

09 Agrarian Service Committees of Colombo District - 2024

1. Audit Opinion

1.1 The audit of the financial statement of the 09 Agrarian Service Committees of Colombo 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 and notes to the financial statements ,including material accounting policy information was carried out under my direction in pursuance of provisions in Article 154(of the Constitution of the Democratic Socialist Republic of Sri Lanka read in conjunction with provisions of National Audit Act No 19 of 2018 and provisions in article 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 qualified opinions for 07 committees and disclaimer of opinions for 02 committees in the 09 audit reports have been expressed with the relevant of 09 Agrarian Service Committees of Colombo District and the material errors in the qualified opinions and disclaimer of opinions for such reports are mention below.

1.3 Financial Statements

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

Audit Observations	Comments of the Management	Recommendation
(a) All accounting policies followed in the preparation of the financial statements of the Kolonnawa Agrarian Services Committee had not been disclosed in the financial statements, and only a few of the applicable accounting concepts had been revealed.	I will proceed in accordance with the given instructions.	Should disclose all accounting policies based to prepare the financial statements. .
(b) In terms of paragraphs 118 to 125 of Sri Lanka Public Sector Accounting Standard No. 01, four Agrarian Services Committees had not submitted the Statement of Changes in Net Assets/ Changes in Equity together with the financial statements.	I will proceed in accordance with the given instructions.	Financial statements should be prepared and presented in accordance with Sri Lanka Public Sector Accounting Standard No. 01.

1.3.2 Accounting Deficiencies

Audit Observations	Comments of the Management	Recommendation
(a) According to the stock verification report of Homagama Agrarian Services Committee as at 31 December 2024, the total value of various stocks was Rs. 1,346,684 and the value of the same stocks had been stated as Rs. 2,193,118 in the Statement of Financial Position, the year-end stock value had been overstated by Rs. 846,434.	The quantitative stock account balances include stock balances that have long existed but are not physically available, and these have not been written off subject to proper approval.	The correct value of stocks should be mentioned in the financial statements, and the relevant adjustments should be made.
(b) A balance of various stocks amounting to Rs. 1,095,935, which had been expired for several years in 04 Agrarian Services Committees, had been included in the stock balance as at 31 December 2024 without being written off from the books after obtaining proper approval.	Accepted. Approval has not been received so far for the write-offs.	Adjustments should be made subject to proper approval, and the correct stock balance should be reflected in the financial statements.
(c) Although a sum of Rs. 270,000 spent in 2023 by 05 Agrarian Services Committees had been accounted for under software and related equipment, the equipment had not been received by the committees even as at June 2025. Further, a sum of Rs. 108,000 paid by the Homagama and Padukka Committees for accounting software and equipment had been recorded as an expense in 2023 without being debited to an advances account.	Accepted. The relevant corrections will be made.	The necessary adjustments should be made and the accounts should be corrected.
(d) An advance payment of Rs. 2,440,745 paid to the contracting company in October 2024 for the renovation of the Homagama Agrarian Services Committee had been capitalized to the buildings account.	It had been capitalized to the buildings account on the instructions received, considering it as a capital expenditure.	It should be capitalized after the completion of the relevant construction work.

