

26 Agrarian Services Committees in Gampaha District - 2024

1. Audit Opinion

1.1 The audit of the financial statements of the 26 Agrarian Service Committees in Gampaha 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 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 Audit reports had been issued in relation to 26 Agrarian Service Committees in the Gampaha District in 2024 and the opinion had been disclaimed of 01 committee from that reports and expressed a qualified opinion for 25 committees. The materials deficiencies have caused to that are shown below.

1.3 Financial Statements

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

	Audit Observation	Comment of the Management	Recommendation
(a)	Although paragraph 19 of Sri Lanka Public Sector Accounting Standard No. 01 states that management is responsible for the preparation and presentation of financial statements, that responsibility as per the standards had not been stated in the financial statements of 7 Agrarian Service Committees.	Accepted	Financial statements should be prepared and presented in accordance with Sri Lanka Public Sector Accounting Standard No. 01.
(b)	Although the statement of Changes in Equity and the Cash Flow Statement are required to be included in the set of financial statements in accordance with paragraph 21 of Sri Lanka Public Sector Accounting Standard No. 1, Yakkala and Galahitiyawa Committees had not submitted the Statement of Changes in Assets, and the Badalgama Agrarian Services Committee had not submitted the Sash Flow Statement with the financial statements.	Accepted	The financial statement components should be presented in accordance with Sri Lanka Public Sector Accounting Standard No. 01.

(c)	Although, in accordance with Section 53 of Standard No. 01, comparative information for the previous year should be presented in the financial statements in a manner that is easily understandable to users of the financial statements, the Galahitiyawa Agrarian Services Committee had not been taken such action when submitting the Statement of Financial Performance, Statement of Financial Position and Cash Flow Statement.	No answers were given.	Financial statements should be prepared and presented in accordance with Sri Lanka Public Sector Accounting Standard No. 01.
(d)	Although according to the paragraph 65 of Sri Lanka Public Sector Accounting Standard No. 7, the value and useful life of an asset should be reviewed at least at the end of each annual reporting period, such action had not been taken regarding 19 asset items related to 5 committees.	Accepted	Assets should be reviewed in accordance with Sri Lanka Public Sector Accounting Standard No. 07.
(e)	Although since the Agrarian Bank is a unit of the Agrarian Services Committee, consolidated financial statements should be prepared, all 26 committees had not been prepared consolidated financial statements accordingly.	The financial report has been prepared according to the format provided by the Department of Agrarian Services.	Action should be taken to prepare consolidated financial statements.
(f)	All the accounting policies used in the preparation of the financial statements of 03 Agrarian Service Committees had not been disclosed in the relevant financial statements.	Accepted.	Accounting policies should be disclosed in accordance with Sri Lanka Public Sector Accounting Standards.

1.3.2 Accounting Deficiencies

	Audit Observation	Comment of the Management	Recommendation
(a)	In preparing the cash flow statements for the year under review of 03 Agrarian Service Committees, operating transactions amounting to Rs. 996,052, which should have been shown under operating activities, had been shown as investing activities, and operating transactions amounting to	Accepted.	Cash flow statements should be prepared and presented in accordance with Sri Lanka Public Sector Accounting Standard No. 02.

	Rs.3,679,834 had been shown as financing activities.		
(b)	Since the government has been reducing fertilizer prices and providing them free of charge for several years, the total loss of Rs.942,920 incurred in relation to 3 committees was stated as an amount due from fertilizer companies, and false assets had been stated in the statement of financial position in that amount.	Although letters were submitted to recover the losses, they were not received, so I will take steps to remove them from the accounts after obtaining formal permission.	Action should be taken to account for the losses correctly.
(c)	The fixed deposit interest income of 2 committees had been over-calculated by Rs.450,233.	No answers were given.	Fixed deposit interest should be calculated at the correct rate and time and the correct value should be shown in the financial statements.
(d)	Provisions had not been made in the year under review for the outstanding audit fees of Rs. 218,595 in Mabodala and Maradagahamula 2 Agrarian Service Committees.	Provisions are allocated and payments are made in installments.	Provisions should be made for audit fees payable.
(e)	When brought forward the expenditure value of 4 accounting subjects in the general ledger related to 4 committees to the balance sheet, Rs. 364,822 had been overstated.	I will take action to correct it.	The annual expenses should be accurately accounted for, and steps should be taken to streamline the accounting process.
(f)	Although the amount payable to the State Fertilizer Company as of December 31, 2024, as per the Bemmulla Agrarian Services Committee's schedule of creditors, was stated as Rs. 580,673, the balance due on that date in the statement of financial position had been overstated by Rs.35,155 as Rs. 615,828.	I will take action to correct it.	The balances should be compared and the correct balance should be stated in the financial statements.

