

23 Agrarian Services Committees in the Mathale District – 2024

1. Audit Opinion

1.1 The audit of the financial statements of the 23 Agrarian Services Committees in the Mathale District for the year ended 31 December 2024 comprising the statement of financial position as at 31 December 2024 and the statement of financial performance, cash flow statement 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 Agrarian Development Act, No.46 of 2000. My comments and observations which I consider should be reported to Parliament appear in this report.

1.2 The audit reports issued for 23 Agrarian Service Committees in the Mathale District include a qualified opinion for the 23 committees. The material deficiencies that contributed to this qualified opinion are listed below.

1.3 Financial Statements

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

Audit Observation	Comment of the Management	Recommendation
(a) Although accounts should be prepared on an accrual basis in terms of Paragraph 2 of the Sri Lanka Public Sector Accounting Standard 1, the acreage tax income of 09 Agrarian Service Committees and the fixed deposit interest income of the Walawela Agrarian Service Committee had been accounted for on a cash basis.	In future, acreage tax income and fixed deposit interest income will be accounted for on an accrual basis when preparing accounts.	Accounts should be prepared in accordance with the Sri Lanka Public Sector Accounting Standards.
(b) In terms of Paragraph 86(a) of Sri Lanka Public Sector Accounting Standard 07 - Property, Plant and Equipment, the depreciation rates used should be disclosed. However, the depreciation rates as well as the depreciation policy of 09 Agrarian Service Committees had not been properly disclosed.	Action will be taken to rectify this in the ensuing year.	Depreciation policies and depreciation rates should be disclosed in the financial statements in accordance with the Sri Lanka Public Sector Accounting Standards.

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| (c) | In contradiction to Paragraph 30(4) of the Circular No. 107 issued by the Commissioner of Agrarian Services dated 16 October 1981, the buildings of 05 Agrarian Service Committees had been depreciated using the diminishing balance method. | Action will be taken to rectify this in the ensuing year. | Depreciation should be carried out accurately in compliance with the circular instructions. |
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1.3.2 Accounting Deficiencies

Audit Observation	Comment of the Management	Recommendation
(a) Although an expenditure of Rs. 319,183 had been incurred by 09 Agrarian Service Committees for the purchase of accounting software, Agrarian Bank account software, and related equipment, those assets had not been received by the Committees until 03 to 05 months after the end of the year under review. However, the expenditure had been accounted for under non-current assets. Further, the Agrarian Bank software valued at Rs. 34,262 had not been included under receivable assets by the Rattota and Handungamuwa Agrarian Service Committees.	Action will be taken to obtain instructions from the Commissioner of Agrarian Development.	Assets should be correctly identified and accounted for, and necessary action should be taken to obtain the relevant assets without delay.
(b) Expenditure amounting to Rs. 133,220 incurred for the purchase of non-current assets by 03 Committees had been recognized as expenditure relating to the year under review in the statement of financial performance.	Action will be taken to rectify this in the ensuing year.	Expenditure should be correctly identified and accounted for, and the relevant adjustments should be made in the financial statements.
(c) The Alugolla Agrarian Service Committee had understated fixed deposit interest income by Rs. 14,570 for the year under review, and the Dambulla Agrarian Service Committee had overstated annual fixed deposit interest income by Rs. 857,798. Further, two Committees had not recognized receivable fixed deposit interest income amounting to Rs. 401,657 in the financial statements.	Action will be taken to rectify this in the ensuing year.	Accounting deficiencies should be corrected, and internal controls over accounting should be strengthened.
(d) Seven Committees had included five categories of expired stock valued at Rs.	They have been referred for disposal.	Financial statements should be prepared by correctly

