

Agricultural and Agrarian Insurance Board - 2022

1. Financial Statements

1.1 Qualified Opinion

The audit of the consolidated financial statements of the Agricultural and Agrarian Insurance Board and its Farmers' Pension and Social Security Benefit Scheme and Fishermen's pension and social security benefit schemes for the year ended 31 December 2022 comprising the statement of consolidated financial position as at 31 December 2022 and the statement of comprehensive income, statement of changes in equity and 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(1) 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, Agricultural and Agrarian Insurance Act No. 20 of 1999 and the Finance Act, No.38 of 1971. My comments and observations which I consider should be report to Parliament appear in this report.

In my opinion, except for the effects of the matters described in paragraph 1.5 of this report, the financial statements of the Board and the Group give a true and fair view of the financial position of the fund as at 31 December 2022, and of its financial performance and its cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

1.2 Basis for Qualified Opinion

I expressed qualified opinion on the matters described in paragraph 1.5 of this report.

I conducted my audit in accordance with Sri Lanka Auditing Standards (SLAuSs).

My responsibilities, under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

1.3 Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with Sri Lanka Accounting Standards and for such internal control as management determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Board and the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intend to liquidate the board and the group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the board and the group's financial reporting process.

As per Sub Section 16(1) of the National Audit Act No. 19 of 2018, the board is required to maintain proper books and records of all its income, expenditure, assets and liabilities, to enable annual and periodic financial statements to be prepared of the board and the group.

1.4 Audit Scope (Auditor's Responsibility for the Audit of the Financial Statements)

My objective is to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Sri Lanka Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Sri Lanka Auditing Standards, I exercise professional judgment and maintain professional scepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the board's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of the management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

The scope of the audit also extended to examine as far as possible and as far as necessary the following;

- Whether the organization, systems, procedures, books, records and other documents have been properly and adequately designed from the point of view of the presentation

of information to enable a continuous evaluation of the activities of the board and the group, and whether such systems, procedures, books, records and other documents are in effective operation;

- Whether the board has complied with applicable written law, or other general or special directions issued by the governing body of the board;
- Whether the board has performed according to its powers, functions and duties; and
- Whether the resources of the board had been procured and utilized economically, efficiently and effectively within the time frames and in compliance with the applicable laws.

1.5 Audit Observations on the Preparation of Financial Statements

1.5.1 Farmers' Pension and Social Security Benefit Scheme

1.5.1.1 Non-compliance with Sri Lanka Accounting Standards

Audit Observation	Comments of the Management	Recommendation
According to paragraph 59 of Sri Lanka Accounting Standards 37, the liability for the pension of the active contributors and farmer pensioners should be computed based on the actuarial assessment carried out in a timely manner. However, after the year 2007, the pension liability had been computed up to 31 December of the year under review without carrying out such an actuarial assessment and the calculated liability for the pension had been Rs.82,435,153,268. Further, adequate investments had not been made for settlement of those commitments by the fund.	Pension liability of the Farmer's pension scheme is accounted for on the basis of actuarial assessment. No new enrolment will be made for this scheme and a new scheme has been established which can be operating on a self-financing basis. The payments of the old scheme will be paid annually through annual budget allocations, and At the time of getting the actuarial assessment of the new farmers' pension scheme, the actuarial assessment of the old scheme will also be done.	The pension liability should be calculated through periodic valuation of actuarial assessment and sufficient investment should be maintained to meet the commitments.