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| (e) | An expense of Rs. 61,000 relating to the preparation of financial statements for the year 2024 of 04 Agrarian Services Committees and 05 Agrarian Banks had not been accounted for as an accrued expense. Further, a sum of Rs. 61,000 paid in 2024 for the preparation of financial statements for the year 2023 of 05 Agrarian Services Committees and 04 Agrarian Banks had been accounted for as an expense of the year 2024. | Accepted.
Action will be taken to make the corrections. | Expenses should be accounted for in the relevant financial year. |
| (f) | The compensation amount of Rs. 3,917,967 received in 2020 in relation to the damage caused to the Homagama Agrarian Services Committee due to the widening of the Godagama–Bope Road had been shown as a current liability. Although 05 years have passed since the receipt of this amount, action had not been taken, subject to proper approval, either to invest the money or to utilize it for the purpose for which the compensation was granted. | Accepted.
Action will be taken to make the corrections. | The compensation amount should be utilized for the purpose for which it was granted or be invested in a productive investment subject to proper approval. |
| (g) | Deposit withdrawal amounting to Rs. 65,896 of the Kotte Agrarian Bank for the year under review had been shown as an expense in the Statement of Financial Performance, while interest payments on deposits amounting to Rs. 74,363 had not been recognized as an expense. | Accepted.
Action will be taken to make the corrections | Expenses should be correctly identified and accounted for, and the relevant corrections should be adjusted in the accounts. |
| (h) | Although an extent of 1 acre and 33 perches of land maintained by the Kesbewa Agrarian Services Committee had been vested by the Kesbewa Divisional Secretary on 12 February 2024, the value of the relevant land had not been assessed and brought to account. | Action will be taken to assess the value of the land and bring it to account in the future. | The value of the land should be assessed and brought to account in accordance with the instructions of the Department of Agrarian Development. |
| (i) | According to the financial statements of the Padukka and Homagama Agrarian Banks, the accumulated fund balances as at 31 December 2024 were Rs. 3,536,976 and Rs. 1,498,596 respectively. | Accepted.
Accumulated fund accounts will be properly maintained from the ensuing year. | Accounts should be maintained in respect of all transactions. |

However, accumulated fund accounts had not been maintained in the general ledger.

1.3.3 Reconciled Control Accounts or Records

Audit Observations	Comments of the Management	Recommendation
(a) In four Agrarian Services Committees, there was an unreconciled difference amounting to Rs. 672,498 in the total balances relating to seven account items between the financial statements and the corresponding reports.	Accepted. Action will be taken to make the corrections	Proper reconciliations should be carried out and the accounts or corresponding reports should be
(b) In relation to 7 account subjects of 5 Agrarian Banks, there was an unreconciled difference of Rs. 640,095 between the balances as per the financial statements and the corresponding reports.	Accepted. Action will be taken to make the corrections	- do -
(c) In Kahathuduwa and Kosgama Agrarian Banks, unreconciled differences of Rs. 4,508,170 and Rs. 294,064 respectively were observed between the progress summary submitted along with the financial statements and the balances of loans receivable and interest receivable.	Accepted.	- do -

1.3.4 Unauthorized Transactions

Audit Observations	Comments of the Management	Recommendation
During the year under review, 226 journal entries in 5 Agrarian Service Committees and 44 journal entries in 3 Agrarian Banks had been prepared and accounted through journal vouchers without obtaining prior approval. Further, in Homagama Agrarian Bank, transactions that should have been recorded in the general journal had been recorded in the accounts without making journal entries.	Accepted. Action will be taken to rectify this from the ensuing year onwards.	Journal vouchers should be prepared with supporting documents and journal entries should be recorded only after obtaining the required approval. Action should be taken against the parties who fail to comply.

1.3.5 Suspense Accounts

Audit Observations	Comments of the Management	Recommendation
In the suspense account of Malambe Agrarian Service Committee, a credit balance of Rs. 145,543 existing for 33 years, a debit balance of Rs. 222,621 existing for 13 years, and a credit balance of Rs. 115,297 existing for 13 years had not been cleared even by the end of the year under review. Further, in Kosgama Agrarian Service Committee, a debit balance of Rs. 254,065 in the suspense account, which had been existing for 10 years, had been transferred to the Accumulated Fund during the year under review without the approval of the Agrarian Development District Office	Action will be taken to investigate and clear these balances in due course.	The reasons relating to the balances in suspense accounts should be identified promptly and action should be taken to rectify the accounts. Further, formal approval should be obtained for adjustments made without authorization