	8,766,838 under inventory in the statement of financial position.		adjusting the inventory balances.
(e)	The Alakadua and Palapathwala Agrarian Service Committees had understated two income items amounting to Rs. 15,270 in the statements of financial performance. Further, three Committees had failed to include three expenditure items amounting to Rs. 697,856 in the statements of financial performance.	Action will be taken to rectify this in the ensuing year.	Income and expenditure of the Committees should be correctly identified and accounted for, and the relevant adjustments should be made in the financial statements.
(f)	Expenditure amounting to Rs. 104,609 relating to the previous year of 03 Agrarian Service Committees had been accounted for as expenditure of the year under review.	Action will be taken to rectify this in the ensuing year.	Expenditure relating to the relevant year should be correctly identified and accounted for, and the accounting process should be strengthened.
(g)	Non-current assets amounting to Rs. 18,734,122 had not been recognized in the statement of financial position by 09 Agrarian Service Committees.	Action will be taken to rectify this in the ensuing year.	Non-current assets should be correctly accounted for and the values in the financial statements should be made accurate.
(h)	The value of buildings had been overstated by Rs. 215,710 and accumulated depreciation had been understated by Rs. 474,214 in the financial position statement of the Hattota-Amuna Agrarian Service Committee.	Action will be taken to rectify this in the ensuing year.	Accounting deficiencies should be corrected and accordingly, adjustments should be made in the financial statements.
(i)	The Kimbiessa Agrarian Service Committee had overstated the income from paddy land reclamation charges by Rs. 174,800 in the statements of financial performance.	Action will be taken to rectify this in the ensuing year.	- Do -
(j)	The Palapathwala Agrarian Service Committee had shown a receivable balance of Rs. 135,817 as Committee loans under current assets in respect of 12 Agrarian Service Committees in the Matale District; however, the accounts of those Committees did not reflect any such payable balances.	Comments cannot be made regarding the relevant information in the accounts records of the Agrarian Service Committee accounts.	The financial statements should be corrected after inquiring from the respective Committees and confirming the balances.

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| (k) | The Thenna Agrarian Service Committee had accounted for the land of one acre on which the Committee is located at the historical cost basis of Rs. 3,000, without revaluing the land and accounting for its accurate value. | No instructions have been issued by the Department regarding valuation of the land. | The land should be valued and accounted for as its correct value is shown in the financial statements. |
| (l) | The Walawela Agrarian Service Committee had not disclose dividends receivable amounting to Rs. 687,784 in the statement of financial position. | Action will be taken to rectify this in the ensuing year. | Accounting deficiencies should be corrected and accurate values should be adjusted in the financial statements. |

1.3.3 Unreconciled Control Accounts or Reports

Audit Observation	Comment of the Management	Recommendation
(a) A total discrepancy of Rs. 1,864,484 was observed when comparing the balances relating to 4 asset items, 3 liability items, and 1 item of expenditure of 06 Agrarian Service Committees, as stated in the financial statements, with the corresponding records.	Necessary actions will be taken to rectify the matter.	The account balances should be compared with the relevant corresponding records, the discrepancies identified, and the balances should be corrected accordingly.
(b) A total discrepancy of Rs. 699,788 was observed when comparing the annual dividend value receivable from the Agrarian Bank as stated in the financial statements of 03 Agrarian Service Committees, with the financial statements of the Agrarian Banks.	Necessary actions will be taken to rectify the matter.	The account balances should be compared with the Agrarian Bank financial statements, the discrepancies identified, and the balances should be corrected accordingly.

1.3.4 Lack of Documentary Evidence for Audit

Audit Observation	Comment of the Management	Recommendation
(a) Due to the failure to submit schedules, balance confirmation records, and files relating to 26 asset items amounting to Rs. 5,373,183 and 36 liability items amounting to Rs. 8,692,251, as stated in the financial statements of 12 Agrarian Service Committees, these items could not be satisfactorily verified during the audit.	The Deputy Commissioner of Agrarian Development has been informed.	All confirmations related to the account balances should be submitted for audit.

