

45 Agrarian Services Committees in the Kandy District - 2024

1. Audit Opinion

1.1 The audit of the financial statements of the 45 Agrarian Services Committees in the Kandy 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 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 Agrarian Development Act, No.46 of 2000. My comments and observations which I consider should be reported to Parliament appear in this report.

1.2 The audit reports for 45 Agrarian Service Committees in the Kandy District had been issued, a qualified opinion for the 45 committees had been expressed. The material deficiencies that contributed to these opinions are listed below.

1.3 Financial Statements

1.3.1 Non-compliance with accounting policies, including Sri Lanka Public Sector Accounting Standards

| Audit Observation | Comment of the Management | Recommendations |
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| (a) Although machinery and buildings should have been depreciated on the basis of their purchasing cost in accordance with the depreciation policy stipulated in Section 30(4) of the Circular No. 107 dated 16 October 1981 issued by the Commissioner of Agrarian Services, 22 Agrarian Services Committees had applied depreciation using the diminishing balance method. | Action will be taken in accordance with the circular when preparing the financial statements for the year 2025. | Action should be taken in accordance with the depreciation policy specified in the circular |
| (b) In terms of Paragraph 86(a) of Sri Lanka Public Sector Accounting Standard No. 07, the depreciation policy should be disclosed. However, 09 Committees had not disclosed the depreciation policy. | Action will be taken in accordance with the relevant standards when preparing the financial statements for the year 2025. | Fixed asset depreciation policies should be disclosed in accordance with the standard |
| (c) In terms of Paragraph 69 of Sri Lanka Public Sector Accounting Standard No. 07, depreciation of an asset begins only after the asset is brought to a condition | The relevant adjustments will be made and action will be taken in accordance with the standards when | Fixed assets should be depreciated in accordance with the standard. |

- necessary for it to be capable of using as intended. However, 08 Agrarian Services Committees had depreciated assets valued at Rs.526,240, which had not yet been put into use, by Rs.76,382 during the year under review.
- preparing the financial statements for the year 2025.
- (d) In accordance with Paragraph 15 of Sri Lanka Public Sector Accounting Standard No. 09, inventories should be measured either at the cost or the net realizable value, whichever is less. Nevertheless, 04 Committees had valued inventories based solely on cost without considering the net realizable value.
- Action will be taken in accordance with the guidance of the standards in the future.
- Inventories should be measured in accordance with the accounting standard.
- (e) In terms of Circular No. 107 (Amendment 05), as amended by Circular No. 15/2016 dated 19 February 2017, Agrarian Services Committees are required to prepare and submit financial statements in accordance with Sri Lanka Public Sector Accounting Standards. However, 09 Agrarian Services Committees had prepared and submitted their accounts in accordance with Sri Lanka Accounting Standards.
- Sri Lanka Public Sector Accounting Standards (SLPSAS) will be followed in the preparation of financial statements for future years.
- Financial statements must comply with Sri Lanka Public Sector Accounting Standards
- (f) Further, although paragraphs 48 and 49 of Public Sector Accounting Standard No. 01 stipulate that assets and liabilities, as well as income and expenses, should not be offset unless permitted, the Alawathugoda Agrarian Services Committee had offset centre maintenance expenses against contract income received during the year under review and recognized only Rs.81,071 as income.
- This offsetting has been carried out with the approval of the Committee.
- Actions should be taken in accordance with the provisions of the standard.
- (g) In accordance with Paragraph 21(f) of Sri Lanka Public Sector Accounting Standard No. 01, accounting policies should be disclosed together with the financial statements. However, the Agrarian Banks of 36 Agrarian Services Committees had not complied with this requirement.
- The financial statements have been presented in accordance with the Agrarian Services Department Circular instructions and the provided format. .
- Public Sector Accounting Standards should be followed