1.5.1.2 Accounting Deficiencies

Audit Observation	Comments of the Management	Recommendation
(a) Revenue amounting to Rs.13,420,221 received from contributors for the year under review had been shown in financial statements on cash basis instead of accounting contributions on accrued basis due to failure in maintaining the register including premium receipts in an updated and completed manner including the date of enrolment into the Scheme and date of	The information of the contributors can be obtained through the computer system. As there were delays in computerization of post instalments, getting information on cancelled and inactive contributors from the system had failure. Therefore, necessary arrangements have been made to initiate a	Register of contributors must be maintained up-to-date

- entitlement by contributors so as to identify the value of contribution due from active contributors for the accounting year.
- programme for automatic computerization of post instalments.
- (b) After paying Rs.3,918,881,123 out of Rs.3,968,000,000 received from the treasury for the payment of farmers' pension during the year under review, the remaining balance of Rs.49,118,877 was not remitted to the treasury and was not disclosed in the financial statements as a payable amount.
- In the year 2022, the farmers' pension expenditure was Rs.4,053,000,000 and the amount received from the treasury was Rs.3,998,000,000 and it was paid. The income statement shows the total cost after deducting the unearned returned by the contributors. Thus there is no balance due to the treasury.
- Amounts unpaid to contributors should be remitted to the treasury.
- (c) During the year under review Rs.167,470,484 unclaimed from farmers' pension payments had been accounted as income of the scheme without being disclosed in the financial statements as a credit to be repaid to farmers.
- The unclaimed pension amount of Rs.167,470,484 in the year 2022 has been deducted from the pension expense. Arrangements will be made to suspend the pensions of contributors who do not receive pensions for a long period of time. Therefore, this unclaimed amount has not been accounted for as pension receivable.
- Unearned pensions should be disclosed in the financial statements as payable.
- (d) During the period from January 2019 to December 2022, 612 cheques for unclaimed net premium and monthly disablement payments amounting to Rs.4,435,400 were not recorded as a liability payable under F.R.396(d)(iii) respectively and had been taken into income during the relevant years.
- Expired cheques are recorded and taken as income and cheques are issued again upon request.
- Unclaimed pension payments should be disclosed in the financial statements as payable credit balances.
- (e) During the year under review, Rs.190,000,000 received from the treasury for administration expenses of the farmers' pension fund was not credited to the bank account of the farmers' pension fund, but it was credited to the bank account of the Agricultural and Agrarian Insurance Scheme and expenses were incurred from it, and those transactions were recorded in the fund's ledger through a current account.
- Account Number 164667 of Bank of Ceylon Union Place branch owned by the board is the account listed for disbursement of funds from the treasury to the Farmers' pension scheme. The respective money received in that account is transferred from the Agricultural insurance scheme to the farmers' pension scheme through the current account.
- Money received from the Treasury should be credited to the bank account of the scheme.

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| (f) | As there were no legal transactions during the year under review related to this scheme, Rs.1,348,623 equal to 60 percent of the legal expenses of the Agricultural and Agrarian Insurance Board had been accounted as legal expenses of this scheme. The basis on which this percentage was determined was not disclosed. | 60 percent of the legal expenses of the board is accounted for by the farmers' pension scheme but as indicated by audit, the legal expenses will be re-reviewed and only the legal expenses of this scheme will be recorded. Action will be taken to revise all the expense accounts related to allocation of expenses and approved by the Board of Directors in the future. | Only legal expenses related to the scheme should be accounted for. |
| (g) | Although all the three entities of Accounts Namely Farmers' pension and social security benefit scheme, Fishermen pension and social security benefit scheme and Agricultural and Agrarian Insurance Board are functioning together, 50 percent of administration expenses of Agricultural and Agrarian Insurance Board and 20 percent of other expenses as high as 50 percent had been absorbed in to the farmers' pension scheme. The basis on which the rates were decided was not disclosed to check the reasonableness of those rates. | Since the staffs in the head office and the district office are working in common, the ratio has been determined as follows. But in the future, these rates will be reviewed with the approval of the Board of Directors. | Absorption rate of expenses should be disclosed. |

1.5.1.3 Going Concern of the Scheme

Audit Observation	Comments of the Management	Recommendation
The total assets of the Scheme were Rs.1,516,033,327 and the total liabilities were Rs.87,508,723,633 and liabilities exceeded the assets by Rs.85,992,690,306. This unfavourable situation had adversely affected the going concern of the Scheme.	This situation has arisen due to the Farmers' pension liability increases annually and the absence of investment in the scheme and the increase in benefits due to government policies in several cases without increasing the premiums of the Scheme. And also Payment of Farmers' pension is done in every year through allocations of money by the Government budget.	Action should be taken to activate the Scheme.