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| (b) | The Dewahuwa Agrarian Service Committee had credited the receivable amount of Rs. 771,988 relating to germicide liquids and the receivable fertilizer funds from the Ministry of Agriculture to the accumulated fund during the year under review. However, the approval letters pertaining to these transactions were not submitted for audit. | Action has been taken to credit the amounts to the accumulated fund, and further action will be taken as per the instructions of the Deputy Commissioner | The source documents used as the basis for preparing the financial statements should be submitted for audit. |
| (c) | Due to the fact that the ledger of the materials and cash receipts issued to the Agricultural Research and Production Assistant Officers under the sale and payment basis by the Laggala Pallegama Agricultural Services Committee had not been balanced, the debtor balance amounting to Rs. 839,029 of 05 Agricultural Research and Production Assistant Officers could not be accurately verified with the financial statements. | Action will be taken to maintain records properly. | Ledger accounts should be properly balanced, and all confirmations related to account balances should be submitted for audit. |
| (d) | Although the financial position statement of the Hettipola Agrarian Service Committee disclosed a balance of Rs. 162,500 as stock shortage recoverable from a stockkeeper relating to the year 2020, no information was submitted to the audit to confirm that a formal investigation had been carried out regarding this shortage. | The officer concerned has been informed in writing to settle the amount. | All confirmations related to the account balances should be submitted for audit. |

1.4 Non-Compliance with Laws, Rules and Regulations

Reference to Laws, Rules, Regulations etc.	Non-Compliance	Comment of Management	the Recommendation	
(a)	Agrarian Development Act No. 46 of 2000	Section 15(3) and Circular No. 322 issued	The Yatawatta, Kongahawela and Galewela Agrarian Service Committees had retained a total	The farmers have been informed, and if they do not appear, action will be taken to settle the balances in accordance with the

<p>by the Commissioner General of Agrarian Development dated 27 May 1998</p>	<p>of Rs. 250,154 as landowner inheritance money in the Committee accounts even at the end of the year under review without settling them. In addition, the Yatawatta Agricultural Services Committee had retained the tenant's inheritance money totaling Rs. 33,441 in the committee account without paying it to the relevant parties.</p>	<p>taken to credit the amount to the Farmers' Trust Fund in accordance with the instructions of the Deputy Commissioner of Agrarian Development.</p>	<p>provisions of the Act.</p>
<p>(b) Financial Regulations of the Democratic Socialist Republic of Sri Lanka</p>			
<p>i. Financial Regulation 110</p>	<p>Ten Agrarian Service Committees had not maintained a Losses and Damages Register.</p>	<p>A Losses and Damages Register will be maintained in future.</p>	<p>Action should be taken in accordance with the Financial Regulations and ensure that the register is properly maintained.</p>
<p>ii. Financial Regulation 237 (b)</p>	<p>According to the sample audit, the Laggala-Pallegama Agrarian Service Committee had not submitted the required documents, together with the vouchers, relating to purchases amounting to Rs. 2,258,979 made on 12 occasions.</p>	<p>The relevant records, stock books and deficiencies will be corrected in future.</p>	<p>All supporting documents should be submitted with payment vouchers in compliance with the Financial Regulations.</p>
<p>iii. Financial Regulation 264 (1)</p>	<p>For each payment, the recipient is required to acknowledge receipt of the total amount stated in the voucher. However, the Hattotaamuna Agrarian Service Committee had not obtained such confirmations for four vouchers amounting to Rs.372,300.</p>	<p>Arrangements will be made to obtain proper confirmation from the recipients in future.</p>	<p>Action should be taken in accordance with the Financial Regulations and ensure receipt confirmations are properly obtained.</p>

