

10 Agrarian Service Committees of Kilinochchi District - 2023

1. Audit Opinion

1.1 The audit of the financial statements of the 10 Agrarian Service Committees of Kilinochchi District for the year ended 31 December 2023 comprising the Statements of Financial Position as at 31 December 2023 and the Statements of Financial Performance, Cash Flows 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 the provisions of the National Audit Act, No.19 of 2018 and the section 58(I) of 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 In the 10 audit reports issued in relation to 10 Agrarian Service Committees in Kilinochchi district, a qualified opinion has been expressed, and the material deficiencies that had been caused to the qualified opinion are shown below.

1.3 Financial Statements

1.3.1 Accounting Deficiencies

Audit Observations	Comments of the Management	Recommendation
(a) The value of non-current assets had been understated due to the value of land and buildings of 06 Agrarian Service Committees was assessed and not disclosing it in the financial statements of the year under review.	Buildings are assessed. It will be corrected in future financial statements. That the value of the land will be fixed after receipt of valuations.	Actions should be taken to estimate the value and show it in the financial statements.
(b) According to the books of the Akkarayankulam Agrarian Service Committee, the balance of non-current assets was Rs.10,180,332, but it was overstated by Rs.551,568 in the statement of financial position as Rs.10,731,900.	That the instructions have been given to the Agricultural Development Officer to ensure that such errors do not occur in the future.	Steps should be taken to prepare financial statements accurately.
(c) The arrears acre tax as at 31 December 2023 of Rs.1,367,780 had not been stated as receivable amount in the financial statements of the 04 Agrarian Service Committees .	That the Agricultural Development Officers have been instructed to make corrections in the financial statements.	- do -
(d) As per Circular No. 107 of the Agricultural Development Commissioner dated 16 October 1981, depreciation had not been done for	That the tractors are depreciated after transfer of ownership.	- do -

tractors in 05 Agrarian Service Committees during the year under review.

- (e) The value of the subsidized fertilizer stock of 45.16 metric tons that was not distributed to the farmers in the year under review of Paranthan Agrarian Service Committee was not shown in the financial statements of Rs.7,873,849. Shown in the stock account. That the adjustments will be made in the financial statements. - do -

1.3.2 Lack of Written Evidence for Audit

Audit Observations	Comments of the Management	Recommendation
The sum of Rs.13,738,372 in the financial status statement of 05 Agrarian Service Committees for the year under review could not be satisfactorily verified in the audit due to lack of sufficient evidence to prove the receivable and payable balances.	That the committees for settlement of receivables and payable balances have been established and further work is being carried out according to the recommendations of the committee.	The relevant evidence should be submitted to the audit.

1.4 Non-compliance to the Laws, Rules and Regulations

Reference to the Laws, Rules and Regulation ect.	Non-compliance	Comments of the Management	Recommendation
(a) Agrarian Development Act No 46 of 2000			
(i) Section 44(1)	Although it was stated that the accounts of each Agrarian Committee should be checked by the Commissioner General of Agricultural Services or an agent authorized by him, the accounts of 10 Agrarian Service Committees had not been checked.	That the steps will be taken to check the accounts of agrarian organizations.	Steps should be taken as per the act.
(ii) Section 52	Agricultural plan had not been prepared for the agricultural development areas of 09 Agrarian Service Committees.	That the separate agricultural plans will be prepared.	-do-

(iii) Section 53	Paddy land registers in 06 Agrarian Service Committees had not been prepared.	That the steps will be taken to prepare the documents.	-do-
(iv) Section 55	The survey of paddy land in the administrative area of 09 Agrarian Service Committees had not been done.	Measurements activities are being carried out.	-do-
(v) Section 56(i)	Acre tax records had not been maintained in 09 Agrarian Service Committees.	That the acreage registers are updated and maintained.	-do-
(b) Financial Regulation of the Democratic Socialist Republic of Sri Lanka 502(2)	Fixed asset registers had not been maintained in 06 Agrarian Service Committees and they had not been physically inspected.	That the arrangements will be made to maintain fixed assets registers in the 06 Agrarian Service Committees.	Steps should be taken as per the Financial Regulations.
(c) Paragraph 9.1 of Part II of State Finance Circular No 01/2020 dated 28 August 2020	02 Agrarian Service Committees had not been taken bail money from the officers engaged in cash, cheques and warehouse work since last 04 years.	That the steps are being taken to recover the bail money.	Actions should be taken as per the circular.

2. Financial Review

2.1 Financial Results

According to the presented financial statements, the operating results of 10 Agrarian Service Committees in the reviewed year was a surplus of Rs.9,056,225 and correspondingly the surplus of the previous year was Rs.21,721,359. Thus a deterioration of Rs.12,665,134 was observed in the financial results.

3. Operating Review

3.1 Operating Deficiencies

Audit Observations	Comments of the Management	Recommendation
The formal action had not been regarding the expired corporate liquid fertilizers of Rs.301,350 from 28 September 2019 of Urutthirapuram Agrarian Service Committee.	That overdue stock is being written off.	A formal investigation should be conducted and appropriate action should be taken against expired liquid fertilizers.

3.2 Idled or Underutilized Property, Plant and Equipment

Audit Observations	Comments of the Management	Recommendation
76 tractors received in 2010 and 2011 by various ministries and programs for 06 Agrarian Service Committees had been parked in the vehicle yard for 13 years without taking any steps to repair them.	That the arrangements are being to repairable tractors to repair and unused tractors to auction.	Arrangements should be made to utilize or dispose of the assets.

4. Accountability and Good Governance

4.1 Annual Action Plan

Audit Observations	Comments of the Management	Recommendation
According to the Agricultural Development Department Circular No. 02/2020 dated 01 January 2020, 10 Agrarian Service Committees had not been prepared an action plan.	That the steps will be taken to prepare the annual action plan.	Circular should be followed.

4.2 Sustainable Development Goals

Audit Observations	Comments of the Management	Recommendation
According to the Sustainable Development Act No. 19 of 2017, the goals to be implemented annually to achieve the sustainable development goals (in the year 2030) and the activities necessary to achieve those goals and the indicators needed to measure its progress had not been identified and implemented.	Actions will be taken to identify and implement activities to achieve sustainable development goals in the coming years.	As per the provisions of the Act, appropriate indicators should be identified and actions should be taken to measure annual progress.

5. Agrarian Banks

Audit Observations	Comments of the Management	Recommendation
Agrarian loans worth Rs.4,388,893 and its interest of Rs.400,744 given to 84 farmers by 05 agrarian committees in the period 2021/2022 had not been recovered till the end of the year under review.	That the steps are being taken through the Agrarian Conciliation Board to recover the loan amount and interest.	Steps should be taken to recover the arrears at regular time periods.