

Head 281 – Agrarian Development Department

1. Financial Statements

1.1 Qualified Opinion

The audit of the financial statements of the Agrarian Development Department for the year ended 31 December 2021 comprising the statement of financial position as at 31 December 2021 and the statement of financial performance and cash flow statement for the year then ended 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. The Summary Report containing my comments and observations on the financial statements of the Agrarian Development Department was issued to the Accounting Officer on 22 June 2022 in terms of Section 11 (1) of the National Audit Act No. 19 of 2018. The Annual Detailed Management Audit Report was issued to the Accounting Officer on 30 June 2022 in terms of Section 11(2) of the National Audit Act, No.19 of 2018. This report is presented to Parliament in pursuance of provisions in Article 154(6) of the Constitution of the Democratic Socialist Republic of Sri Lanka to be read in conjunction with Section 10 of the National Audit Act, No.19 of 2018.

In my opinion, except for the effects of the matters described in paragraph 1.6 of this report, the financial statements give a true and fair view of the financial position of the Agrarian Development Department as at 31 December 2021, and its financial performance and cash flows for the year then ended in accordance with Generally Accepted Accounting Principles.

1.2 Basis for Qualified Opinion

My opinion is qualified based on the matters described in paragraph 1.6 of this report.

I conducted my audit in accordance with Sri Lanka Auditing Standards (SLAuSs). My responsibility for the financial statements is further described in the Auditor's Responsibilities Section. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

1.3 Responsibilities of the Accounting Officer for the Financial Statements

The Accounting Officer is responsible for the preparation of financial statements that give a true and fair view in accordance with Generally Accepted Accounting Principles and provisions in Section 38 of the National Audit Act, No.19 of 2018 and for the determination of the internal control that is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

In terms of Sub-section 38(1)(c) of the National Audit Act, the Accounting Officer shall ensure that an effective internal control system for the financial control exists in the Department and carry out periodic reviews to monitor the effectiveness of such systems and accordingly make any alterations as required for such systems to be effectively carried out.

1.4 Auditor's Responsibilities for the Audit of the Financial Statements

My objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error and to issue an auditor's summary 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 and its materiality depends on the influence on economic decisions taken by users on the basis of these financial statements.

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

- Appropriate audit procedures were designed and performed to identify and assess the risk of material misstatement in financial statements whether due to fraud or errors in providing a basis for the expressed audit 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.
- An understanding of internal control relevant to the audit was obtained in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Department's internal control.
- Evaluate the 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.
- Evaluate the overall presentation, structure and content of the financial statements including disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with the Accounting Officer regarding, among other matters significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

1.5 Report on Other Legal Requirements.

I express the following matters in terms of Section 6 (1) (d) of the National Audit Act, No. 19 of 2018.

- (a) The financial statements are consistent with the preceding year,
- (b) The recommendations made by me in the previous year regarding the observations mentioned in paragraphs 1.6.1 (c) (ii), (d) (i), (ii) of this report had not been implemented during the year under review

1.6 Comments on Financial Statement

1.6.1 Accounting Deficiencies

(a) Other Receipts

Audit Observation

The amount of Rs.415,565 received from the rental of machines by the Kurunegala district office should have been included in the account of the year under review as other receipts, but it was not done so and was recorded in the general deposit account.

Comments of the Accounting Officer

The amount of Rs.415,565 received on rent of machines has been credited to the government revenue on 19 May 2022.

Recommendation

Machine hire should be removed from the general deposit account and accounted for as other receipts.

(b) Capital Expenditure

Audit Observation

Although the cost of the new three-storied building constructed in the Head office at a cost of Rs.82,972,483 in a period of 03 years 2019, 2020 and 2021, was incurred under the building rehabilitation and improvement expenditure object No. 281-2-2-01-2001, the expenditure was classified wrongly and added to the opening balance of the statement of non-financial assets under the acquisition of capital asset object 281-2-2-1-2101.

Comments of the Accounting Officer

Because the CIGAS computer program cannot include the another expenditure object, in the capital expenditure acquisition expenditure object, this expenditure has been included in the accounts under 281-2-2-01-2001 of the year due to that legal requirement.