(g)	According to the statement of changes in equity of the Pasyala Agrarian Services Committee, although the accumulated fund as of 31 December 2024 was Rs. 2,943,849, since it was Rs.2,660,687 according to the statement of financial position, there was a difference of Rs. 283,162.	I will correct it next year.	Balances should be compared and the correct balances should be presented in the financial statements.
(h)	The tax income to be received from leasing a tractor belonging to the Dompe Agrarian Services Committee to a farmers' organization for Rs. 20,000 per year for 02 years had not been accounted for.	Advice has been given to adjust to the fund.	Income/expenses related to the period should be accurately accounted for.
(i)	As per the bank confirmations and financial statements of the Dompe Agrarian Services Committee as on 31 December 2024, there was an unadjusted difference of Rs. 1,992,425 in the value of fixed deposits.	No answers were given.	The balances should be compared and the correct balance should be included in the financial statements.
(j)	Interest of Rs. 640,056 had been omitted from the accounts of the Dompe Agrarian Services Committee due to non-calculation of interest on fixed deposits on an accrual basis.	No answers were given.	The income for the year should be calculated in accordance with accounting standards, and the correct values should be shown in the financial statements.
(k)	The surplus and current assets were understated by Rs. 18,000 due to the tractor income of Rs. 18,000 for the year under review of the Pallewela Agrarian Services Committee was not shown as receivable income in the statement of financial position.	I will take action to correct it.	The income for the year should be calculated in accordance with accounting standards, and the correct values should be shown in the financial statements.

(l)	The loss of Rs.382,487 regarding a stock shortage and Rs. 78,607 regarding a sale at a low price, are being maintained in the accounts books of the Galahitiyawa Agrarian Services Committee and that balance had not been settled.	No answers were given.	Action should be taken to charge from responsible related parties or adjust to the financial statements by obtaining formal approval.
(m)	The balance of the bank current account of the Galahitiyawa Agrarian Services Committee as of 31 December 2023 was Rs.1,227,595, it was a difference of Rs.40,120 due to the Rs.1,187,475 recorded as opening balance in the balance sheet as on 01 January 2024.	No answers were given.	The reasons for the non-reconciliation should be identified and the annual financial statements should be prepared according to the correct account balances.
(n)	The balance of the bank current account of the Galahitiyawa Agrarian Services Committee, which was recorded as Rs.1,673,168 in the cash book, had been shown as Rs. 1,653,800 in the financial statements, with a shortfall of Rs. 19,368.	No answers were given.	- do -

1.3.3 Unreconciled Control Accounts or Reports

	Audit Observation	Comment of the Management	Recommendation
(a)	There was a difference of Rs. 5,359,149 between the balances as per the general ledger and the balances as per the trial balance in relation to 47 accounting subjects of 7 Agrarian Service Committees.	When recording the transactions through journal entries, it had not been recorded in the ledger.	The accounting process should be streamlined and accurate account balances should be included to the trial balance.
(b)	There was a difference of Rs. 3,761,437 between the balances as per the stock verification reports and the balances as per the financial statements in relation to 5 accounting subjects of 4 Agrarian Service Committees.	Agreed.	Account balances should be compared and the correct balances should be included in the financial statements.

