected in the year 2024, but the necessary actions had not been taken to collect the taxes for the year 2024. | That the action will be taken to charge in the future. | Leases should be made contractually, outstanding amounts should be collected promptly and action should be taken against parties who fail to do so. |

3.4 Operating Inefficiencies

Audit Observations	Comments of the Management	Recommendation
(a) Action had not been taken to acquire the ownership of the lands measuring 18 acres, 03 roods and 14.5 perches, which are located at the centers of 17 committees.	That the work is underway to take over.	Action should be taken to acquire all center lands on the instructions of the Department of Agrarian Development.
(b) There were expired stocks of Rs.789,267 under seed paddy, rice, and liquid fertilizer in the final stock of the 09 committee.	That the action will be taken as per the instructions of the Assistant Commissioner to dispose of expired stocks.	Stocks should be managed so that they do not expire, and expired stocks should be disposed of under formal approval.
(c) Providing solutions to farmer disputes is a major function of the center, but solutions had not been provided for 47 farmer complaints received by the Pelmadulla and Opanayake Agrarian Service Committees in previous years.	That the complaints are being investigated.	Complaints should be resolved updated manner, and action should be taken against those who fail to do so.

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| (d) | The amount of fallow land that could be used for paddy cultivation in the areas under the jurisdiction of the 30 Agrarian Service Centers was identified as 6,537 acres, 03 roods and 37.02 perches by the end of the year under review, but the necessary actions had not been taken to cultivate the fallow land. | It has been reported that the paddy lands have been investigated and necessary legal actions have been taken, and that the paddy lands have become fallow due to practical problems in each area. | A program should be developed to cultivate all unused agricultural lands. |
| (e) | Although the total cultivable land area of 04 Agrarian Service Committees is 1537.2561 hectares, 808.7156 hectares had not been cultivated. | That the actions are being made to increase cultivation progress | A program should be developed to effectively utilize all cultivable land. |
| (f) | It was observed that there was insufficient income to maintain the institution due to the fact that a very limited amount of paddy land was cultivated in the Bambarabotuwa Agrarian Services Committee area, that only acreage rent and room rent were the main sources of income, and that although crops such as tea, cinnamon and pepper were widespread in the area, there was no method to bring farmers to the center. | No answers were given. | A program should be implemented to attract farmers by providing them with the services they need more efficiently. |
| (g) | According to the Paddy Land Register, there was a difference between the registered land area of 24 and 07 respectively in the Kolonna and Panamura Agricultural Research and Production Assistant Divisions, the paddy land area according to the Acre Tax Register and the paddy land area according to the Bio-Farmer Data System. Accordingly, it was observed that paddy lands were being allocated in different amounts for various purposes, and it was further observed that aid had been provided based on incorrect data in previous years' fertilizer programs and subsidy payments. Furthermore, the extent of the paddy land register had not been revised based on the accurate data surveyed. | That we will take steps to correct it in a proper manner in the future. | An accurate data system should be maintained to provide efficient services to farmers, and action should be taken against those who have not done so. |

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| (h) | Acreage tax had been levied on an equal amount of land without separately identifying the land area of 20 divisions belonging to the Pelmadulla Agrarian Services Committee, and no steps had been taken to revise the acreage of land. | That the identification of lands that were not identified for various reasons during the identification of lands in 2024 is due for this. | Steps should be taken to accurately identify the land area, revise the land area, and levy acreage tax based on that. |
| (i) | 20 committees had not taken steps to recover 76 debtor balances totaling Rs. 21,890,743 as shown in the financial statements, which had been lying uncollected for a long time, and to settle 87 creditor balances totaling Rs.5,387,726 as of 31 December 2024. | Since the information cannot be confirmed, efforts will be made to resolve the matter after receiving instructions from the Assistant Commissioner of Agrarian Development. | Action should be taken against parties who have not collected their loan balances on time, and steps should be taken to identify and promptly recover debtor balances, and to identify and settle creditor balances. |

3.6 Assets Management

Audit Observations	Comments of the Management	Recommendation
(a) 03 farmers' sales outlets belonging to 03 Agrarian Service Committees and 02 food stalls belonging to 2 committees remained idle.	That the repairs will be carried out and used in the future.	Assets should not be left idle, and action should be taken to utilized using a formal program.
(b) An organic fertilizer processing machine worth Rs. 314,000 in 3 committees, 02 shredders and a tractor in 2 committees were lying idle.	That it will be used for rental and fertilizer production in the future.	- Do -
(c) Five official residences of 05 committees had been lying idle for a long time.	That it will be repaired and used in the future.	Relevant repairs should be made and the assets should be put into use.
(d) Although an amount of Rs. 2,668,540 had been paid to the head office for the Farmers' Bank Account Software System of 9 committees, the computer equipment remained idle due to the fact that the Farmers' Bank had not received the	That this machine will be used after the software system is installed.	This machine should be put into use as soon as possible through an expedited process in consultation with the relevant parties.

passbooks required to use the machines and the banking software system had not been installed.