1.5.1.4 Lack of Documentary Evidence for Audit

Audit Observation	Comments of the Management	Recommendation
The Board had not maintained the books in such a way as to verify the correctness of the unclaimed pension amount of Rs.47,102,835 as on 31 December of the year under review should be received from District Accounts Offices of Postal Department.	The payment process of Farmers' pension is done jointly with the Department of Postal. The unpaid pension should be sent to the Board before the 10 th day of the month following the relevant month. Although there have been some delays due to corona epidemic situation and the crisis situation, efforts have been made to avoid those delays by now. Necessary actions have been taken to inform District Accountants to send the unpaid pension documents to the Board within the stipulated dates.	Information on unclaimed money must be maintained completely and up-to-date.

1.5.2 Financial Statements of Fishermen's Pension and Social Security Benefit Scheme

1.5.2.1 Non-compliance with Sri Lanka Accounting Standards

Audit Observation	Comments of the Management	Recommendation
(a) Fully depreciated assets, such as furniture and fixtures, office supplies, and computers, worth Rs.696,175 were still in use but were not revalued and accounted for in accordance with Sri Lanka Accounting Standards No. 08	Although furniture and fixtures, computer equipment and office equipment are used, cannot be valued and estimated useful life. Many assets are in disposable condition, and equipment such as computers is not in updated condition. These assets are in a condition where they cannot be used with full efficiency and will be disposed of in the future.	Fully depreciated assets in use should be revalued and accounted for
(b) The life actuarial assessment for the pension liability of the active contributors and fishermen pensioners of this scheme should be carried out in a timely manner, according to paragraph 59 of Sri Lanka Accounting Standards 37; however, after the year 2007, the life actuarial assessment had not been carried out until December 31 of the year under review, and on that date, the Pension liability of fishermen pensioners and the active contributors was Rs.5,068,050,746.	The actuarial assessment will be completed in 2023 and included in the budget document.	The liability for pension should be computed on actuarial assessment carried out in a timely manner.

1.5.2.2 Accounting Deficiencies

Audit Observation	Comments of the Management	Recommendation
(a) Although no staff had been approved for the fishermen's pension scheme by the Department of Management Services, A private secretary to the chairman of the board, an office assistant in the Tambuttegama district office, and a management assistant in the Mannar district office had been employed, and they had received salaries totalling Rs.2,209,812 and had recorded them as expenses for the scheme.	These officers were recruited for the duties of this scheme. At present, other duties are being performed, and other officers are also performing the duties of this scheme. The salary of these officers is included in the scheme. After recruiting a sufficient number of employees, the wages of the employees concerned under the scheme are to be absorbed into the scheme.	Recruiting and payroll should not be done for non-approved positions.
(b) Despite the fact that the balance due in the Fisheries Death Gratuity Fund of Rs.98,000 brought forward from the year 2019 was settled in the year 2020, the balance had been carried forward in the year under review due to an accounting error.	This amount will be adjusted for the death gratuity fund and fishermen's pension funds, and it will be correctly presented in the final accounts for the year 2023.	The error that occurred should be corrected immediately.

1.5.2.3 Going concern of the Scheme

Audit Observation	Comments of the Management	Recommendation
The total assets of the Scheme were Rs.663,412,060 and the total liabilities were Rs.5,140,628,886 and liabilities exceeded the assets by Rs.4,477,216,826. This unfavourable situation had adversely affected the going concern of the Scheme.	This situation has arisen as a result of the scheme does not operate on self-financing basis and the inclusion of government subsidies in determining premiums. Accordingly, the annual pension liability will increase and hence the net asset value will also decrease. Due to those reasons, the scheme does not promote new enrolments.	Action should be taken to activate the Scheme.