(c) There was a difference of Rs. 748,108 between the balances as per the fixed asset schedules and the balances as per the financial statements in relation to 4 accounting subjects of 3 Agrarian Service Committees. I will take action to correct it. - do -

1.3.4 Unauthorized transactions

	Description of Unauthorized Transactions	Comment of the Management	Recommendation
(a)	Although the approval of the Assistant Commissioner of Agrarian Services should be obtained for payments exceeding Rs.100,000, During the year under review, approval had not been obtained for payments amounting to Rs. 4,506,210 in respect of 8 instances of 2 Agrarian Service Committees.	No answers were given.	Formal approval should be obtained, and action should be taken against parties who have not done so.
(b)	17 account balances worth Rs. 1,684,220, which were not included in the statement of financial position of the Galahitiyawa Agrarian Services Committee as of 31 December 2023, had been included in the trial balance as of 1 January 2024 without authority.	No answers were given.	Adjustments to accounts should be made through journal entries upon formal approval.
(c)	Formal approval had not been obtained for 227 journal entries accounted for in the year 2024 by 4 committees.	No answers were given.	Formal approval should be obtained for journal entries, and action should be taken against parties who act without such approval.

1.3.5 Lack of Written Evidence for Audit

Audit Observation	Comment of the Management	Recommendation
(a) Due to the absence of written evidence such as fixed deposit registers and maturity notices in relation to 4 fixed deposits of 3 Agrarian Service Committees with a total value of Rs.2,387,513, it was not possible to satisfactorily observe the balances of those accounts during the audit.	Accepted. It will be provided in the future.	Written evidence should be submitted.
(b) Due to the absence of evidence in relation to the account balances of 5 Agrarian Service Committees amounting to Rs. 3,359,537, which had been existence for many years, it was not possible to satisfactorily observe.	Accepted. It has been sent for approval to be formally written off.	Written evidence supporting the balance should be submitted.
(c) The Weke Agrarian Services Committee had been paid Rs. 555,000 for 60 bales of urea fertilizer based on photocopies of an invoice, and the original copy of the invoice should be submitted to the audit.	Accepted. Action will be taken to bring the original and attached to the voucher.	Payments should be made on original copies of documents and the original invoice should be submitted relating which payment should not be paid for photocopies.
(d) Since the Pasyala Agrarian Services Committee made payments of Rs.46,087 on two occasions without obtaining invoices, receipts, and confirmations of receipt, and therefore could not be adequately monitored during the audit.	The bills taken from the company are attached to the relevant vouchers.	Payments should be made after all verifications have been made, and action should be taken against parties who have not done so.
(e) Although the loss of Rs. 89,670 due to the decrease in fertilizer prices was stated as receivable from the Fertilizer Secretariat based on the policy decisions of the Bemmulla Agrarian Services Committee in 2018, due to the written evidence was not submitted to confirm whether the amounts were actually due, it was not possible to satisfactorily observe during the audit.	Accepted. This amount includes losses from the decrease in fertilizer prices and losses from the free distribution of fertilizer.	Action should be taken to submit the written evidence.

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

	Reference to Laws, Rules and regulations	Non-compliance	Comment of the Management	Recommendation
(a)	Financial Regulation Code of the Democratic Socialist Republic of Sri Lanka			
(i)	Financial Regulation 133,134	The transactions of 17 Agrarian Service Committees had not been subjected to internal audit and copies of those reports had not been submitted to the Auditor General.	Accepted	An internal audit should be conducted and action should be taken in accordance with the Financial Regulations.
(ii)	Financial Regulation 139(7)	Although the certified payment vouchers should be stamped with the words "paid" and a short signature stating that the amount stated in the voucher has been paid in a proper manner, this had not been done in respect of 95 vouchers from 3 Agrarian Service Committees.	No answers were given.	Action should be taken in relation to Financial Regulations.
(iii)	Financial Regulation 753(2)	Although the receiving officer should be prepared a receipt order in Common Form 219 upon receipt of goods, this had not been done relating to the 3 Agrarian Service Committees.	No answers were given.	Steps should be taken to act according to the financial regulations.
(iv)	Financial Regulation 891(1)	A bail register containing the information of the officers who were to be given bail in 6 Agrarian Service Committees had not been prepared.	No answers were given.	Steps should be taken to maintain a Register of Guarantee in accordance with financial regulations.