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| (e) | The greenhouse owned by the Damahana Agrarian Services Committee, which had been constructed at a cost of Rs. 373,896 in 2015 and 2016, remained idle. | No answers were given. | Assets should not be left idle, and actions should be taken to utilize them through a formal program. |
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3.7 Project or Capital Work Delays

Audit Observations	Comments of the Management	Recommendation
(a) Although 8 committees had submitted proposals for 248 minor irrigation schemes that needed to be renovated during the year under review, 214 of them had been failed to be implemented.	That the only reforms for which annual allocations have been made according to priority have been carried out.	A program should be implemented to encourage farmers to cultivate fallow fields by implementing reform proposals.
(b) Although there are 294 tanks and embankments within the jurisdiction of 06 Agrarian Service Committees, 119 of them remained inactive.	That the work will be done to develop it in the future	A short-term program should be formulated and implemented to restore all inactive tanks, embankments, agricultural canals, and agricultural roads to a functional state.

3.8 Procurement Management

Audit Observations	Comments of the Management	Recommendation
(a) The Kiriella Agrarian Services Committee had been made purchases worth Rs. 2,525,560 for the year 2024 without preparing a procurement plan for the year under review. Also, a system for registering suppliers had not been followed.	That a new file has been opened now.	Procurement guidelines should be followed and action should be taken against parties who do not comply.

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| (b) | <p>The Pelmadulla Agrarian Services Committee had been paid Rs. 3,069,810 for the purchase of 05 12000BTU capacity air conditioners without inviting bids under the market price reference method in accordance with 3.4 of the Procurement Guidelines. In this procurement, quotation letters had been sent directly to 06 institutions on 21 October 2023. The last date for submission of quotations and the time for submission of bids as per Section 6.2 of the Guidelines had not been specified in this letter of invitation to quotations, and the specifications of the goods to be purchased as per Section 5.6 had not been prepared and submitted.</p> | <p>It is stated that the prices were discussed with the management of the institutions that provided them, and that the prices fluctuated due to the economic crisis at the time, and that specifications had not been taken.</p> | <p>Action should be taken against the relevant parties for violating procurement guidelines.</p> |
| (c) | <p>During the year under review, the Ratnapura Agrarian Service Center had been installed aluminum cabinets at a cost of Rs.785,406, but it was not observed during the audit that technical specifications were prepared, estimates were prepared and quotations were properly called for this project. Although one supplier was selected through direct bidding, and the lowest price estimate determined was Rs. 711,716, at the end of the project, for that, Rs. 785,406, that is, Rs. 73,690 more had to be paid.</p> | <p>That the overpayments have been made due to expenses not included in the estimate.</p> | <p>Action should be taken against parties who have not carried out procurement activities in a proper manner.</p> |
| (d) | <p>Although every state entity must conduct procurement by following the procurement procedure in accordance with Section 32(1) of the Public Finance Management Act, No. 44 of 2024, The Embilipitiya Agrarian Services Committee had been purchased goods outside of procurement worth Rs. 2,777,740 for sale during the year under review. Furthermore, the Agrarian Services Committee had not been prepared a procurement plan for the year under review.</p> | <p>It has been stated that the procurement was carried out on the instructions of the Commissioner General of Agrarian Development and that the plan will be changed in the future.</p> | <p>Act without following procurement guidelines is a fault.</p> |

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| (e) | Although the approval of the District Procurement Committee is required for expenditure exceeding Rs. 50,000 as per paragraph 3(v) of the letter of instruction of the Commissioner General of Agrarian Development bearing volume No. 7/5/9/05 (මෙ.මෙ.මෙ.) dated 26 April 2023, approval had not been obtained for the purchase of 15 cushion chairs for the Panamura Agrarian Services Committee. | It has been stated that it will be submitted for approval to the District Procurement Committee. | Procurement should be carried out after obtaining the required approval, and action should be taken against parties who have not done so. |
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3.9 Contract Administration Deficiencies

Audit Observations	Comments of the Management	Recommendation
(a) Although the Kahawatta Agrarian Services Committee had been signed agreements with farmer organizations on 14 August 2024 to carry out the construction of the Meegahawela Dam embankment with an estimated work value of Rs. 2,512,000, it had been failed to accomplish that task by the audit date of 28 April 2025.	It was stated that the relevant task had been rejected due to the lack of allocation for the cost of transporting materials.	Action should be taken to select a capable contractor, work with proper supervision, and work carry out as per the contract.
(b) Although the Department of Agrarian Development had been allocated a provision of Rs. 257,400 on 25 March 2024 under the expenditure head 281-2-2-12-2105 for the completion of the remaining works of the Goda Dam in the Pelmadulla Borala Division under the Kick Start project, the farmers' organization that had entered into an agreement to carry out this work was supposed to complete and should hand over the relevant work within 03 months from the date of signing the agreement, but the relevant allocation amount had been taken back by the Department of Agrarian Development due to the fact that this project had not been completed by 10 August 2024. It was observed that due to this, farmers in the Borala division are facing losses while carrying out cultivation activities.	That a letter has been sent to the district office for advice.	When entering into a contract, a person or institution with the capacity to perform the work should be selected, and the work should be carried out with proper supervision and in accordance with the contract.