1.5.3 Financial Statements of the Board

1.5.3.1 Non-compliance with Sri Lanka Accounting Standards

Non-compliance with Reference to the Relevant Standard	Comments of the Management	Recommendation
(a) In terms of paragraph 51 of Sri Lanka Accounting Standard 16, the useful life of non-current assets had not been reviewed. Accordingly, no action had been taken to revise the estimated error about useful life	Although some fully depreciated assets accounted for at historical cost are use, there are assets	The useful life should be reviewed and adjustments

time of Property plant and equipment costing Rs.33,415,830 had been fully depreciated but still in use and account for carrying amount in terms of Sri Lanka Accounting Standard 08. that cannot be fully utilized. Those assets will be disposed in the future. thereof should be made in financial statements.

- (b) In terms of paragraph 7 of Sri Lanka accounting standards 20, government grants should not be recognized as revenue until reasonable confirmation is obtained, but without confirmation from the treasury, the number of acres of cultivated land covered under free insurance is estimated annually by the center of social economy and planning of the Department of Agriculture and published on the website, calculated based on the premium of Rs.675 per acre from the year 2018 to December 31 of the year under review, the premium income of Rs.4,249,619,152 was accrued in the financial statements as receivable from the treasury. It is observed that the said value is 62 percent of the accumulated fund and it is uncertain that the board will receive the entire amount.
- In the 2018 budget, Government maximum indemnity of Rs.40,000 for 6 types of crops and compulsory crop insurance of Rs.2,200 million have been allocated in the year 2018 for Rs.675, and instalments for this scheme are accounted for according to the above budget proposal and the approved cabinet paper, and by 2022, there is an amount of Rs.4,249 million as instalments due to the board.
- Government grants should not be recognized as revenue until reasonable confirmation is obtained.

1.5.3.2 Accounting Deficiencies

Audit Observation	Comments of the Management	Recommendation
(a) The 76.6 perches of three lands in the cities of Mahiyanganaya, Embilipitiya and Anuradhapura belonging to the board, Where the 3 quarters are located, were not assessed and included in the financial statements.	Necessary actions have been started in the consultation with the district deputy/assistant directors to assess the value of the lands, and the activities will be completed promptly and the assessment vale will be accounted for.	Land should be assessed and taken in to financial statements.
(b) Government grants of Rs.1,500,000 from the treasury for the administration expenses of the fishermen’s pension and social security benefit scheme operated by board were incorrectly shown as other income in the financial statements of the group rather than as receipts from the treasury.	The amount of Rs.1,500,000 received by Department of Fisheries for Fishermen’s pension scheme is shown under other income as it is not directly received by Board from the treasury.	Government grants should be shown as receipts from the treasury.
(c) The agreement was signed in collaboration with the International Finance Corporation (IFC) on 05 May 2016 with the objective of improving the effectiveness of agricultural insurance schemes and thereby increasing the	The Agricultural Management Information System is conducted under the initiative of Ministry Agriculture and related expenses are reimbursed through Ministry	The information system should be recognized as an asset in the financial