Recommendation

Acquisition of capital assets should be done from the relevant expenditure object.

(c) Reconciliation Statement on the Advances to Public Officers Account

Audit Observation

(i) The department's control account balance was Rs.346,356,990 and the balance of the individual balance classification summary was Rs.344,290,865, a difference of Rs.2,066,125 was observed between the control account balance and the individual balance classification summary.

Comments of the Accounting Officer

No Comments

Recommendation

The difference should be identified and corrected

- (ii) The balance due from the department's internally transferred officers as at 31 December 2021, was Rs.1,991,743. Although these loan balances were shown as loan balances arising in the years 2008 and 2009, the respective balances were not correctly reconciled in the accounts in the year 2021 as well.
- It had been stated that these balances are not the balances due from the officials, and these balances are shown in the accounts as they have not been reconciled correctly in the accounts.
- Accounting deficiencies must be corrected.

(d) Property, Plant and Equipment

Audit Observation	Comments of the Accounting Officer	Recommendation
<p>(i) In the year 2019, the Anuradhapura Kalankuttia (Bulneva) Agrarian Service Center building was constructed at a cost of Rs. 9,200,516 at the expense of the department, but it was not shown under buildings and construction.</p>	<p>Action will be taken to include in the statement of non-financial assets,</p>	<p>The building of Kalankuttia Agrarian Service Center belonging to the department should be accounted for.</p>
<p>(ii) 1,000 water level gauges, plotter, 04 computer monitors, a computer software system, a security camera system and furniture for the Mihintale Circuit Bungalow purchased by the head office at a cost of Rs. 17,904,713 in the years 2019 and 2020 was not included in the statement of non-financial assets in the financial statements.</p>	<p>It is informed that out of the 1000 water level gauges, 206 water level gauges, plotter, 4 monitors and computer software were accounted for in the year 2022 and the security camera system and furniture purchased for Mihinthalaya Circuit Bungalow will be accounted for in the year 2022.</p>	<p>Assets purchased by the department should be properly accounted for.</p>
<p>(iii) Out of the provision made for the replanting of fallow paddy and rehabilitation of buildings, during the year under review, a sum of Rs.7,468,522 had been spent on computers, furniture and other nonrelated constructions.</p>	<p>Computers, furniture and other unrelated constructions were made from the allocations made for administrative expenses of the head office under expenditure item 281-2-2-12-2506 and the money left over from district 03 bills.</p>	<p>Acquisition of assets should be done under related expenditure subjects.</p>

- (iv) The Sri Lanka Information and Communication Technology Agency provided Rs.3,048,117 worth of communication equipment to the department under the Sri Lanka State Network Project in the year 2018, but the equipment was not inventoried and included in the statement of non-financial assets.
- Please note that this communication device has not been included in the Department's Statement of Non-Financial Assets.
- Relevant assets should be accounted for.

2. Financial Review

2.1 Expenditure Management

Audit Observation	Comments of the Accounting Officer	Recommendation
(a) The total amount of Rs.15,000,000 for the acquisition of machines and machinery under Object number 281-2-2-0-2103 was not utilized and the allocated amount under the two Object numbers 281-2-2-12-2506 and 281-2-2-13-2506, for infrastructure development is Rs.1,000,000,000 and Rs.558,633,000 respectively, but 23 percent and 55 percent of it was saved.	It was stated that due to non-receipt of copies of the necessary supporting documents as scheduled, the funds could not be transferred to the treasury deposit account on the specified date and development projects could not be carried out as planned due to the prevailing situation in the year 2021.	All provisions must be utilized.
(b) As of 31 December 2021, the savings of the building construction maintenance expenditure Object No. 281-2-2-0-1303 was 29 percent of the total allocation. Although the reason for the savings was stated as limited attendance of officials due to the Corona situation, but 98 percent of the total allocation for overtime was used. Accordingly, it was observed that the above reasons cannot be accepted as the officers were working overtime in addition to their duty hours.	Minimum expenditure was incurred on building maintenance and minor repairs.	Correct reasons for the savings must be provided.