3.10 Human Resources Management

Audit Observations	Comments of the Management	Recommendation
(a) As of 31 December 2024, 109 Agricultural Research and Production Assistant positions were vacant in 18 committees.	That the officers have been appointed to oversee the work of vacant committees and divisions, the government has not yet made any appointments.	A staff review should be conducted and necessary steps should be taken to fill the most essential vacancies.

04 Accountability and Good Governance 4.1 Annual Action Plan

Audit Observations	Comments of the Management	Recommendation
(a) Action plans for the year under review had not been prepared for 03 Agrarian Service Committees.	That the relevant form for preparing the action plan had not been received from the district office.	Action should be taken to prepare an annual action plan.

4.2 Budgetary Control

Audit Observations	Comments of the Management	Recommendation
(a) When comparing the 2024 budget estimates and actual income and expenditure of the Kolonna and Panamura Agricultural Service Committees, there was a variation range of 62 percent to 200 percent in the sales revenues of 05 income heads and a variation range of 12 percent to 96 percent in 06 expenditure heads, the full allocations of 2 expenditure heads remained unspent. As a result, the budget document had not been used as an effective control tool by the committees.	No answers were given.	Budgetary control should be used as a tool to achieve goals and objectives.

4.3 Sustainable Development Goals

Audit Observations	Comments of the Management	Recommendation
(a) Although 463 home gardens were implemented under the home garden cultivation program in relation to 05 Agrarian Service Committees, 164 of them had been failed.	That the severe weather condition was cause to this.	When preparing plans, arrangements should be made to distribute the seedlings, considering weather and climatic conditions.

5. Agrarian Banks

5.1 Accounting Deficiencies

Audit Observations	Comments of the Management	Recommendation
(a) The surplus for the year under review of 5 Agrarian Service Committees had been overstated by Rs. 8,140 and understated by Rs. 623,685.	That will be corrected in the future.	The corrections should be made in the financial statements with the relevant adjustments.
(b) The non-current assets had been understated by Rs. 1,322,086, while the current assets had been understated by Rs. 1,044,990 and overstated by Rs. 21,790 in the 07 Agrarian Service Committees.	That will be corrected in the future.	It should be accounted for correctly and adjustments should be made as appropriate.
(c) The liability balance of 5 committees had been understated by Rs. 2,397,099.	That will be corrected in the future.	- Do -
(d) The net assets of 4 committees had been understated by Rs. 832,357.	That will be corrected in the future.	- Do -
(e) Approval had not been obtained for 37 journal entries worth Rs. 23,918,971 in 4 committees.	That will be corrected in the future.	Approval should be obtained for journal entries, and action should be taken against parties who have not obtained such approval.

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| (f) | A difference of Rs. 2,115,315 was observed between the balances of 16 accounts according to the ledger and financial statements of 08 Agrarian Service Committees. | That will be corrected in the future. | Comparisons should be made and the correct balances should be reconciled in the financial statements. |
| (g) | The savings accounts of 13 Agrarian Service Committees at the Farmers' Bank had balances ranging between Rs. 204,673 and Rs. 2,251,646, but no steps had been taken to invest the excess money in productive investments. | That we will work to invest effectively. | Action should be taken to make productive investments under formal approval. |
| (h) | Due to the failure of the relevant officers to properly fulfill their responsibilities regarding timely recovery of loans, support in the loan recovery process, taking action to recover the arrears in a timely manner, and directing staff and taking necessary action from 23 agrarian banks, there was an overdue loan of Rs. 21,500,902. | That the action will be taken to charge in the future. | Bank loans should be recovered on time and action should be taken against officers who have not taken steps to recover outstanding loans. |
| (i) | Although the loan repayment period of 13 agrarian banks had been passed, no loan installments or interest had been paid on the total loan amount of Rs. 7,410,789 due. | That the action will be taken to charge in the future. | A formal inspection should be conducted and action should be taken against officers who have not provided loans and collected loans on time, and steps should be taken to recover outstanding amounts without delay. |
| (j) | A total of Rs. 1,180,747 should have been collected from 57 deceased debtors of 15 agrarian banks. | That the letters have been sent to collect from the guarantors. | Arrears should be collected promptly by working in accordance with the agreement. |
| (k) | 24,254 out of 38,209 savings accounts in 22 agrarian banks had become inactive as of 31 December 2024. | That it has become inactive due to a decrease in depositors' deposits. | A formal program should be implemented to ensure that accounts are not inactive but remain active. |