(b)	Circular of the Commissioner General of Agrarian Development			
(i)	Circular of the Commissioner General of Agrarian Development No. 8/2020 dated 25 June 2020 and Financial Regulation 880	Security deposits of Rs.15,000 and Rs. 5,000 respectively had not been obtained from the Agrarian Development Officers and Centre Clerks of 25 Agrarian Service Committees.	Written consent has been submitted to the Assistant Commissioner - Gampaha for posting security.	Steps should be taken to obtain security deposits as per the circular.
(ii)	Circular No. 03/2016 dated 09 February 2016	Although inspections should be conducted on the activities of registered farmer organizations within the jurisdiction, based on the inspection form submitted at least once every 4 months by the Agricultural Research and Production Assistant Officers and at least one farmer organization per month by the Agrarian Development Officers, out of 877 farmer organizations belonging to 25 committees, only 42 farmer organizations had been investigated, while no investigation had been conducted on 835 farmer organizations.	Accepted. I will conduct investigation through form from January 2024.	Investigations should be conducted as per the circular and action should be taken against officers who have failed to do so.
(iii)	Circular No. 107 dated 16 October 1981	Confirmation of balances of all creditors had not been obtained at the end of the year for 4 Agrarian Service Committees.	No answers were given.	Steps should be taken to obtain loan balance confirmations as per the circular.

(iv)	Circular No. 55 dated 18 February 1987	Action had not been taken to recover the outstanding loan balances of 6 Agrarian Service Committees that had been outstanding for many years or, if they could not be recovered, to write them off in a formal manner.	No answers were given.	Action should be taken against officers who have not collected the loan balance on time and steps should be taken to collect the loan balance that should be collected as per the circular.
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2. Financial Review

2.1 Financial Results

According to the financial statements submitted, the total of 25 Agrarian Service Committees in the year 2024 had a surplus of Rs. 15,025,628 and one committee had a deficit of Rs. 203,820 and accordingly, the surplus and deficit for the previous year were Rs. 13,541,062 and Rs. 2,826,714 respectively. According to the financial results of the year under review, the total surplus of the 26 Agricultural Banks was Rs. 7,273,273, while the corresponding surplus for the previous year was Rs. 7,100,272.

2.2 Analysis of the Financial Results

- (a) The total value of the operating results of 11 committees for the year under review was a surplus of Rs. 7,475,268, and correspondingly, the total value of the surpluses of the 11 committees for the previous year was Rs. 4,954,011. Accordingly, an increase of Rs. 2,521,260 was observed in the financial results of those 11 committees. These developments were due to increases in sales revenue, acreage tax revenue and room rental revenue.
- (b) Although the total value of operating results of 05 committees for the year under review were a surplus of Rs. 4,402,925, Conversely that, the total value of the deficits of those 05 committees in the previous year was Rs. 2,826,714. Accordingly, an increase of Rs. 7,229,639 was observed in the financial results of those 05 committees. This growth was due to the increase in service supplies, room rental and acreage tax income and the absence in the year under review of capital expenditures in the previous year.
- (c) Although the total value of the operating result of 09 committees for the year under review was a surplus of Rs. 3,147,435, accordingly, since the total value of the surplus of the previous year was Rs. 6,453,565, a decrease of Rs. 3,306,130 was observed in the financial result. This decline was due to an increase in the maintenance costs of a committee, a decrease in service supplying income, and an increase in expenses.
- (d) Although the operating result of 01 committee for the year under review was a deficit of Rs.203,820, conversely, since the surplus of the said committee for the previous year was

Rs.2,083,453, a decline of Rs. 2,287,273 was observed in the financial results. This decline was due to a decrease in fertilizer sales income and fixed deposit interest income.