1.3.6 Documentary Evidence not made available for audit

Audit Observations	Comments of the Management	Recommendation
(a) As at 31 December 2024, although non-financial assets amounting to Rs. 35,577,781 were reported in 9 Agrarian Service Committees, fixed asset registers had not been submitted for audit to confirm those balances.	Action will be taken to submit the relevant detailed documents when preparing future accounting reports.	Relevant evidence should be submitted to confirm the balances of non-financial assets.
(b) As at 31 December 2024, although creditor balances amounting to Rs. 4,897,832 existed in 6 Agrarian Service Committees, balance confirmations had not been submitted	It is stated that action will be taken to submit the relevant detailed documents when preparing future financial reports.	Relevant written evidence should be submitted to confirm the creditor balances.
(c) Sufficient written evidence had not been submitted for audit to verify the accuracy of the long-term loan balance of Rs. 1,426,169 of the Kosgama Agrarian Service Committee.	This balance will be examined and reported on in due course.	The written evidence requested by audit should be submitted to confirm the long-term loan

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| (d) | Sufficient written evidence had not been submitted for audit to verify the accuracy of various deposit balances amounting to Rs. 53,063,960 in 8 Agrarian Banks. | It is stated that action will be taken to submit the relevant detailed documents when preparing future financial reports. | Balance confirmation letters or formal written evidence should be submitted to verify the accuracy of various deposit balances. |
| (e) | Although the four-wheel tractor had been handed over by the Malambe Agrarian Service Committee to the Padukka Agrarian Service Committee in 2017, no written evidence relating to the receipt of the tractor had been submitted for audit by the Padukka Agrarian Service Committee. Further, the value of the tractor had not been disclosed in the financial statements. | No answers had been submitted. | Action should be taken to submit the documents relating to the transfer of the tractor and to include the value of the tractor in the financial statements. |

1.4 Non-compliance with Laws, Rules, Regulations and Management decisions etc.

Reference to Laws, Rules Regulations etc.	Non-compliance	Comments of the Management	Recommendation	
(a)	Section 53(4)(a) of the Agrarian Development Act, No. 46 of 2000.	The land registers of 08 Agrarian Service Committees had not been inspected and certified once every three years by the Commissioner General.	It was stated that action will be taken to have the land registers certified in future.	Action should be taken to inspect and certify the land registers in accordance with the Agrarian Development Act, and steps should be taken against the parties who fail to comply
(b)	Financial Regulations of Democratic Socialist Republic of Sri Lanka			
(i)	F.R. 134 (3)	The audit reports of the internal audit examinations carried out in 09 Agrarian Service Committees in the Colombo District had not	It was stated that, in future, the internal audit examination reports of the Agrarian Services will be forwarded to the Auditor General.	Action should be taken to submit copies of the internal audit examination reports to the

(ii) F.R.188 (2)	Action had not been taken in accordance with the Financial Regulations regarding 05 cheques, totaling Rs. 64,915, which had been deposited but not realized and had exceeded a period ranging from 3 to 14 years, relating to the Homagama Agrarian Service Committee and the Padukka Agrarian Bank.	Accepted	Action should be taken in accordance with the Financial Regulations regarding cheques that had been deposited but not realized, and appropriate action should be taken against the officers who failed to act accordingly.
(iii) F.R396	Action had not been taken in accordance with the Financial Regulations with regard to 07 cheques, totaling Rs. 78,139, issued by the Kosgama and Homagama Agrarian Service Committees, which had remained unrepresented for payment for periods ranging from 2 years to 10 years.	Accepted.	Action should be taken in accordance with the Financial Regulations and the matter should be settled.
(iv) F.R. 757 (2) (a)	Although a copy of the annual board of survey report should be submitted to the Auditor General, the annual board of survey reports of 09 Agrarian Service Committees relating to the year under review had not been submitted to the Auditor General.	In future, the inventory survey reports will be submitted to the Auditor General.	In accordance with the Financial Regulations, action should be taken to submit the annual board of survey reports to the Auditor General.

