13 Agrarian Services Committees in Mannar District - 2024
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1. Audit Opinion

1.1 The audit of the financial statements of the 13 Agrarian Service Committees in Mannar District for the year ended 31 December 2024 comprising the statements of financial position as at 31 December 2024 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 Audit reports had been issued in relation to 13 Agrarian Service Committees in the Mannar district in 2024 and qualified audit opinion had been expressed on those reports. The following are the material deficiencies that caused to unqualified opinion.

1.3 Financial Statements

1.3.1 Accounting Deficiencies

	Audit observation	Comments of the Management	Recommendation
(a)	The total surplus of 11 Agrarian Service Committees had been overstated by Rs. 2,624,621.	Steps are being taken to follow the necessary accounting procedures to prevent such accounting errors from occurring in the future, and to correct the financial shortfall that has occurred.	The income and expenses of the Agrarian Service Committees should be accurately identified and accounted for within the prescribed period, and relevant adjustments should be made.
(b)	The total surplus of 10 Agrarian Service Committees had been understated by Rs.612,817.	I would like to inform you that adjustments will be made to the financial statements for the coming year.	- do -
(c)	The value of the surplus and current assets for the year had been understated by the amount due to the understatement of the closing stock which was Rs. 503,302 of 06 Agrarian Service Committees.	I would like to inform you that the relevant value will be adjusted from the accumulated fund.	The correct closing stock, as physically counted, should be shown in the financial statements, and relevant adjustments should be made.

(d)	Due to the overstatement of the closing stock of 04 Agrarian Service Committees, which was Rs.3,365,958, the surplus and current assets for the year had been overstated by that amount.	I would like to inform you that we will adjust the relevant value in future financial statements.	- do -
(e)	The value of non-current assets had been understated by Rs. 1,263,444 due to the fact that the value of lands, buildings, properties and machinery belonging to 03 Agrarian Service Committees was not stated in the financial statements.	I would like to inform you that the relevant value will be shown as an asset in the statement of financial position and adjustments will be made to the accumulated fund.	The correct value of assets should be disclosed in the financial statements.
(f)	Current liabilities had been understated due to the total balances payable by 05 Agrarian Service Committees, which amounted to Rs. 3,120,232, were not shown under current liabilities.	I kindly inform you that it will be corrected in the next financial year.	All payable balances should be properly accounted for as liabilities.
(g)	The current liabilities had been overstated by the amount due from 02 Agrarian Service Committees, totaling Rs. 2,663,451, which was overstated under current liabilities.	I kindly inform you that it will be corrected in the next financial year.	Steps should be taken to properly account for the responsibilities assigned to the Agrarian Service Committees, and a formal inspection should be conducted and relevant corrections should be made.
(h)	The revenue surplus for the year under review had been overstated by that amount due to the fact that the amount of Rs. 2,338,024 received as reimbursement for fertilizer handling expenses in the year 2023 by 10 Agrarian Service Committees was accounted for as income in the year 2024.	Since the cost of handling fertilizer is receiving more or less than the relevant amount each year, it is not possible to decide the exact amount received, so it is usually recorded as income when received. However, I kindly inform you that we will take steps to correct this in the future.	The fertilizer handling costs and the amount reimbursed should be identified for the relevant year and adjustments should be made.

(i)	The amount of Rs. 432,420 due to irregular transactions in the distribution of fertilizer from the years 2018/2019 to 2022/2023 of the Periya Pollachchi Agrarian Services Committee had not been accounted for as at 31.12.2024. Current assets and current liabilities had been understated by that amount.	A verbal notice was given to recover only the amount that had not been accounted for. Accordingly, the amount due of Rs. 211,146 being recovered since December 2024.	The relevant amount should be properly accounted for and steps should be taken to recover it from the relevant party.
(j)	The value of non-current assets had been understated as the television set (SGL 65’ FRANELESS UDH TV) received to the Alkattiweli Agrarian Services Committee from the Food and Agriculture Organization as donation in the year under review was not included in the financial statements as fixed assets.	Steps will be taken to reflect these assets in the accounts next year.	Action should be taken to indicate the value of assets in the financial statements.

1.3.2 Lack of Written Evidence for Audit

	Audit observation	Comments of the Management	Recommendation
(a)	According to the statement of financial position of the Attakattiveli Agrarian Services Committee, the aggregate value of 03 receivables as of 31 December 2024, amounting to Rs. 837,612, could not be verified during the audit due to the lack of details of the relevant receivable parties.	These are balances due from the year 2011. Since the lists, names and addresses required to recover this amount are not available, it has not been possible to recover it.	A formal examination of the relevant balances should be carried out, and the individual balances details related to the receivables included in the financial statements should be presented as notes.
(b)	According to the statement of financial position of the Murungan Agrarian Services Committee, the advance receivable amount of Rs. 730,440, which was shown as receivable as of 31 December 2024, could not be confirmed during the audit as there are no relevant details.	I hereby inform you that steps will be taken to recover the amount due.	A formal investigation should be made regarding the relevant balances and steps should be taken to confirm the balances included in the financial statements.
(c)	Although the total value of the receivables and payables of 06 Agrarian Service Committees are	These are balances relating to the previous period, and details	A formal investigation should be made on the relevant balances and individual

	Rs.6,642,075, it has not been possible to confirm it as the necessary evidence to substantiate it has not been submitted to the audit.	regarding them have not been obtained.	balances and their confirmation relating to receivable balances should be obtained from the relevant parties and individual balances relating to payable balances should be presented with the financial statements.