1.3.2 Accounting Deficiencies

| Audit Observation | Comment of the Management | Recommendations |
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| (a) As at the end of the year under review, 04 Agrarian Services Committees had not brought to account retention money amounting to Rs.463,371, representing 1 per cent received under contracts. | The Deputy Commissioner has been informed of the matter to incorporate these into the financial statements for the year 2025 via journal entries, to rectify the impact on the Committee Fund, and to ensure that only the value relevant to the year is accounted for. | Accurate values should be recorded in the accounts, and relevant adjustments should be made. |
| (b) Six (06) Agrarian Services Committees had understated fixed deposit interest income relating to the year under review by Rs.40,821, while 07 Committees had overstated fixed deposit interest income by Rs.611,830. | Action will be taken to rectify these matters during the preparation of the financial statements for the ensuing year. | Revenue for the year should be recognized and accounted for, and the relevant adjustments should be made. |
| (c) Five (05) Agrarian Services Committees had understated stall rental income by Rs.124,651, while 02 Committees had overstated stall rental income by Rs.13,100. | Action will be taken in the future to identify and account for the correct income. | -Do- |
| (d) Fifteen (15) fixed asset items of 02 Agrarian Services Committees had not been identified and brought to account, and 02 compost shredding machines with a total value of Rs.379,315, belonging to 02 Agrarian Services Committees, had not been brought to account. | Action will be taken to obtain the relevant values by inquiring from the District Office and to record them in the accounts. | The value of assets should be recognized and accounted for. |
| (e) During the year under review, 14 Agrarian Services Committees had paid Rs.17,131 each to the District Deputy Commissioner of Agrarian Development for the purchase of Agrarian Bank accounting software. However, as the software had not been received by the Committees even by the end of the year under review, these payments should have been brought to account as | Action will be taken to ensure accurate accounting in the ensuing year. | Accounts should be rectified by making the relevant adjustments. |

advances. Instead, a sum of Rs.119,917 had been recorded as an expense and an equivalent amount of Rs.119,917 had been accounted for under fixed assets.

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| (f) | As at the end of the year under review, audit fees payable by 16 Agrarian Services Committees amounted to Rs.998,428. However, current liabilities in the statement of financial position had been understated by that amount, while one Agrarian Services Committee had overstated audit fees by Rs.3,680. | Action will be taken to investigate the matters and rectify them, and settle the payments. | Action should be taken to rectify the accounts and settle the outstanding audit fees. |
| (g) | A stock of 2,500 kilograms of urea fertilizer valued at Rs.390,000, belonging to the Weliwita Agrarian Services Committee, had been completely omitted from the accounts. | Action will be taken in the ensuing year to rectify the impact caused to the profit. | Stocks values should be accurately identified and recognized in the accounts, and the necessary adjustments should be made in the financial statements |
| (h) | Further, the Alawathugoda Agrarian Services Committee had stated total assets amounting to Rs.57,454,408 and total liabilities and equity amounting to Rs.57,508,208 in the statement of financial position, resulting in an imbalance of Rs.53,800. | The matter will be looked into and necessary action will be taken in the future. | Financial statements should be accurately prepared, and the suspense balance should be settled. |
| (i) | As the total revenue receipts disclosed in the statement of financial performance of the Marassana Agrarian Services Committee had been understated by Rs.124,613, the surplus for the year under review had also been understated by the same amount. | Action will be taken to rectify these matters during the preparation of the financial statements for the upcoming year. | Financial statements should be accurately prepared, and relevant adjustments should be made |
| (j) | Further, according to the cash flow statement of the Galagedara Agrarian Services Committee, the net cash flows from operating, investing, and financing activities amounted to Rs.315,577. However, it had been reported as | This matter will be investigated and addressed in the future. | Relevant and accurate cash flows should be identified in the Cash Flow Statement. |

Rs.2,116,720. Accordingly, a sum of Rs.1,801,143 had been overstated.

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| (k) | As the Manikdiwela Agrarian Services Committee had stated capital expenditure as recurrent expenditure during the year under review, and the Bowala Agrarian Services Committee had recorded expenditure relating to the previous year as an expenditure of the year under review, the profit for the year under review had been understated by Rs. 123,100 and Rs. 102,174 respectively. | Action will be taken to rectify these matters when preparing the financial statements for the year 2025. | Capital expenditures should be properly identified and capitalized. |
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1.3.3 Unreconciled Control Account or Reports