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| (c) | Paragraph 5.6(1) of the Circular No. 4/2012 dated 29 February 2012 issued by the Commissioner General of Agrarian Development. | Although all accounts relating to the Agrarian Bank should be incorporated into the annual final accounts of the Agrarian Service Committee and consolidated financial statements should be prepared accordingly, 09 Agrarian Service Committees had not taken such action. | Accepted | Action should be taken in accordance with the instructions given in Paragraph 5.6(1) of the Circular. |
| (d) | Paragraph 4 of the Circular No. 8/2020 dated 25 June 2020 issued by the Commissioner General of Agrarian Development. | In eight Agrarian Service Committees in the Colombo District, the officers responsible for the custody of goods and funds, who are authorized to sign cheques, had not deposited the required security deposits as | Action will be taken in future to deposit the required security deposits. | Action should be taken to deposit the required security deposits in accordance with the circular, and action should be taken against the officers who failed |

2. Financial Review

2.1 Financial Result

According to the financial statements submitted, in 2024, 08 Agrarian Service Committees had a total surplus of Rs. 5,810,977, and Kolonnawa Agrarian Service Committee had a deficit of Rs. 84,363. In 2023, 07 Agrarian Service Committees had a total surplus of Rs. 5,809,295, and the combined deficit of Kahathuduwa and Kolonnawa Agrarian Service Committees was Rs. 784,397. According to the financial results of the year under review, 09 Agrarian Banks had recorded a total surplus of Rs. 5,672,325, in the previous year, the total surplus of the same 09 Agrarian Banks was Rs. 4,546,692.

2.2 Analysis of Financial Result

- (a) The total operating results of seven Agrarian Service Committees for the year under review showed a surplus of Rs. 5,600,723 and the corresponding total surplus of those same 07 committees in the previous year was Rs. 5,809,295, a deterioration in financial results of Rs. 208,572 was observed. The main reasons for this deterioration were the donations made by the Kesbewa Agrarian Service Committee to the District Office and the decrease in income from applications for using paddy lands for other purposes.
- (b) The operating result of Kahathuduwa Agrarian Service Committee for the year under review was a surplus of Rs. 210,254, and the previous year had a deficit of Rs. 217,913. Accordingly, an improvement in the financial result of Rs. 428,167 was observed. The main reasons for this improvement were the increase in income from applications for using paddy lands for other purposes and the increase in room rental income.

- (c) The operating result of Kolonnawa Agrarian Service Committee for the year under review was a deficit of Rs. 84,363 and correspondingly the deficit in the previous year was Rs. 566,484, and an improvement in the financial result was Rs. 482,121. The main reasons for this improvement were the increase in income from applications for using paddy lands for other purposes and the increase in room rental income.
- (e) The total operating results of the 09 Agrarian Banks for the year under review was a surplus of Rs. 5,672,325 and correspondingly the total surplus of those banks in the previous year was Rs. 4,546,692, an increase in financial results of Rs. 1,125,633. The main reason for this increase was the rise in interest income from bank loans.
- (f) The primary function of Agrarian Service Committees is the sale of agricultural items including fertilizer, agro-chemicals, seeds and plants, and agricultural equipment. In relation to the year under review, the total sales income of these 09 Agrarian Service Committees was Rs. 29,056,551, and the total sales income of the same 09 Committees in the previous year was Rs. 29,300,673. Accordingly, the total sales income for the year under review had decreased by Rs. 244,122 compared to the previous year.