3. Operating Review

3.1 Management Deficiencies

	Audit Observation	Comment of the Management	Recommendation
(a)	Out of a total of 45,087 acres of paddy land belonging to 26 committees, the amount of paddy land that could be cultivated with paddy was 33,807 acres. The quantity of land which cultivated paddy in the 2024/25 Maha season was 24,540 acres. Accordingly, the amount of uncultivated paddy fields during the Maha season was 9,267 acres.	Accepted. I would like to inform you that action will be taken to minimize the quantity of fallow fields in the future.	A formal program should be implemented to cultivate fallow fields.
(b)	Out of 381 farmer organizations belonging to 12 Agrarian Service Committees, 29 farmer organizations remained inactive, and out of 679 registered women farmer organizations belonging to 14 Agrarian Service Committees, 188 remained inactive.	Accepted.	Necessary steps should be taken to activate inactive farmers' organizations through a formal program.
(c)	By the end of the year under review, steps had not been taken to take over the land of approximately 3 acres 2 roods 83 perches, on which 5 Agrarian Service Committees are located, from the relevant institutions to the Committees.	Agreed. Necessary steps are being taken to take over.	Land acquisition activities should be expedited.
(d)	Although when issuing a new book of acreage tax sub-pamphlet, the old book should be taken and the new book should be issued, 3 Agrarian Service Committees had not done so.	Arrangements will be made to accept undelivered books and take over the old book and release the new one in the future..	After accepting the old sub-pamphlet book, a new sub-pamphlet book should be issued, and action should be taken against officers who fail to do so.

(e)	Although the monthly balance in relation to 13 bank current accounts of 12 Agrarian Service Committees ranged from Rs. 500,000 to Rs. 820,501, formal approval had not been obtained and steps had not been taken to make short-term investments.	Agreed. Steps will be taken to invest in the short term in the future.	Steps should be taken to invest the surplus money in the current account in the short term, subject to formal approval.
(f)	The security fences and entrance gates of 4 agricultural committees were broken, and due to the lack of necessary steps to repair them, the security of the committees had not been ensured and homestead income had also been lost.	No answers were given.	The necessary repairs should be carried out and the safety of the committee should be ensured.
(g)	The sales stall of the Pamunugama Agrarian Services Committee remained idle without being utilized.	In the future, efforts will be made to renovate it and operate it as an external outlet.	The resources of the Committee should be utilized in a systematic manner and not left idle.
(h)	Although 1210 homesteads were cultivated in 6 Agrarian Service Committees under the “Thirasara Gewaththa” homestead cultivation program in 2024, only 298 homesteads were operational level and 921 homesteads were inactive as of 31 December 2024.	Crops have been damaged due to heavy rain.	Steps should be taken to ensure the continuity of homestead cultivation by strengthening the supervision and follow-up of officers.
(i)	Rs. 57,360, which was to be recovered from two Agricultural Research and Production Assistant Officers in the Mabodala Agrarian Services Committees for materials provided on a cash-for-sale basis relating to the years 2008 and 2009, remained unrecoverable due to the deaths of those officers.	The balance has been sent to the Gampaha District Agrarian Development Assistant Commissioner for settlement.	Steps should be taken to settle outstanding loan balances in a proper manner.