<p>agricultural insurance coverage in Sri Lanka, Index based insurance method was introduced to reduce the payment process of insurance indemnity for crop damages to 2½ months. The united nations food and agriculture organization as of December 31 of the year under review had provided financial facilities of Rs.20,391,089 to the board for Agricultural Management Information System, which has been created. By the end of the year, board had spent Rs.23,009,698 for it. But this Management Information System was not accounted for in the financial statements. The desired objectives of the project were not achieved as the information system was not used for calculation of indemnity and payment process of indemnity.</p>	<p>of Agriculture. All related transactions are properly accounted for and disclosed by Accounting notes. In the years 2020 and 2021, due to the Covid epidemic situation, reporting of crop damages, monitoring the crop damage activities were delayed, so it was not possible to compare the index results with the field monitoring results, and due to the delays in obtaining weather data, indemnity payments were not made according to those calculations.</p>	<p>statements. Action should be taken to achieve desired objectives.</p>
<p>(d) The 18 farmers who had obtained insurance coverage under crop insurance scheme, money was brought in from the National Insurance Trust Fund and Treasury instead of paying indemnity from funds of the board, and indemnity of Rs.336,150 was paid for 2021 yala season.</p>	<p>The cause of damage to the crop was incorrectly computerized due to an error occurred in the computerization of indemnity documents. Action will be taken to deduct money obtained for this purpose from national insurance trust fund from money to be received in the future. Action will be made to send instruction papers again to the district offices.</p>	<p>Indemnity should be paid to farmers who had obtained the insurance coverage from the funds of the board.</p>
<p>(e) The amount of Rs.3,284,147 collected from the insured by the district offices of board from the month of December of the year under review was stated incorrectly in the statement of financial position as receivable insurance premiums from district offices.</p>	<p>Although this amount is included in the district administration account for month of December, the amount is remitted to the accounts of the respective schemes in the head office in the first month of the next accounting year, so it is shown in the financial statements as receivable premiums.</p>	<p>District offices and board should be considered as a single accounting entity and financial statements should be prepared as it is.</p>
<p>(f) 10 Tab machines received as a donation in October 2021 from a private telecommunication company were not included as inventory or included in the financial statements as non-financial assets.</p>	<p>Actions have been made to include the relevant tabs in the inventory register.</p>	<p>Donations should be included as inventory and included in non-financial assets.</p>

- (g) The advance balance of Rs.1,107,227 which were given to the officers for loans and various tasks from 02 years to 38 years were not recovered during the year under review. It was observed that recovery of these balances was uncertain but no provision was made for the same.
- These balances which are being brought forward in the financial statements, the board papers related to removing them from the financial statements will be presented and those balances will be removed during this accounting year.
- The ability to recover loans and advances should be checked and actions should be taken to recover them. Provisions should be made for contingent advances.

1.6 Accounts Receivable and Payable

1.6.1 Receivables

Audit Observation	Comments of the Management	Recommendation
The unreimbursed amount of Rs.171,011 from the salary paid by the board to an officer released for the service of the Ministry of National Language and Social Integration for the years 2011, 2012 and 2013 is being brought forward in the financial statements for 10 years.	The papers of the Board of Directors relating to the removal of this balance that has been brought forward in the financial statements will be submitted, and arrangements will be made to remove the balance during this financial year.	Action should be taken for immediate reimbursement.

1.6.2 Payables

Audit Observation	Comments of the Management	Recommendation
The value of repayable tender deposits amounting to Rs.426,871 remained as of 31 December 2018 had not been settled even by the end of the year under review.	This balance has been taken as income because it is a long-term balance and the related parties do not reapply for it.	Prompt Action should be taken to settle this balance.

1.7 Non-compliance with Laws, Rules, Regulations, Management Decisions etc.

Reference to Laws, Rules, Regulations etc.	Non-compliance	Comments of the Management	Recommendation
(a) The Agriculture and Agrarian Insurance Board's recruitment procedure for posts in the	(i) Although an officer with three years of experience in insurance work in the public sector/ corporation/ board or recognised organisation should have been recruited for the position of assistant director	The assistant director appointments given in 2021 were not made outside of the recruitment process. The recruited officers have been assigned based on the necessities of the institution.	An officer with 03 years of experience in insurance work should be recruited.