1.4 Non-compliance

1.4.1 Non-compliance to Laws, Rules, Regulations and Management Decisions, etc.

	Reference to Laws, Rules, Regulations and Management Decisions etc.	Non-compliance	Comments of the Management	Recommendation
(a)	Agrarian Development Act No. 46 of 2020 Section 45(1)	The records of the paddy land of 13 Agrarian Service Committees had not been certified by the Commissioner of Agricultural Services.	In order to efficiently maintain paddy land records, a Digital Paddy Land Register is currently being developed and maintained and it is in the final stages. I inform you that the Commissioner of Agrarian Services will be certified it upon completion.	Action should be taken in accordance with the provisions of the Act, and action should be taken against parties who do not comply.
(b)	Circular od Ministry of Public Administration and Home Affairs no.30/2016 dated 29 December 2016	The fuel combustion test of the vehicles used by the 13 Agrarian Service Committees had not been conducted for more than 10 years.	Since we do not have ownership of related vehicles, we were unable to conduct vehicle fuel combustion tests.	Action should be taken in accordance with the provisions of the circular and action should be taken against parties who do not comply.

2. Financial Review

2.1 Financial Results

The total operating results of the 13 Agrarian Service Committees in the Mannar District for the year under review were a surplus of Rs. 9,651,969, accordingly that, there was a surplus of Rs. 24,321,963 in the previous year in those 13 committees. Accordingly, a decrease of Rs.14,669,994 was observed in the surplus of the financial results for the year under review.

2.2 Receivable Amount

	Audit observation	Comments of the Management	Recommendation
(a)	Action had not been taken to recover the amount of Rs. 8,351,117 due from 56 debtors included in the financial statements of 09 Agrarian Service Committees as of 31 December 2024 for the past 02 to 14 years.	Action will be taken to collect it next year.	Action should be taken against parties who have not collected on time and the relevant amount should be recovered promptly.

2.3 Payable Amount

	Audit observation	Comments of the Management	Recommendation
(a)	The amount of Rs. 2,812,398 due to 06 creditors included in the financial statements of 04 Agrarian Service Committees as of 31 December 2024 had not been paid for the past 04 to 15 years.	Payment will be made in next year.	A formal investigation should be conducted and action should be taken to pay relevant outstanding balances promptly.

2. Operating Review

3.1 Management Inefficiencies

	Audit observation	Comments of the Management	Recommendation
(a)	The stock worth Rs. 99,508, which was stated as insecticides stocks in the financial statement of the Illuppeikadavai Agrarian Services Committee, had expired for more than 10 years and therefore no steps had been taken to write it off from the books.	Letters have been sent to the Commissioner General seeking permission to cut insecticides stocks.	Necessary steps should be taken to write off from the books promptly under formal approval.

(b)	Although the value of the fertilizer stock as of 31 December 2024, according to the financial statements of the Uilankulam Agrarian Services Committee, was stated as Rs. 919,893, a stock count had not been carried out on that date to confirm it.	The stock report will be prepared from this year.	Stocks should be physically counted as of December 31 of the year under review and their value should be reflected in the financial statements, and action should be taken against parties who have not done so.
(c)	While the Nanattan Agrarian Services Committee had sufficient stocks of fertilizer, it had purchased 300 bales of fertilizer in the year 2023, but only 06 bales of fertilizer had been sold by the end of the year under review. Accordingly, 337 bales of fertilizer worth Rs. 1,129,035 had expired.	I would like to inform you that we will be cut off from the final accounts 2025 and adjusted.	Good stock control should be maintained, and formal investigations should be conducted regarding purchases of stocks exceeding the required quantity and action should be taken against the relevant parties.
(d)	The outstanding amount of Rs. 650,904, which was due for the solar power kits provided to four beneficiaries selected by the Mannarthivu Agrarian Services Committee in the year 2010 under the program to establish a solar water technology organization in the Sustainable Agriculture Water Project had not been recovered and this amount had not been included in the financial statements.	Solar power was acquired by obtaining advances in 2010. These amounts were not included in the financial statements due to lack of advice regarding charges.	Necessary steps should be taken to recover the benefits provided to the repayment basis as per the agreement, and formal action should be taken against the party that has not done so.

3.2 Idled or Under Utilized Property, Plant and Equipment

	Audit observation	Comments of the Management	Recommendation
(a)	Although 91 tractors belonging to 13 Agrarian Service Committees had not been used for more than 10 years, no steps had been taken to repair and utilize or dispose of them.	In the future, efforts will be made to repair and reuse or dispose of it.	Necessary steps should be taken to repair and utilize it or to dispose of it properly.
(b)	The value of the photocopy machine provided by the Department of Agrarian Development to the Marichchukkatti Agrarian Services Committee in 2021	Action will be taken to account for it next year, and the machine will also be repaired.	It should be repaired and put to use.

had not been accounted for, and the machine had been inoperative for more than 03 years.

4. Accountability and Good Governance

4.1 Internal Audit

	Audit observation	Comments of the Management	Recommendation
(a)	Although an internal audit should be conducted on the activities of 13 Agrarian Service Committees, the Department of Agrarian Development had not acted accordingly.	I will inform the Commissioner of Agrarian Development.	An internal audit should be conducted in accordance with financial regulations.

5. Agrarian Banks

	Audit observation	Comments of the Management	Recommendation
(a)	Although the loans issued by 08 Agrarian Services Committees should be recovered within 06 months as per the Agrarian Bank Circular dated 04/2012 of the Commissioner General of Agrarian Services, necessary steps had not been taken to recover the loan amount of Rs. 2,073,021 due from 87 beneficiaries for a period of more than 13 years.	Rs. 1,113,883 has been recovered from the relevant amount. Steps have been taken to recover the remaining Rs. 959,138.	Action should be taken against parties who have not collected their loans on time, and efforts should be made to recover outstanding amounts promptly.