| Audit Observation | Comment of the Management | Recommendations |
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| (a) There was a discrepancy of Rs.522,927 between the balances of seed and other fertilizer trading accounts and the balances corresponding stock accounts in the Marassana Agrarian Services Committee. | Action will be taken to rectify [these matters] when preparing the financial statements for the year 2025. | Financial statements should be prepared after reconciling account balances, and all relevant adjustments should be carried out |
| (b) When comparing the total of 43 ledger account balances of 10 Agricultural Services Committees, covering income, expenditure, assets, and liabilities, amounting to Rs.18,011,339, with the balances reported in the financial statements, a difference was observed. | Action will be taken in the future to prepare account balances in agreement with the financial statement balances. | Account balances should be reconciled, and the accurate values should be included in the financial statements. |
| (c) A difference of Rs.3,603,943 was observed between the trial balances and those reported in the financial statements in 04 Agricultural Services Committees, while a difference of Rs.823,094 was observed in relation to fixed assets of 04 Committees. | Action will be taken in the future to prepare account balances in agreement with the financial statement balances. | -Do- |
| (d) Within the balance of Rs.3,736,021 reported as the debtors in the statement of financial position of the Edanduwawa Agrarian Services Committee, the balance of the fertilizer subsidy advances receivables from 2017 amounted to | Action will be taken in the future to prepare account balances in agreement with the financial statement balances. | -Do- |

Rs.2,175,433. However, according to the debtors ledger, this balance was Rs.4,718,752, resulting in a discrepancy of Rs.2,543,319.

1.3.4 Suspense Accounts

| Audit Observation | Comment of the Management | Recommendations |
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| (a) As of the end of the review year, long-standing doubtful debit balances of Rs.219,193 and credit balances of Rs.758,115 stated in the financial statements of 08 Agricultural Services Committees had not been reconciled. | Action will be taken regarding the relevant balances in accordance with the instructions of the Commissioner General of Agrarian Development. | Action should be taken to examine and settle the account balances. |

1.3.5 Lack of Documentary Evidence for Audit

| Audit Observation | Comment of the Management | Recommendations |
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| As of the end of the review year, the total assets of Rs.26,821,696 recorded in the financial statements of 30 Agrarian Services Committees, covering 176 asset items, and the total liabilities of Rs.9,847,014 covering 158 liability items, could not be satisfactorily verified during the audit due to the non-submission of fixed asset registers, subsidiary schedules, balance confirmations, and supporting documents and files. | Action will be taken to investigate the long-standing issues appearing in the accounting records; furthermore, action will be taken to update the Fixed Assets Register for existing balances and to prepare other balance confirmations in the future. | Documentation relevant to the confirmation of account balances should be submitted for audit. |

1.4 Non-compliance with laws, rules, regulations, and management decisions, etc.

| Reference to laws, rules, regulations | Non-compliance | Comment of the Management | Recommendations |
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| (a) The Financial Regulations of the Democratic Socialist Republic of Sri Lanka. | | | |

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| i. | Financial Regulation 110 | Twenty-six Agricultural Services Committees had not maintained a register of losses and damages. | Action will be taken to maintain a Register of Losses and Damages in the upcoming year | Actions should be taken in accordance with Financial Regulations, and measures should be taken against parties who fail to comply. |
| ii. | Financial Regulation 396 | In 08 Agrarian Services Committees, no action had been taken in accordance with the financial regulations regarding 19 cheques with a total value of Rs.92,064 that had expired. | This matter will be investigated and addressed accordingly. | -Do- |
| iii. | Financial Regulation 880 and paragraph 06 of Circular No. 107 dated 16 October 1981 issued by the Commissioner of Agrarian Services. | The executive secretaries, agricultural bank clerks, and the Agriculture Research and Production Assistants in 40 Agrarian Services Committees had not furnished security deposits. | Action will be taken in the future to ensure that the officers required to furnish security do so accordingly. | -Do- |
| (b) | Public Administration Circular No. 08/2009 dated 16 April 2009 and Public Administration Circular No. 09/2009(1) dated 17 June 2009 | In 36 Agrarian Services Committees, officers had not used the fingerprint scanners to record their attendance and departure. | Action will be taken to record attendance and departure using the existing fingerprint machines and to obtain attendance reports in accordance with the instructions of the relevant maintenance companies. | Actions should be taken in accordance with circulars, and measures should be taken against parties who fail to comply. |
| (c) | Circulars of the Commissioner of Agrarian Services | | | |