3. Operational Review

3.1 Management Inefficiencies

Audit Observations	Comments of the Management	Recommendation
<p>(a) In relation to the 11 sales outlets belonging to the Kesbewa Agrarian Service Committee, the lease periods under the relevant lease agreements had expired in 2020 and 2021. Although a decision had been taken in February 2021 to increase the rent of all sales outlets, the tenants had not agreed with the rental payments and no rental payments had been made from March 2021 due to their non-agreement with the revised rental rates. As at 31 December 2024, the total receivable rental income amounted to Rs. 2,210,765, out of which Rs. 295,714 related to rental income receivable for the year under review. According to the recommendations made following an investigation conducted in relation to leasing out these sales outlets, it had been recommended that all existing outlets should be leased to farmers' organizations and business parties through an open competitive procurement process at higher rental rates. As at June 2025 although nearly two years had elapsed since receiving the report, the relevant recommendations had not been implemented.</p>	<p>Action will be taken in future to inform the shop owners and recover the outstanding amounts, and to repair these sales outlets and lease them to purchasers under an open procurement process.</p>	<p>Action should be taken to recover the outstanding amounts and to increase the income of the Committee by following competitive procurement in accordance with the recommendations given. Further, action should be taken against the parties who failed to act accordingly.</p>

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| (b) | The land belonging to the Kahathuduwa Agrarian Service Committee, which had been temporarily provided for a police station during the period of terrorist disturbances in 1989, had not been able to be taken back even at the end of the year under review. Further, the lands on which 06 Agrarian Service Committees had been established had also not been able to be legally vested with the respective Committees even by the end of the year under review. | Requests have been submitted, but the lands have not yet been transferred. | Action should be taken to vest the ownership of the lands belonging to the Committees in accordance with the instructions of the Department of Agrarian Development. |
| (c) | Action had not been taken to utilize the 82-perch land named “Dambora”, which had been vested with Padukka Agrarian Service Committee for the “Govi Sevana” programme, for a productive economic activity. | The land is being maintained by the Dambora Farmers’ Organization, and a service building has been constructed. | Action should be taken to utilize the land properly for a productive economic activity. |

3.2 Operational Inefficiencies

Audit Observations	Comments of the Management	Recommendation
(a) In relation to the 09 Agrarian Service Committees, although the extent of paddy lands suitable for cultivation during the 2024 Maha season was 12,888 acres, only 7,873 acres had been cultivated. Accordingly, 5,015 acres of cultivable paddy lands had not been utilized.	Reluctance to engage in cultivation due to labour shortages, flood impacts, and the absence of farmers engaged in full-time farming.	Necessary plans should be prepared and implemented to utilize the extent of paddy lands suitable for paddy cultivation for paddy cultivation purposes.
(b) As at the end of the year under review, action had not been taken to recover a total receivable balance of Rs. 4,572,104 outstanding for several years in respect of eight Agrarian Service Committees, and to settle a total payable balance of Rs. 5,753,615 relating to seven Agrarian Service Committees.	It is stated that action will be taken to settle the balances after receiving instructions from the Commissioner General of Agrarian Development.	Action should be taken against the parties who failed to recover receivable balances on time. Further, action should be taken to settle receivable account balances or to write them off with proper approval, and to settle payable account balances or, with proper approval, to adjust them to the accumulated fund.

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| (c) | According to the financial statements, although an amount of Rs. 5,004,272 had been received as 60% income in relation to 2,313 perches during the years 2023 and 2024 for granting approval to use paddy lands for other purposes by four Agrarian Service Committees, the relevant adjustments had not been made in the land register in respect of those extents of paddy lands. | Replies had not been submitted by the Malabe, Kotte, and Padukka Agrarian Service Committees. | Action should be taken to update the records, and appropriate action should be taken against the parties who failed to do so. |
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3.3 Transactions of Contentious Nature

Audit Observations	Comments of the Management	Recommendation
(a) The case filed by the Malabe Agrarian Service Committee regarding the one-acre paddy field known as “Diyaparagaha” had been concluded on 04 April 2022 under a permanent injunction. Thereafter, on 22 November 2023, the Agrarian Development Regional Officer had submitted the case documents to the Colombo District Office for refiling the case. However, even by June 2025, although more than 15 months had elapsed since forwarding the required documents for refiling, action had not been taken to institute the case again.	Answers had not been submitted	Prompt and formal action should be taken in respect of non-compliance with the Agrarian Development Act, and necessary action should also be taken against the parties responsible for delaying the relevant process.