<p>management service category, sub-section 4.3.1(a)</p>	<p>of insurance division, an officer with 03 years of experience in field and administrative work was recruited.</p>		
<p>(b) Section 2 of the Public Enterprise Circular No. PED 1/2015 dated May 25, 2015</p>	<p>(ii) Although an officer with three years of experience in the field of planning or effective operation of a public sector/ corporation/ board or recognised institution should have been recruited for the position of assistant director of planning division, an officer with 03 years of experience in field and administrative work was recruited.</p> <p>Transport allowances of Rs.1,380,533 were paid to 19 officers belonging to the MM 1-1 service category during the year under review with the approval of the board of directors, without provisions of the circular.</p>	<p>The assistant director appointments given in 2021 were not made outside of the recruitment process. The recruited officers have been assigned based on the necessities of the institution.</p> <p>A request for approval was made to the Secretary of the Line Ministry by letter No.3/1/8/1 dated 10 May 2019. The board of directors' decision will be in effect until a decision is made in this regard, and a request has been made to the Secretary of the Line Ministry again by letter No.3/1/8/1 dated 27 March 2023.</p>	<p>An officer with experience in planning or effective operations should be recruited.</p> <p>Payments should not be done that are not covered by the circular.</p>
<p>(c) The Agricultural and Agrarian Insurance Act, No. 20 of 1999 Sub-section 7(a)</p>	<p>Although an indemnity of Rs.70,800,200 that was paid in 2017 and 2018 to 8,185 farmers related to the Kethata Aruna Insurance Scheme operate by the Board for the benefit of farmers to compensate them for their losses with the aim of providing stability to farmers and promoting agricultural products had been returned by banks due to mismatch of the account numbers, names of farmers, and identity card numbers,</p>	<p>Agricultural Service Centres and District Offices have been instructed to prepare and send revised documents for farmers who have been rejected payment, and payments have been made for the revised documents that were received. The farmers who did not reclaim the indemnity amount of Rs. 70,800,200 were presented to the Board of Directors for transfer to the Agricultural Insurance Fund due to continued unclaimed by the farmers, and the said amount has been approved for the development of the</p>	<p>A specific programme should be introduced to identify the farmers and should be dealt with accordingly.</p>

the remaining amount has not been settled for 5 years after the concerned farmers have been identified. Agricultural Data Management System. However, since the money was not used for that purpose, it will be presented to the Board of Directors again, and further action will be taken.

2. Financial Review

2.1 Financial Results

The operation result for the year under review had been a surplus of Rs. 2,440,680,754 as compared with the corresponding surplus of Rs. 1,575,875,061 for the preceding year, thus observing an improvement of Rs. 864,805,693 in the financial result. This increase was mainly due to a Rs.937,877,186 decrease in indemnity payments in 2022 compared to 2021.

3 Operating Review

3.1 Operating Inefficiencies

Audit Observation	Comments of the Management	Recommendation
Although an accident insurance premium of Rs.10,777,000 was deducted from the indemnity to be paid to 26,904 farmers for the 2021/22 maha season and accident insurance coverage was to be provided for a year from the date the amount was deducted, 14,779 farmers have not received insurance certificates even after 7 months from the date the insurance premium was deducted.	Arrangements have already been made to provide insurance policies as advised by the board of directors to issue the accident insurance policy mentioned in the 2017 circular during the payment of indemnity for the maha season of 2020/2021.	Insurance certificates should be provided at the time of enrolment for accident insurance coverage.

3.2 Transactions of Contentious Nature

Audit Observation	Comments of the Management	Recommendation
In the year 2021, 15 officers were recruited for the post of Development Officer, and 4 candidates whose names are at positions 3, 5, 7, and 12 in the list prepared in the order of marks obtained in the recruitment interview were not recruited, and 4 candidates who scored less than that had been recruited.	The candidates who obtained high marks in the interview were arranged to report to the service, and the board cannot point out the fact that those candidates did not report to the service.	Candidates should be recruited in the order of the marks obtained in the interview.

3.3 Idle or underutilized Property, Plant and Equipment

Audit Observation	Comments of the Management	Recommendation
The board had recognised that the Embilipitiya district office premises and quarters were in a dilapidated condition and in need of repair since 1998, but it was observed during the physical audit that they had not been repaired.	Since it is many years old, it costs a lot of money to repair. Due to current restrictions on building construction, this situation has arisen. Embilipitiya Divisional Secretariat has been sent to obtain a valuation report for this land, but the valuation report has not been received due to the limited number of technical officers.	The office and official quarters should be repaired and use.