iv.	Financial Regulation 315	Five Agrarian Service Committees had not obtained insurance cover for cash in transit.	Arrangements will be made to obtain insurance cover for cash in transit in future.	Action should be taken in compliance with the Financial Regulations and obtain insurance cover without delay.
v.	Financial Regulation 316	Although all government money must be kept in a safe, security box, or other secure location, the Hattotaamuna Agrarian Service Committee did not have such a safe.	Action will be taken to maintain a secure safe.	Measures should be taken to comply with the Financial Regulations and ensure proper security arrangements.
vi.	Financial Regulation 502(2) and Treasury Circular No. 842 dated 19 December 1978	Five Agrarian Service Committees had not maintained a Fixed Assets Register.	A Fixed Assets Register will be maintained in future.	Disciplinary action should be taken against officers who failed to maintain the register, and action must be taken to maintain it in accordance with the Financial Regulations.
vii.	Financial Regulation 880 and Circular No. 8/2020 of the Commissioner General of Agrarian Development dated 25 June 2020	Officers entrusted with responsibilities relating to cash and stores are required to furnish security deposits. However, officers of 06 Agrarian Service Committees had not complied therewith.	Officers have been informed and action will be taken to obtain security deposits in future.	Security should be furnished without delay in accordance with the Financial Regulations.
viii.	Financial Regulation 890 (i)	Four Agrarian Service Committees had not maintained a Security Deposit Register.	A Security Deposit Register will be maintained in future.	Action should be taken to comply with the Financial Regulations and maintain the required registers.
(c)	Section 3.4 of the Procurement Guidelines 2006	Although purchases should be made following a suitable procurement method that ensures minimum disadvantage to the Government, the Ukuwela Agrarian Service Committee had purchased fertilizer, agro-	Not properly commented.	Action should be taken in accordance with the Procurement Guidelines, and steps should be taken against parties who have acted contrary to those provisions.

chemicals and agricultural tools without calling for quotations. Further, although suppliers had been selected for certain items such as water tanks, seed paddy and electric security fences, suppliers had not been registered for other purchases.

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| (d) | Public Administration Circular No. 09/2009 dated 16 April 2009 | Sixteen Agrarian Service Committees had not used the fingerprint machine to record officers' attendance and departure, and seventeen Committees had not obtained printed reports from the fingerprint machine for verification. | The fingerprint machine is not functioning properly and has been sent for repairs, and steps are being taken to obtain printed reports. | Action should be taken in line with the Circular provisions, and formal action should be taken against parties who fail to comply. |
| (e) | Circulars of the Commissioner of Agrarian Services | | | |
| i. | Circular No. 107 dated 16 October 1981 - Section 17(3)(a) | The Alugolla and Laggala-Pallegama Agrarian Service Committees had made 22 payments amounting to Rs. 247,179 without the approval of the Chairman of the Committee. | Measures will be taken to prevent such lapses in future. | Action should be taken according to the Circular provisions and disciplinary measures should be taken against those who acted contrary. |
| ii. | Circular No. 107 dated 16 October 1981 - Section 21(2) | Although the stock book should be checked and signed at least once every two weeks by the Executive Officer, the Pallepola Agrarian Service Committee had not taken steps in accordance therewith. | Stock books will be checked and signed in future. | - Do - |
| iii. | Circular No. 264 dated 21 October 1986 - Section 01 | Three Agrarian Service Committees had not recovered room rent amounting to Rs. 104,689 as at the end of the year under review. | The institution has been informed and action will be taken to recover the rent in future. | Action should be taken in accordance with Circular provisions, and action should be taken against the officers who failed to collect rent on time. |