2.2 Exceeding the Limits

Audit Observation

Although the minimum limit of receipts authorized by the Appropriation Act was Rs.290,000,000, the department actually collected only Rs.272,460,566 during the year.

Comments of the Accounting Officer

No Comments

Recommendation

If the limits authorized by the Appropriation Act are violated, those limits should be amended.

2.3 Commitments on Liabilities and Obligations

Audit Observation

According to the F.R. 94.1, except where otherwise provided, the Annual Estimates shall not be subject to any expenditure or obligation for any work or service or supply by any department unless the appropriations are available, it was observed that the department had committed in to liabilities of Rs.20,145,216 exceeding the savings of one recurrent expenditure Object and 03 capital expenditure Objects.

Comments of the Accounting Officer

In the CIGAS program, due to the inability to correct this year, it is shown as a further balance to be paid, and I inform you that this year, correction of these balances will be done to update the liability register.

Recommendation

It should not entered into an expense or commitment beyond your savings.

2.4 Utilization of funds provided by other Ministries and Departments

Audit Observation

(a) Organic Fertilizer Purchase and usage Expenditure Program

Out of the allocation amount of Rs.1,330,468,500 received in the year 2021 under Subsidized Fertilizer Purchase and Use expenditure Object No. 426-2-03-001-1504 of the State Ministry of Agriculture, only Rs.1,183,531,515 was spent for the purchase and use expenses of fertilizers and the remaining allocation of Rs.31,493,999 had been spent for the Agrarian Development Department's vehicle repair, insurance premium payment, fuel bill reimbursement and promotion and payment of incentives for the use of organic fertilizers.

Comments of the Accounting Officer

No Comments

Recommendation

Funds received from other institutions should be used only for the purpose concerned.

(b) **“Jeevathuru Udana” Programme**

Approval had been received for the implementation of the "Jeevathuru Udana" national program by the circular No. 03/2021 of the State Ministry of Agriculture dated April 05, 2021. For this purpose, the State Ministry of Agriculture had provided an allocation of Rs.21,000,000 and out of this a sum of Rs.17,592,246 had been spent for the distribution of 418,363 drumstick plants to 516 agrarian service centers and Rs.350,999 for the cost of awareness programmes. During the physical audit conducted in the Western Province, the audit revealed that the plants to be distributed were not distributed properly, the plants were dead in the agrarian service centers, the people who received the plants did not plant and maintain the plants properly, and the plants that were given were not properly supervised. Therefore, the amount of Rs.17,943,245 incurred for that project was an uneconomical expenditure.

I inform that the progress of this program has been discussed in the district and regional agriculture committees, and related progress review programs have been prepared for follow-up.

The allocation should be utilized with proper supervision to get the desired benefits

(c) **“Gama Samaga Pilisandararak” Programme**

An allocation of Rs. 108,126,600 had been received in the year 2021 from the State Ministry of Rural Paddy and Related Tanks, Reservoirs and Irrigation Development for the implementation of 62 tank rehabilitation projects under minor irrigation in 12 districts, through the Gama Samaga Pilisandararak program under the expenditure object No. 429-02-03-002-2506. Of these, 37 projects had been completed and work on 02 projects proposed to be implemented in Ampara district had not been started. In another 16 projects, the construction work was less than 50 percent, while the remaining 07 projects were between 51 percent and 75 percent.

As the allocation was made by the end of 2021 for implementation of projects under the “wari Saubhagya” Programme, the respective projects could not be carried out.

The allocation should be utilized within the year

2.5 Non-compliance with Laws, Rules and Regulations

		Observations		Comments of the Accounting Officer	Recommendation
Reference to Laws, Rules and Regulations	Value Rs.	Non-compliance			
(a) Statutory Provisions					
Section 51(1) of the Agrarian Development Act No. 46 of 2000 as amended by the Agrarian Development Act No. 46 of 2011	-	Agrarian Development Councils were not established.		Agrarian Development Regulations have been prepared in relation to the Agrarian Development Act, translated into three languages and forwarded to the legal drafters on 30 April 2021.	Agrarian Development Councils should be established.
(b) Financial Regulations of the Democratic Socialist Republic of Sri Lanka					
(i) F.R. 104(1)(a)	-	Although investigations were initiated to determine those responsible immediately after a loss or damage occurred, the relevant reports regarding 08 vehicle accidents that occurred in the years 2014, 2019, 2020 and 2021 were not provided until 30 April 2022.		No Comments	Investigations should be done according to the Financial Regulations.