(j)	The interest amount of Rs. 23,456 due for the merchandise provided on a cash-for-sale basis by the Biyagama Agrarian Services Committee has been outstanding since 2019, no steps had been taken to recover that amount from the two Agricultural Research and Production Assistant Officers responsible for it.	Accepted	Appropriate steps should be taken to recover the money.
(l)	The Pasyala Agrarian Services Committee had not taken steps to pay or settle the Rs.70,000 due to the revolving fund since 1989.	Advice has been sought from the Agrarian Development District Office.	Action should be taken to settle the outstanding balance.
(m)	The sales stall located outside the Pasyala Agrarian Service Center building had been given to a women's farmer organization on a monthly rental basis of Rs.2,000, and there was no valid rental agreement for it.	I will work to prepare a valid rental agreement.	The assets should be provided in a formal written agreement, and an agreement should be reached with the society as soon as possible.
(n)	Action had not been taken to recover the receivable balance of Rs. 309,879 from the Walpita Agrarian Services Committee, which had been outstanding for a period of 3 to 6 years.	I will take action to recover it.	Action should be taken to recover the due balances.
(o)	The stocks recommended for write-off amounting to Rs. 132,458, which were also stated in the accounts of the Galahitiyawa Agrarian Services Committee for the previous year, had not been written off at the end of the year under review.	No answers were given.	The recommended stocks should be written off from the books in a proper manner.
(p)	Although a value of Rs.477,915 should have been recovered from the then Stock Officer before 26 June 2020 regarding a stock shortage that occurred in the years 2019 and 2020 at the Biyagama Agrarian Services Committee, even though 5 years have passed, no steps have been taken to recover that amount.	No answers were given.	Action should be taken against the parties who have not taken steps to collect the recommended amount and steps should be taken to collect the relevant amount in a formal manner.

<p>(q)</p>	<p>Although out of the receivable balances of Rs.384,614 of the Biyagama Agrarian Services Committee as of 31 December 2024, Rs. 103,108 are debt balances that exceed 10 years, and 02 debt balances of Rs. 281,506 are between 05-10 years, No action had been taken to recover this loan balances.</p>	<p>No answers were given.</p>	<p>Action should be taken against parties who have not taken steps to collect loan balances in a timely manner and steps should be taken to promptly collect those debt balances.</p>
<p>(r)</p>	<p>The fingerprint machines installed in the Agrarian Service Committees had become inactive constantly and fingerprints were recorded on the machine in relation to 07 committees, but the objectives of installing fingerprint machines had not been achieved due to a software error that made it impossible to obtain records.</p>	<p>Accepted. The relevant company and the district office have been informed about the shortcomings in the fingerprint machine.</p>	<p>Necessary measures should be taken to maintain fingerprint machines in operation under regular supervision.</p>

3.2 Underutilization of Funds

Audit Observation	Comment of the Management	Recommendation
<p>(a) Out of the total allocation of Rs. 200,000 provided by the Department of Agrarian Development for organic fertilizer production projects in 2021 in relation to 02 committees, an amount of Rs. 138,675 had not been utilized for the relevant work.</p>	<p>Agreed. I will arrange to return the money after receiving instructions.</p>	<p>Steps should be taken to use the relevant compost for production purposes or to settle the matter to the Commissioner of Agrarian Development.</p>
<p>(b) The bank current account opened by the Pallewela Agrarian Services Committee in connection with a subsidized fertilizer program had been inactive since 2021, with no transactions made and the balance of that account as of 31 December 2024 was Rs. 97,525.</p>	<p>Since the subsidized fertilizer is not being implemented, I will take steps to transfer it to the committee account.</p>	<p>Actions should be taken to manage this money effectively.</p>

3.3 Assets Management

Audit Observation	Comment of the Management	Recommendation
(a) Scanners, printers, computers and accessories worth Rs. 1,604,960 purchased for the Agrarian Banks in the year 2023 and 2024 in relation to 7 Agrarian Service Committees had not been used in the year under review too.	I would like to inform you that the software and system have not yet been provided by the Department of Agrarian Development.	Steps should be taken to quickly obtain the relevant software and system and use these computers and devices effectively.
(b) The four-wheel tractor provided to the Pasyala Agrarian Services Committee by the Mirigama Divisional Secretariat in the year 2003 was inoperable as at May 2025 and the tractor, trailer and plow were rotting in a shed behind the center and the Committee had not been taken steps to repair it and make it usable again.	I would like to inform you that a large amount of money will have to be spent on the renovation and that the Committee does not have the funds for it.	The tractor should be repaired and put into use by the council, or transferred to another council that can be repaired and put into use, or disposed of under formal approval.
(c) A photocopy machine, 03 grass cutter machine and 01 wheel barrow listed in the inventory register of the Pallewela Agrarian Services Committee had been stored without being used, the committee had not been taken steps to repair or dispose of it.	I will take action to repair and utilize the assets.	Urgent steps should be taken to carry out repairs and ensure effective use of assets.
(d) The 4-wheel tractor owned by the Mirigama Agrarian Services Committee had not been in working condition for many years and had been parked in the office premises without being used for any purpose.	I will take further action on the instructions of the Assistant Commissioner of Agrarian Development.	Urgent steps should be taken to repair and make effective use of the assets.