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| iv. | Paragraph 03 of Financial statements of 23 Circular No. Agrarian Banks for the year 518/2000 dated 2024 had not been consolidated 06 June 2000 with the financial statements of and paragraph the Agrarian Service 5.6 (i) of the Committees.
Agricultural Bank (Pilot) Project Circular No. 04/2012 dated 29 February 2012 | The accounts report has been prepared according to the instructions of the Department of Agrarian Development. | Instructions should be obtained promptly from the Department of Agrarian Development and action should be taken in accordance with the Circular provisions. |
| v. | Circular No. Counterfoil books must be re- 7/5/1 dated 01 issued only after the previously February 2011 issued books have been returned. – Section 05 However, 17 officers of five Agrarian Service Committees had been issued new Acreage Tax Receipt Books for the same jurisdiction without obtaining previously issued books | Arrangements will be made immediately to collect the previously issued receipt books. | A formal investigation should be conducted and disciplinary action should be taken against officers who acted negligently. Steps should be taken to comply with the Circular provisions and prevent financial misuse. |
| vi. | Circular No. Four Agrarian Service 04/2013 dated Committees had not utilised the 08 March 2013 Agrarian Service Centre premises for activities such as marketing of agricultural produce, operating temporary cafés, and selling agricultural produce of farmer organizations. | Action will be taken to construct sales outlets once the provisions are received. | An arrangement should be made to ensure compliance with the Circular provisions. |
| vii. | Circular No. An Agricultural Research and 2016/03 dated Production Assistant should 09 February inspect farmer organizations at 2016 – Section least once every 04 months and 02 submit a report to the Divisional Agrarian Development Officer. However, 04 Agrarian Service Committees had not complied therewith. | Deficiencies will be rectified and such lapses will be avoided in future. | Instructions in the circulars should be followed and disciplinary action should be taken against officers who failed to follow Circular provisions. |
| viii. | Circular No. Although agricultural inputs had 7/5/3 ୧/୫/୧୧ been issued on credit by four dated 21 Agrarian Service Committees on December 2022 a sale and repayment basis and | Action will be taken to recover the outstanding amount in future | Action should be taken in accordance with circular instructions, and formal action should be |

- Paragraph 04 (II) such credit was required to be recovered within six months, a loan balance amounting to Rs. 456,940 had not been recovered and settled even by 30 May 2025.
- ix. Circular No. 04/2012 (Amendment VII) dated 28 December 2022. Although the maximum limit of cash-in-hand that should be retained under the Agrarian Bank Main Scheme is Rs. 50,000, the Walawela Agrarian Service Committee had retained cash between Rs. 54,650 and Rs. 110,253 on 42 occasions, while the Devehuwala and Hattotamuna Agrarian Service Committees had retained cash between Rs. 52,299 and Rs. 184,271 on 24 occasions.
- x. Circular No. 01/2023 dated 24 April 2023 – Paragraph 07. Although the money accumulated in the Distress Loan Coverage Account should be deposited in a fixed deposit account under the Distress Fund at the end of each quarter, the Pallepola and Weragama Agrarian Banks had opened a fixed deposit account in 2024 deposited money only one occasion, and the savings account balance of the Disaster Fund stood at Rs. 196,649.
- xi. Paragraph (2) (i) of Volume I of Circular (මෙහෙ.පස) No. 7/5/9/05 dated 26 April 2023. Thirteen Agrarian Service Committees had not implemented the petty cash procedure.
- xii. Circular No. 12/2018 (Amendment I) Agrarian Service Committee/Agrarian Bank dated 11 December 2023. Although it is stated that when withdrawals are made from accounts or when making
- Banking transactions are carried out after 3.00 p.m. and that the money is deposited on the following day.
- A fixed deposit account will be opened at the end of each quarter in future.
- The petty cash procedure will be implemented in future.
- Steps will be taken to avoid such shortcomings in future.
- taken against the officers who failed to recover the funds on time.
- Action should be taken in accordance with the circular instructions and supervision by the relevant supervisory officers should be strengthened.
- Circular instructions should be followed and action should be taken against officers who fail to comply.
- Action should be taken in accordance with circular instructions.
- Action should be taken in accordance with circular instructions, and formal action should be taken against officers

- Paragraph 02(i) payments for goods purchased for the Committee on a resale basis exceeding Rs. 200,000, the cheques must be countersigned by the Agrarian Development Deputy/Assistant Commissioners, the Assistant Commissioner had not countersigned payments amounting to Rs. 472,000 made on two occasions during the year under review by the Wasalakotte Agrarian Service Committee.

who fail to do so.