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| i | Paragraph 01 of Circular No. 264 dated 21 October 1986. | Although action should have been taken to collect stall rent during the relevant year, 17 Agrarian Services Committees had not taken steps to recover stall rent amounting to Rs.1,108,586 by the end of the year under review. | The relevant stall rents for the year under review have been collected in 2024, and instructions have been requested from the Deputy Commissioner regarding the write-off of old outstanding balances. | Action should be taken to recover stall rents in accordance with circular instructions, and measures should be initiated against parties who failed to comply. |
| ii | Circular No. 03/2016 dated 09 February 2016. | In six Agrarian Services Committees, 297 farmer organizations out of 119 registered within the respective jurisdiction were not inspected by the Agricultural Research and Production Assistants, and 53 farmer organizations were not inspected by the Executive Officer. | Agrarian Organizations will be inspected in accordance with the prescribed inspection format in the future. | Actions should be taken in accordance with circulars, and measures should be taken against parties who fail to comply. |
| (d) | Treasury Circulars Treasury Circular No. 842 dated 29 December 1978. | Thirty one Agrarian Services Committees had not maintained an updated fixed asset register according to the circular. | Action will be taken in the future to update the Fixed Assets Register. | A Fixed Asset Register should be maintained in accordance with the circular, and measures should be taken against parties who fail to comply. |
| (e) | Paragraph 3.4 of the Government Procurement Guidelines – 2006 | Twenty-three Agrarian Services Committees had purchased goods worth Rs.50,659,579 without calling for quotations. | Committee approval has been obtained for the emergency purchases, and action will be taken in the future to call for quotations as instructed. | Action should be taken in accordance with the Procurement Guidelines, and measures should be initiated against parties who fail to comply. |

2. Financial Review

2.1 Financial Results

The total operating result of 45 Agrarian Service Committees in the Kandy District for the year under review was a net surplus of Rs. 27,299,236, compared to a surplus of Rs.11,212,683 recorded by 37 committees in the previous year. Furthermore, the total surplus related to 45 Agrarian Banks in the year under review amounted to Rs. 38,680,955, while the corresponding surplus for the previous year was Rs. 32,522,278.

2.2 Analysis of Financial Results

A growth of Rs. 18,843,625 was observed in the financial results of 40 committees, while a decline of Rs. 1,044,594 was noted in the financial results of 5 committees. These growth trends were primarily driven by a reduction in financial and other expenses, as well as an increase in acreage tax income, other income, and fee collections.

3. Operational Review

| Audit Observation | Comment of the Management | Recommendations |
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| (a) Twenty-one Agrarian Services Committees had not taken action to transfer ownership of the lands where such Committees are located. | The process for land transfer has been initiated and action will be taken to complete it in the future. | Action should be taken to transfer the land in accordance with the instructions of the Department of Agrarian Development. |
| (b) In five Agrarian Services Committees, seed stocks with a total value of Rs.116,824 and organic fertilizer stocks with a total value of Rs.301,220 had expired by the end of the year under review. However, no action was taken to formally write off these stocks from the quantitative stock accounts in accordance with Circular No. 2006/08 of the Commissioner General of Agrarian Development dated 08 December 2006. | Following the committee's approval for the write-off from the stock books, action has been taken to forward the matter to the District Office of Agrarian Development | Action should be taken in accordance with the circular. |
| (c) Although the Talaththuoya Agrarian Services Committee, had notified farmers within its jurisdiction to select two beneficiaries under the | Action will be taken to release funds based on the instructions provided by the Department of Agrarian | Action should be taken against parties who have failed to act in a formal manner, and the |

Suhuru Gammana program for the construction of greenhouses in 2023, a farmer from another jurisdiction was selected as a beneficiary. As a result, the construction company contracted to build the greenhouses refused to carry out construction in that jurisdiction. Consequently, the sum of Rs.1,000,000 received as contributions for the two beneficiaries had remained idle in the Committee's account from December 2023 until the audit date.

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retention money held for projects that were not executed should be released.

- (d) There was no evidence that any action had been taken regarding the unauthorized cement blocks-making operations being carried out by a private party on an area of approximately 40 square feet of land at the southern side of the warehouse premises of the Giragama Agrarian Services Committee.

The District Office has already been notified of this matter.

This matter should be investigated, and action should be taken in accordance with the law.