3.4 Project Delays

Audit Observation	Comment of the Management	Recommendation
(a) 04 projects worth Rs. 1,966,111, whose priority had been identified in relation to 03 Agrarian Service Committees, had not been implemented.	It could not be implemented due to rain.	Action should be taken to implement the relevant projects expeditiously.

3.5 Human Resource Management

Audit Observation	Comment of the Management	Recommendation
(a) The number of officers assigned to 741 agricultural research and production domains relating to 26 committees was 475, resulting in an acting situation in 266 divisions. An acting situation had arisen in 266 domains.	Acting officers have been appointed for vacant divisions due to the failure to recruit new officers.	Actions should be taken to provide services efficiently to the farming community in the divisions under a systematic program.

3.6 Receivable and Payable Balances

Audit Observation	Comment of the Management	Recommendation
(a) Action had not been taken to settle 08 accounts payable balances amounting to Rs. 291,164 relating to a period of 04 to 14 years as shown in the Statement of Financial Position of the Galahitiyawa Agrarian Services Committee as of 31 December 2024.	No answers were given.	Action should be taken to settle the outstanding balance.
(b) 12 receivable balances of Rs. 183,461, which had been outstanding for many years and an amount of Rs. 21,675 that had not been recovered for more than 4 years from a former sales clerk and an amount of Rs. 528,722 that had not been recovered for more than 15 years from a former Agrarian Development Officer at the Galahitiyawa Agrarian Services Committee, had not been	No answers were given.	Action should be taken to recover the outstanding loan balances and action should be taken against parties who have not taken steps to collect them on time.

recovered even at the end of the year under review.

4. Accountability and Good Governance

4.1 Presentation of the Financial Statements

	Audit Observation	Comment of the Management	Recommendation
(a)	In accordance with Section 16(2) of Part III of the National Audit Act No. 19 of 2018 and Paragraph 6.6 of the “Operations Manual” accompanying Circular No. P.E.D. 01/2021 dated 16 November 2021, although the financial statements should be submitted to the Auditor General for audit within 60 days of the end of the accounting year, the financial statements of the Galahitiyawa Agrarian Services Committee for the year 2024 had been submitted for audit on 03 June 2025.	Answers had not been given.	Financial statements should be submitted on the due date as per the National Audit Act No. 19 of 2018 and Circular.

5. Agrarian Banks

	Audit Observation	Comment of the Management	Recommendation
(a)	Although the judicial action had been taken and referred to tribunals to recover overdue loans relating to 23 Agrarian Banks belonging to 23 Agrarian Service Committees, as of 31 December 2024, the total overdue loans of 1077 borrowers amounting to Rs. 27,592,687 had not been recovered from the loans provided by the banks.	Referrals to tribunals and judicial action have been taken to recover outstanding loan balances.	A formal investigation should be conducted into the granting of loans and non-collection timely of outstanding loan balances, and outstanding loan balances should be promptly recovered.
(b)	In accordance with paragraph 04 of the Circular Letter No. 7/12/5/4 dated 27 April 2022 of the Commissioner of Agrarian Development, although a portion of the funds available in registered farmer organizations should be deposited in the Agricultural Bank, only 372 out of a total of 549 farmer	Farmers' organizations have been informed to deposit funds.	Formal supervision and guidance should be provided and steps should be taken to maintain deposits as per the circular.

organizations, pertaining to 14 committees, had deposited funds in the Agricultural Bank.

(c) As of 31 December 2024, 15429 accounts out of 29216 deposit accounts belonging to 12 agrarian banks remained inactive.

Account holders have been informed and asked to activate their accounts.

Steps should be taken to activate inactive accounts under the guidance of formal supervision.