2. Financial Review

Financial Results

The aggregate operational results of 17 Agrarian Services Committees in the Matale District for the year under review recorded a surplus of Rs. 17,351,924, while the aggregate operational results of 06 committees reflected a deficit of Rs. 1,713,446. In comparison, 19 committees recorded a surplus of Rs. 23,298,179, and 04 committees recorded a deficit of Rs. 725,470 during the preceding year. Accordingly, an improvement of Rs. 5,450,096 in the financial results was observed in respect of 12 committees, whereas a deterioration of Rs. 10,820,871 in financial results was observed in respect of 11 committees. These improvements were mainly attributable to increases in acreage tax revenue and service provision income.

3. Operational Review

3.1 Management Inefficiencies

Audit Observation	Comment of the Management	Recommendation
(a) In respect of 11 Agrarian Services Committees, outstanding audit fees aggregating to Rs. 344,120, relating to the period from 2023 to 2024, had not been paid and settled.	This will be settled in the year 2025.	Immediate action should be taken to settle the balances.
(b) In respect of 10 Agrarian Services Committees, 40 receivable long-outstanding accounts balances amounting to Rs. 7,564,976 and 65 payable accounts balances amounting to Rs. 32,153,612 had not been settled, even as at the end of the year under review.	This will be regularized in due course.	Outstanding receivables and payables should be settled promptly, and action should be taken against officials who fail to settle them in a timely manner.

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| (c) | No action had been taken to vest the lands belonging to 04 Agrarian Services Committees. | Necessary action will be taken to vest the lands belonging to the Agrarian Services Committee. | Action should be taken to vest ownership of the lands. |
| (d) | The balance of the savings account of the Devahuwa Agrarian Services Committee stood at Rs. 1,226,812 as at the end of the year under review, and Rs. 1,264,190 as at the date of audit; however, action had not been taken to invest these funds in a fixed deposit, under due and proper authorization, so as to obtain higher returns. | This amount relates to payable balances continued to exist from the year 2017. | The working capital requirements should be accurately identified, and excess funds should be invested in a fixed deposit under proper authorization. |
| (e) | The Galewela Agrarian Services Committee had 17,179 kilograms of MOP fertilizer received under the World Food Programme as at 19 February 2025, which physically remained in stock even at the end of the year under review. As this fertilizer had been obtained without due consideration of the quantity actually required for the Agrarian Services Division area, a substantial quantity of fertilizer had been retained in storage without being utilized. | Not commented. | The cultivated land area should be accurately identified, and fertilizer should be obtained accordingly and used under a proper procedure. |
| (f) | Urea amounting to 1,960 kilograms, compost amounting to 1,691 kilograms, a stock of agrochemicals, and 305 seed packets, with an aggregate value of Rs. 854,561, belonging to 05 Agrarian Services Committees, as well as 250 kilograms of MOP fertilizer and 818 kilograms of TSP fertilizer provided for free distribution to 03 Agrarian Services Committees, had expired. | The relevant institution has been informed to take over the seed packets, and further action regarding the subsidy fertilizer will be taken in accordance with the instructions of the Deputy Commissioner of Agrarian Development. | Stock requirements should be accurately identified and managed properly, and action should be taken against parties who fail to follow proper procedures regarding stock management. |
| (g) | Out of the 1,790 kilograms of maize fertilizer purchased by the Kongahawela Agrarian Services Committee in the preceding year, only about 50 kilograms had been sold even by the end of the year under review. | As this fertilizer could not be sold, written instructions have been requested from the Deputy Commissioner. | Stock requirements should be properly managed, and fertilizer stocks should be sold using a systematic procedure. |
| (h) | In respect of the Kongahawela and Laggala Palleagama Agrarian Services Committees, a total sum of Rs. 2,65,947, including Rs.2,597,147 relating to subsidy fertilizer sales during the year under review, had not | Action will be taken to send it to the District Office of Agrarian Development. | Action should be taken to remit subsidy fertilizer funds to the Deputy Commissioner, and measures should be |

been remitted to the Deputy Commissioner of Agrarian Development as at the end of the year under review.

taken against officials who fail to do so.

