
1. **Audit Opinion**

- 1.1 The audit of the financial statements of the 10 Agrarian Service Committees in Mullathivu District for the year ended 31 December 2022 comprising the statements of financial position as at 31 December 2022 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 The audit reports had been issued relating to 10 Agrarian Service Committees in Mullathivu District for the year 2022, a qualified audit opinion was expressed in those reports. The following are the material deficiencies due to the expression of a qualified opinion.

1.3 Financial Statements

1.3.1 **Accounting Deficiencies**

The following observations were made.

Observations	Comment of the	Recommendation
	Management	

Although a total of Rs.1,960,529 should It will be corrected in the Action should be taken to have been collected from 03 fertilizer companies as organic fertilizer unloading rent for 04 Committees, it was omitted from the financial statements.

financial statements of shown in the financial year 2023. statements.

1.4 Non-compliance with the Laws, Rules, Regulations and Management Decisions

Instances of non-compliance with the following laws, rules and regulations were observed.

Reference to Laws, Rules and regulations	Non-compliance	Comment of the Management	Recommenda tion
Part II of the Public Finance Circular No.	taken to take bail money from the	Details of the officers have been referred to the Commissioner General.	Action should be taken to taken bail money from the officers.

Agrarian Service Committees.

2. Financial Review

2.1 Financial Results

According to the presented financial statements, the operational result of 10 Agrarian Service Committees in the year under review was a deficit of Rs.8,960,425, correspondingly the deficit of the previous year was Rs.27,586,615. Accordingly a growth of Rs.18,626,190 in the financial result was observed.

3. Operating Review

3.1 Management Deficiencies

The following observations were made.

	Observations	Comment of the Management	Observations
(a)	The sum of Rs.595,950 Yala season fines to be paid to farmer's organizations by the Tunukkai Agrarian Service Committee had not been settled.	Informed to pay properly.	Action should be taken to settle.
(b)	The arrears of rent of Rs.1,721,050 for the tractors given on the basis of the lease of the 04 Agrarian Service Committees were not recovered from the last 4 years to 10 years or the tractors had not been takeovered from the lessees.		Action should be taken to recover.
(c)	•	According to the circular of the Commissioner General of Agricultural Development No. 7/05/12/11 dated 01 June 2022, the correction is underway.	Necessary action should be taken regarding receivable and payable amounts.

3.2 Vehicle Systems Management

Observations	Comment of the	Recommendation
	Management	

121 tractors used in the centers of 10 Agrarian Service Committees had been parked in the vehicle yard for a period of 01 to 11 years without repair.

Auction or repair will be done as per the recommendations of the Commissioner General.

Action should be taken to use after repair.

3.3 Assets Management

Observations Comment of the Recommendation Management

The non-current assets of 09 items worth Rs.11,722,959 utilized by the Pudukuduiruppu Agrarian Service Committee Center had not been transferred to the name of the centre.

Arrangements will be made Action should be to show in the financial taken to use after statement after proper handover.

transfer.

3.4 Deficiencies in Contract Administration

The following observations were made.

		Management	
(a)	In the year 2021 of the Tunukkai Agricultural Service Committee, the Kollankulam dam renovation and culvert construction had been completed at a total cost of Rs.5.65 million. The following observations are made in this regard.		

(i) During the reconstruction of the lake embankment, there was no action taken to remove the silt in the water catchment area of the lake.

Observations

The contract farmers organization has been informed to remove before 15 November 2023.

Comment of the

Necessary actions should be taken to regularize water supply by removing silt as formal manner.

Recommendation

(ii) Cracks had been occurred due to not doing a quality check on the soil used for the reconstruction of the tank embankments at a cost of Rs. 2.01 million and not doing the proper amount of soil compression. Due to my notification through the letter No. 281/13/02/10/103 and dated 10 January 2023 to repair the existing

Necessary actions should be taken to complete the deficiencies.

cracks at six places, the relevant repairs are being carried out.

(iii) Although two culverts had been constructed for the lake at a total cost of Rs.1.23 million, the water distribution to 15 acres of paddy land had been hindered due to the lack of canals to discharge the water from the lake.

Will be processed.

The drainage canal should be reformed and arrangements should be made for proper distribution water.

Acco unta

4.

A total of Rs.925,944 was spent for the construction bility (b) of the water tank, the purchase of the water motor and and getting electricity connections in the year 2021 Good of the Pudukudiiruppu Agrarian Service Committee Gove rnan and although about 18 months have passed, action had not been taken to get electricity connections. ce Further, the purchased water motor was not 4.1 submitted for physical examination.

Agricultural organizations and agricultural development officials have been informed to get electrical connections for installing the water motor and install it immediately.

Electrical connections should he obtained and action should be taken to use the water motor.

Annu al

Actio n Plan

The following observations are made regarding the (c) construction of the Karuweppamurippu tank embankment and its related outfalls by a private company in the years 2018 and 2019 at a cost of RsObservationsunder the ONUR Comment of the Oddusuttan Agrarian Service Committee Management

Recommendation

According to (i) the Appartmentwo of ul Amenannual action eplan 19 will be res Athannual actions Agricultural Developmenta Girculare Noepapeepaged from the year 2012 tated should be taken to 02/2020 dated 01 Januar 2020000 last from this lake, it took 04 plan had not been prepared for the oreathe 41 acres out of this under review in 10 Agranian du Servicek of necessary work by Committees. the Agrarian Service Committee, the canal was overgrown and useless.

season and plamented. rehabilitate the the Yala season by waterway. utilizing the canals in the respective area.

(ii) Due to obstructions from outside parties in the way of receiving water for these tanks, only a very small amount of water could be given for paddy cultivation, although the tank had been reformed, but 41 acres of land had not been cultivated in the yala season.

Action will be taken to streamline water distribution.

Necessary arrangements should be made to remove obstructions and distribute water.

4.2 **Budgetary Control**

Observations

Comment of the Management

Recommendation

According to paragraph 09 of the Circular In the future, the budget No. 107 dated 16 October 1981 of 10 document will be prepared Agrarian Service Committees, income properly. from 01 to 16 was properly identified and estimated and income estimates had not been prepared for the year under review.

The annual expected should income entered and the budget document should be prepared.

4.3 **Sustainable Development Goals**

Observations

Comment of the Management

Recommendation

In order to achieve the sustainable development goals of the 06 Agrarian Service Committees, the goals to be implemented annually by the centers and the necessary activities to achieve those goals and the indicators needed to measure its progress had not been identified and implemented since the period of 05 years.

Actions will be taken to measure progress annually.

Actions should be taken to identify and implement activities necessary achieve sustainable development goals.

5. **Agrarian Banks**

Observations

Comment of the Management

Recommendation

10 Agrarian Service Committees had not taken actions to recover the crop loans issued from 2012 to 2021 of 75 farmers amounting to Rs.1,263,582 and penalty interest amounting to Rs.15,194 from 02 to 08 years.

Working in progress.

Actions should he taken to recover outstanding crop loans.