3.2 Operational Inefficiencies

| Audit Observation | Comment of the Management | Recommendations |
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| (a) The total extent of paddy land cultivable during the 2024 Yala season across 266 divisions of 14 Agrarian Service Center areas was 6,617 acres, of which only 2,457 acres were actually cultivated. As a percentage of the total cultivable paddy land, this remained at a low level of 37.12 per cent. | Although paddy cultivation is not carried out on all lands, they have been cultivated with vegetables and seasonal crops | A program should be implemented to achieve optimum productivity from agricultural lands, and action should be taken against the responsible parties for any failures. |
| (b) The total extent of paddy land cultivable during the 2024/2025 Maha season across 266 divisions within the 14 Agrarian Service Center areas was 6,722 acres, of which 3,005 acres were cultivated. This represented a low cultivation rate of 44.7 per cent relative to the total cultivable paddy land. | Under the 'Ekamittata Govibimata' program, all cultivable paddy fields will be cultivated. | -Do- |

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| (c) | By the end of the year 2024, the extent of fallow paddy lands across 30 Agrarian Service Centers amounted to 2,415 acres. | Steps are being taken to ensure that uncultivated agricultural lands are brought under cultivation | Legal action should be initiated in respect of uncultivated paddy lands. |
| (d) | In accordance with the instructions provided in the Commissioner General of Agrarian Development's letter No. 07/05/12/8.ව/ක.෧෨ dated 31 December 2018, 41 Agrarian Service Committees had failed to settle 110 items of asset totaling Rs. 15,578,872 and 113 items of liability totaling Rs. 13,028,535, which have been continuously appearing in the financial statements. | The information required for the settlement of balances has been forwarded to the District Office of Agrarian Development. | Action should be taken in accordance with management instructions. |
| (e) | Three Agricultural Services Committees had paid Rs.1,234,065 to the Deputy Commissioner of Agrarian Development for the purchase of computers; however, as of the audit date, these computers had not been delivered to the institutions. | Action is being taken to obtain them as per the instructions of the Commissioner of Agrarian Development | Action should be taken to acquire the items. |
| (f) | A loan amount of Rs. 1,555,664 remained receivable from 69 farmers who obtained loans for the recultivation of fallow paddy lands in the years 2020 and 2021, specifically within the Kurunduwatta and Giragama Agrarian Service Centers. | Steps are being taken to collect these receivables in the future | Action should be taken to recover outstanding debt balances, and measures should be taken against officers who failed to recover them in a timely manner. |
| (g) | Due to the Galagedara Agrarian Service Committee making purchases without considering sales requirements, stocks valued at Rs. 119,581 of 05 inventory items have remained unsold for a period exceeding 3 years. | Steps will be taken to dispose of expired stocks in the coming year. | Goods should be purchased for sale by identifying the needs of the farmers, and arrangements must be made to sell the stocks |

3.3 Assets Management

| Audit Observation | Comment of the Management | Recommendations |
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| (a) In four (04) Agricultural Services Committees, two harvesting machines, a tractor, a bush cutter, 16 Dot Matrix printers valued at Rs.1,000,080, and five compost crushing machines valued at Rs.950,000 received from the Department of Agrarian Services were underutilized. Additionally, 10 Committees, eight seedling sheds, a mushroom house, and a Hela Bojun Hala center were also underutilized. | Action is being taken to utilize assets productively in the future | Action should be taken to utilize idle assets. |
| (b) The Giragama Agrarian Services Committee, spent Rs.208,630 to construct the “Govi Gedara” hut as a museum intended to exhibit agricultural tools and traditional implements for school students in 2021. However, as of the audit date, this hut had remained idle for more than three years without being used for its intended purpose. | Action is being taken to utilize assets productively in the future. | Action should be taken to utilize idle assets. |

3.4 Losses and Irregularities

| Audit Observation | Comment of the Management | Recommendations |
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| An amount of Rs. 2,487,716 receivable by 06 Agrarian Service Committees in connection with financial irregularities had not been recovered as at December 31 of the year under review by determining the responsible parties. | The information required for the recovery of balances has been forwarded to the District Office. | Formal investigations should be conducted, and action must be taken to recover the dues promptly |