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| (i) | Goods comprising 29 items under 03 categories, valued at Rs. 451,800, belonging to the Palapathwala Agrarian Services Committee, had remained unsold in stock since the preceding year, indicating that adequate inventory management had not been carried out by the Committee. | It has been purchased based on the needs of the farmers and is still being sold at present. | Stock requirements should be accurately identified and properly managed, and goods should be sold through a prompt and systematic procedure. |
| (j) | Although it had been identified that 16 minor irrigation schemes, covering 178 acres of paddy lands benefiting 328 families, in the Walawela and Weragama Agrarian Services Committees required rehabilitation, such action had not been taken. | Provisions have been received for 03 minor irrigation schemes of the Weragama Agrarian Services Committee, and action will be taken to receive provisions for the year 2025 for the Walawela Agrarian Services Committee. | Provisions should be obtained under a proper plan and the irrigation schemes should be properly maintained with these provisions. |

3.2 Idle or Underutilized Property, Plant and Equipment

Audit Observation	Comment of the Management	Recommendation
(a) At the Dambulla Agrarian Services Committee, a sum of Rs. 98,677 was spent on 14 October of the year under review for the purchase of a scanner and a dot matrix printer. However, the scanner had not been put into use even as at 28 April 2025.	It will be put into use after the software is obtained.	Idle assets should be effectively utilized, and goods should be procured in accordance with requirements.
(b) The sales outlet belonging to the Hettipola Agrarian Services Committee has remained idle since 2019.	It cannot be opened and operated due to the lack of adequate staff .	A proper arrangement should be made to ensure the utilization of idle assets.

4. Agrarian Banks

Audit Observation	Comment of the Management	Recommendation
(a) As at the end of the year under review, 12 Agrarian Services Committees maintained 25,880 ordinary deposit accounts, 2,785 Peramaga deposit accounts, 208 small group accounts, 81 farmer organization accounts, and 141 women farmer organization accounts. Of these, 10,760, 1,180, 82, 22, and 41 accounts, respectively, were limited only to the initial deposit amounts.	Necessary steps should be taken to activate the accounts by identifying account holders at the divisional level.	Measures should be taken to increase savings, and a mechanism should be established to enhance the performance of officers at the divisional level in this regard.
(b) Although the lending process should be carried out efficiently in order to strengthen the financial capacity of the farming community, as at the end of the year under review, no cultivation loans had been issued in respect of 96 divisions out of 244 Agricultural Research and Production Assistant Officer divisions under 10 Agrarian Banks.	It was noted down to issue loans for divisions where no loans had been granted.	The lending process should be carried out efficiently in order to provide economic benefits to the farming community.
(c) Although a sum of Rs. 3,075,411 had been paid by 10 Agrarian Services Committees in the preceding year for the purchase of the Agrarian Bank software, the software had not been installed even by the end of the year under review. As a result, 12 dot matrix passbook printers, 12 scanners, 7 dot matrix printers, one desktop computer, and 5 printers remained idle.	Although the head office instructed the purchase of equipment for the purpose of developing software, the software has not yet been introduced.	The process of installing the software should be expedited in coordination with the Department of Agrarian Development.
(d) Interest amounting to Rs. 18,038 earned on the disaster savings accounts of 7 Agrarian Services Committees and interest of Rs. 346,562 earned on disaster fixed deposits, totaling Rs. 364,600, had not been credited to the Disaster Fund. Further, interest amounting to Rs. 455,184 earned on	Action will be taken to correct it.	Action should be taken properly to credit the relevant receipts to the correct accounts.

microfinance fixed deposits and Rs. 1,880 earned on microfinance savings accounts, totaling Rs. 457,064, had not been credited to the Microfinance Fund, and all such receipts had been accounted for as income of the Agrarian Bank.