- (b) In relation to the unauthorized filling of the “Higgaha” paddy land extend of 02 roods under the Malabe Agrarian Service Committee, legal action had been filed and an injunction order had been made . In response, the respondent party had filed a case in the Court of Appeal and, after the interim injunction granted was revoked, the case had been re-filed. When the case was taken up, the respondent party had requested to settle the case, and accordingly, the District Agrarian Development Assistant Commissioner had agreed in December 2023 to settle the case by recovering Rs. 20,000 per perch of the relevant paddy land from the respondent to the Committee. Accordingly, the respondent had paid Rs. 1,600,000 in 2023 for 80 perches to obtain land (filling) certificates. Further, at the request of the respondent, the Agrarian Development Commissioner had granted approval to obtain land (filling) certificates by paying Rs. 404,000 for the remaining 20.2 perches of the land. However, in terms of the letter No. 04/08/9 dated 13 May 2005 issued by the Ministry of Agriculture, Livestock, Lands and Irrigation to the Commissioner General of Agrarian Development, which specifies the procedure to be followed by an applicant seeking approval to use paddy lands for other purposes, relevant information was not submitted for audit to confirm whether approval had been granted to use the said Higgaha paddy land for other purposes in accordance with the prescribed procedure. Further, although approval should not be granted for paddy lands located in the middle of a paddy field.
- Answers had not been submitted. Necessary action should be taken to ensure that, in cases initiated due to actions not in compliance with the Agrarian Development Act, the subsequent practice of obtaining compensation without proceeding with the legal action by the District Agrarian Development Assistant Commissioner does not become an improper precedent. Further, action should be taken regarding granting approval to use paddy lands for other purposes in accordance with the instructions issued by the Ministry of Agriculture, Livestock, Lands and Irrigation, and disciplinary action should be taken against the officers responsible for violating those instructions.

3.4 Financial Management

Audit Observations	Comments of the Management	Recommendation
(a) Two current bank accounts maintained by the Homagama Agrarian Service Committee remained inactive, and as at 31 December 2024, a balance of Rs. 74,860 remained in those accounts.	.Accepted	If there is no further requirement to maintain the inactive bank accounts, action should be taken to close those accounts under proper approval.

3.5 Identified Defects

Audit Observations	Comments of the Management	Recommendation
(a) Out of the financial frauds amounting to Rs. 1,048,405 identified through internal audit reports in the Kosgama and Kotte Agrarian Banks, a sum of Rs. 300,000 relating to the Kosgama Agrarian Bank had been recovered by July 2025. Although more than 08 to 20 years had elapsed since these financial frauds were revealed, action had not been taken against the officers in accordance with Financial Regulation 104 and the provisions of Section 29.4 of Chapter XLVIII of Category XI of the Establishments Code of the Democratic Socialist Republic of Sri Lanka.	Accepted. Instructions will be sought from the Agrarian Development Assistant Commissioner for the relevant adjustments, and the adjustments will be made after receiving those instructions.	Action should be taken against the parties responsible for financial fraud in accordance with the Establishments Code and the Financial Regulations.
(b) Out of the stock shortage amounting to Rs. 764,838 revealed through the internal audit reports of the Kotte Agrarian Service Committee for the years 2008 and 2014, a sum of Rs. 683,215 had not been recovered from the responsible parties.	Since the responsible parties have not been identified, instructions have been sought regarding further action.	Action should be taken against the parties responsible for financial fraud in accordance with the Establishments Code and the Financial Regulations.
(c) In 2024, approval had been granted by the District Agrarian Development Assistant Commissioner for stock write-offs amounting to Rs. 224,363 at the Malabe Agrarian Service Committee, without indicating the stock quantities and the related values. According to the detailed report submitted for audit regarding the said stock write-offs, it had been stated that stocks valued at Rs. 213,174 had been	The 2024 Committee had written off the stocks after examining the 2012 stock registers and reviewing the expired stocks that existed prior to 2012, as well as the stocks that had deteriorated during	When writing off stocks, action should be taken to clearly identify the exact stock quantities and values in accordance with proper procedures. Action should also be taken against the parties who acted improperly.

write off. The value of stocks write off in the financial statements was Rs. 224,363, resulting in a difference of Rs. 11,189. Further, within the said stock write-offs, 1,575 damaged seed packets valued at Rs. 42,525 had been indicated as stocks purchased prior to the year 2012. However, audit revealed that those stocks had not been purchased prior to 2012.

the period from 2012 to 2023.