4. Agrarian Banks

| Audit Observation | Comment of the Management | Recommendations |
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| (a) Thirty Agricultural Services Committees had paid Rs.7,314,726 for the purchase of a scanner and two Dot Matrix printers for the installation of software by the Agricultural Bank. However, as of 31 December 2024, the equipment remained idle as the software had not been installed. | One item of equipment has been received, and instructions have been requested from the District Office regarding the accounting procedure for the other two items | Action should be taken to install the software promptly and correctly. |
| (b) In accordance with Section 2.1.1 of the Commissioner General of Agrarian Development's Circular No. 01/2023 dated April 24, 2023, 10% of the net realized profit as per the annual final accounts of each Agrarian Bank (Pilot) Project must be allocated to the Farmers' Distress Loan Coverage Account to mitigate credit risks. However, 21 Agrarian Service Committees had not made such allocations during the year under review. | Action will be taken to allocate 10% of the net realizable profit starting from the year 2025. | Action should be taken in accordance with circular instructions, and measures should be taken against parties who fail to comply. |
| (c) In accordance with Letter No. 7/12/8/01 dated 11 June 2020, the Farmers' Distress Loan Coverage Account should maintain a maximum balance of Rs. 25,000 in the savings account, while the remaining funds must be placed in a Fixed Deposit (FD) account to earn higher interest. However, no action had been taken in accordance with theta requirement in respect of the balances in the Farmers' Distress Loan Fund accounts 19 Agrarian Banks by the end of the year under review. | Action will be taken to deposit the funds into a Fixed Deposit account. | -Do- |
| (d) As of December 31 of the year under review, an outstanding loan balance of Rs. 119,275,303 and outstanding interest of Rs. 13,355,932, due from the loans granted to 4,132 farmers across 42 Agrarian Banks, remained unrecovered despite being overdue for | Action is currently being taken to submit the relevant files to the Tribunal and the Court to recover the said loans and interest. | A formal investigation should be conducted into the granting of loans and the failure to recover outstanding debts in a timely manner; action |

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| | periods ranging from 6 months to 27 years. | | should be taken against the relevant parties, and measures should be implemented to recover the outstanding loan balances. |
| (e) | The accuracy of individual balances totaling Rs. 282,084,493 could not be verified, as 28 Agrarian Banks failed to submit individual balance lists for 151 deposit balances, while some of the submitted lists contained discrepancies. | Action will be taken to update the individual balance lists in the future. | Schedules related to deposits should be submitted |
| (f) | In relation to the year under review, 13 Agrarian Banks had overstated the fixed deposit interest by Rs. 1,566,807, while 11 Agrarian Banks had understated the fixed deposit interest by Rs. 690,647 in the accounts. | Accounts will be correctly prepared in the future. | The income related to the period should be accurately identified and accounted for, and the necessary adjustments must be made |
| (g) | According to paragraph 7 of Circular No. 4/2012 of the Commissioner General of Agrarian Development dated 29 February 2012 and the amended letter No. 7/12/4/5 of the Commissioner General of Agrarian Development dated 15 July 2021, the Agricultural Banks were required to allocate a portion of the annual profit as dividends. However, it was observed that 20 Agricultural Banks had not made such allocations in the year under review. | Action will be taken to allocate dividends during the preparation of the accounts for the year 2025. | Actions should be taken in accordance with the circular instructions. |
| (h) | In accordance with Paragraph 3.8.6 of the Commissioner General of Agrarian Development's Circular No. 09/2020 – 04/2012 (Amendment I) dated 24 June 2020, 'Dhanayojana' accounts should be opened for project loans; however, 19 Agrarian Banks had failed to open such accounts. | Action will be taken to open a Dhanayojana account for every project debtor in the future. | Actions should be taken in accordance with the circular instructions. |

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| (i) | In accordance with Circular No. 05/2014 dated 09 July 2014, issued by the Commissioner General of Agrarian Development, the deposit balances of 'Peramaga' children's savings accounts must be transferred to ordinary savings accounts once the account holders exceed 18 years of age. However, 14 Agrarian Service Committees had failed to carry out such transfers. | Action will be taken in the future to transfer these funds into ordinary savings accounts. | Actions should be taken in accordance with the circular instructions. |
| (j) | Pursuant to Paragraph 3.4.11 (i) of the Commissioner General of Agrarian Development's Circular No. 04/2012 dated 29 February 2012, funds accumulated in the Disaster Loan Cover Account should be maintained in a high-interest savings account at a state bank. However, there were 04 Agrarian Service Committees that had failed to open such a separate savings account. | Action will be taken to open a savings account. | Actions should be taken in accordance with the circular instructions. |
| (k) | Suspense account balances totaling Rs.365,062 were observed in the Yatiwawala, Wawinna, and Medawala Agrarian Banks. | Not commented. | The reasons for the difference should be identified, and the account balances must be corrected accordingly. |
| (l) | A total discrepancy of Rs.29,039,958 was observed across 48 balances in 16 Agrarian Service Committees when the balances stated in the financial statements were compared with the relevant subsidiary records | Action will be taken to rectify the matter | Reconciliations must be carried out in a formal manner and account balances should be corrected accordingly |