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| (e) | From 1999 to 2024, arrears loan balances of 05 categories amounting to Rs. 95,992,057, issued to 2,022 individuals by 20 Agrarian Services Committees, had not been recovered even by the end of the year under review. Further, in respect of loans amounting to Rs. 13,811,158 issued to 239 individuals, not even a single installment had been recovered. | Action will be taken to recover the loans by referring the matter to the final orders, the arbitrator boards, and the courts. | A proper investigation should be conducted, and appropriate action should be taken against officers responsible for granting loans and those who failed recover overdue loans. |
| (f) | Of the loan of Rs. 1,000,000 granted in 2001 by the Dambulla Agrarian Services Committee to Lanka Anion Company, not a single installment had been recovered, and as at the last day of the year under review, the recoverable interest amounted to Rs. 1,743,698. | The arbitrator board's investigation is currently in progress. | Appropriate action should be taken to recover the outstanding loans, and the loan recovery process should be carried out efficiently. |
| (g) | According to paragraph 2.1.1 of the letter No. 7/12/4/1 dated 19 September 2024 of the Commissioner General of Agrarian Development, necessary awareness should have been raised regarding Peramaga children's savings accounts of account holders who had completed 18 years of age as at 01 October 2024, and such accounts should have been converted into ordinary deposit accounts. However, Peramaga children's savings accounts of 73 depositors in the Pallepola, Keembissa, and Hettipola Agrarian Services Committees' banks had not been converted into ordinary deposit accounts. | Immediate action should be taken to convert the Peramaga children's deposits of account holders who have reached 18 years of age into ordinary deposits. | Action should be taken in accordance with the circular instructions to expedite the account conversions, and measures should be taken against officers who fail to carry them out. |

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| (h) | Following an investigation into the financial irregularity committed by a former Agricultural Research and Production Assistant Officer of the Kongahawela Agrarian Services Committee, it was decided in 2019 to recover Rs. 778,310. During the period from that year until 2022, an amount of Rs. 345,000 was recovered, while recovery of Rs. 433,310 was suspended without any explanation. | Information regarding this matter has been submitted to the Deputy Commissioner. | Action should be taken to recover the amounts upon recommendations of the investigation, and appropriate measures should be taken against the party that suspended the recoveries. |
| (i) | At the Kongahawela Agrarian Services Committee, during the period from 2000 to 2006, there were instances where loans were granted by the Agrarian Bank to the same farmer for a subsequent cultivation season while an outstanding loan remained on a previous season. A total of Rs.257,005 remained to be recovered from 09 such farmers who had outstanding loans, consisting of an outstanding loan amount of Rs. 126,479 and an outstanding loan interest of Rs. 130,526. | Divisional officers and the Agrarian Bank staff will be informed, and accordingly, the ledgers will be properly examined to verify whether the loans have been repaid, and necessary action will be taken accordingly. | Action should be taken against officers who granted loans irregularly and those who failed to collect outstanding loans in a timely manner, and to recover the loan balances. |
| (j) | An examination of the loan agreements issued by the Kongahawela Agrarian Services Committee during the period from 2000 to 2006 revealed that the loan amounts were not specified in 12 agreements, and 4 agreements had not been signed by the Executive Secretary of the Agrarian Services Committee. Thus, a total of Rs.154,553 remained to be recovered from 7 farmers in relation to incomplete agreements, consisting of a loan of Rs. 76,940 and an interest of Rs. 77,613. | No definite answer has been provided. | - Do - |
| (k) | An Assistant Officer of Agricultural Research and Production of the Kongahawela Agrarian Services Committee who accepted the receipt | Information has been submitted to the Deputy Commissioner. | The inquiry should be completed promptly, and accordingly, appropriate action |

book on 07 May 2023 had not returned it to the Agrarian Services Committee, and this matter had been informed to the relevant officer by the letter No. 5/5/3/1/11 dated 18 November 2024 of the Deputy Commissioner of Agrarian Development. It has also been further confirmed that a bill book in which money was collected in relation to this farmers' bank has also gone missing due to a bill submitted to the Tribunal by a farmer, and the investigations into the officer who was in service during the relevant period had not been completed by 30 May 2025.

should be taken against the responsible party.