3.6 Assets Management

3.6.1 Idle or underutilized Property

Audit Observations	Comments of the Management	Recommendation
(a) 12 tractors and 04 trailers belonging to five Agrarian Service Committees remained idle without being used.	Accepted. In future, if repairs can be carried out, action will be taken to utilize them effectively.	If the assets can be repaired, action should be taken to put them back into use; if they are in a condition that makes them unusable, disposal should be carried out under proper approval.
(b) At the store of the Padukka Agrarian Service Committee, there were stocks of 2,465 kg of Urea fertilizer, 5,789 kg of M.O.P fertilizer, and 800 kg of E.R.P fertilizer received as subsidies during the years 2020 and 2023. However, the stock of E.R.P fertilizer had not been recorded in the books.	No reply has been submitted.	All stocks should be recorded in the stock registers, and proper action should be taken regarding the stocks before their expiry.
(c) An amount total of Rs. 1,767,085 had been paid in 2023 by 09 Agrarian Banks to the District Office for the purchase of computer equipment. Although these computers, printers, and related equipment had been received by the Committees in 2024, the equipment remained idle as at the end of the year under review due to the failure to introduce the required computer software programme to operate them.	In future, action will be taken in accordance with the instructions of the Department.	Action should be taken to resolve the existing issues in introducing this programme and to ensure the effective utilization of the relevant assets.

3.7 Human Resource Management

Audit Observations	Comments of the Management	Recommendation
(a) As at 31 December 2024, the approved cadre relevant to the District Office and 09 Agrarian Service Committees was 433, while the actual cadre was 365, resulting in 77 vacancies and 09 excess positions. Out of these, there were 312 Agricultural Research and Production Divisions under the 09 Agrarian Service Committees, and there were 53 vacancies in the posts of Agricultural Research and Production Assistants. Further, within the same 09 Agrarian Service Committees, there was one vacancy each for the posts of Agrarian Bank Officer and Farmer Bank Assistant.	No reply has been submitted.	A staff review should be carried out and action should be taken to fill only the essential vacancies.
(b) Although there were 38 Agricultural Research and Production Divisions relevant to the 02 Agrarian Service Committees of Kotte and Kolonnawa, only about 09 divisions consisted of paddy lands suitable for cultivation under those two Agrarian Service Committees. Further, according to the Extraordinary Gazette No. 2359/32 dated 23 November 2023, although the 21 Agricultural Research and Production Divisions previously belonging to the Kotte Agrarian Service Committee had been revised to 05 divisions, 15 Agricultural Research and Production Assistants had been attached and deployed in service in relation to those 05 divisions.	The officers implement projects related to home gardening and the “Sithamu” women’s programme. It is stated that a suitable programme will be prepared to attach the remaining officers to other Agrarian Service Committees.	The required number of Agricultural Research and Production Assistants should be determined and assigned based on the extent of active paddy lands and other cultivation activities within each division.

4. Agrarian Banks

Audit Observations	Comments of the Management	Recommendation
(a) A sum of Rs. 927,889, including various loans and the related interest granted to 34 borrowers of 04r Agrarian Banks, had remained receivable for a period ranging from 2 to 23 years; however, action had not been taken to recover these amounts.	It is noted that, at present, many of the outstanding loan balances are under hearing before the Agrarian Tribunal.	Action should be taken against the officers who failed to recover the loans on time, and prompt measures should be taken to recover the outstanding loan amounts.