(ii) F.R. 571	140,470,793	Deposits belonging to the department for more than 02 years should be disposed of, but deposits worth Rs.140,470,793 disposed of without regulating until 31 December 2021.	I would like to inform you that the settlement will be made in the future according to the receipt of imprest money from the treasury and the ability to manage the money.	Overdue deposits should be disposed of as per the Financial Regulations.
(iii) F.R. 756	-	Although an annual board of survey should be carried out on the goods in the two Narahenpita warehouses owned by the department, but it had not been done.	Action will be taken to complete the process before end of this year.	Annual Board of Survey should be done according to the Financial Regulations.
(iv) F.R. 1647 (b)	-	A survey of 526 vehicles and equipment was not conducted for more than 05 years.	No Comments	A survey of vehicles and equipment should be carried out as per Financial Regulations.

(c) **Public Administration Circular**

(i) Public Administration circular No.05/2018(i) dated 24 January 2018.	-	The Citizen/Client Charter was not prepared in relation to the Department of Agrarian Development.	No Comments	A citizenship charter should be prepared as per the circular.
(ii) Public Administration circular No.02/2018 dated 24 January 2018.	-	A human resource development plan was not prepared as per circular provisions.	Human resource development plan is being preparing.	A human resource development plan should be prepared as per the circular.

(d) **Department
Circular**

Section 30(iii) of
Commissioner
General of Agrarian
Development
Circular 107 dated 16
October 1981

07 financial statements of No Comments
the Agrarian Service
Committee related to the
year 2020 and 495
financial statements of
the Agrarian Service
Committee related to the
year 2021 had not been
submitted to the Auditor
General on March 31,
2022.

Financial
statements
should be
submitted as
per circulars.

2.6 Improper Transactions

Audit Observation

Comments of the Accounting Officer

Recommendation

17 Agrarian Development District
Offices had obtained a total amount of
Rs.109,875,327 from 396 Agrarian
Service Centers belonging to the
districts on the basis of
reimbursement. It was observed that a
large amount of money such as
Rs.3,520,000 was taken from some
Agrarian service centers. The amount
had not been settled on 31 December
2021 and had not been included in the
liabilities for that date.

No Comments

The amount of
Rs.109,875,327
received by the
district offices should
be returned to the
said Agrarian Service
Centers as it is an
independent body
established under the
Agrarian Service
Committee Act.

2.7 Issuance and Settlement of Advances

Audit Observation

Comments of the Accounting Officer

Recommendation

(a) The loan balance due from the
transferred officers was
Rs.1,528,452 and out of which, the
balance that has existed for more
than 10 years was Rs. 517,284.

No Comments

The balance should
be settled according
to the circular
provisions.

(b) Loan balances related to transferred
to provincial councils, suspended,
retired, deceased, and other due on
31 December 2021 was
Rs.19,222,940, of which the loan
balance over 05 years was
Rs.9,055,217.

No Comments

Loan balances of the
Provincial Councils
should be settled
without delay and
arrangements should
be made to recover
the loan balances of

the concerned officials from guarantors and pensions through disciplinary action by adopting other suitable method.

2.8 Deposit Balances

Audit Observation	Comments of the Accounting Officer	Recommendation
(a) The contract retentions amounting to Rs. 13,770,864 in 07 district offices relating to a period of 02 to 05 years, were not released until 31 December 2021.	That the retentions that could not be settled will be settled in the future after receiving the relevant reports and receiving sufficient funds from the treasury.	The defects in the contract should be completed and the retention money should be released immediately
(b) Rs.10,218,418 of receipts such as acreage tax, machine rental, insurance compensation, auction income, loan installments collected by 11 district offices were retained in the general deposit accounts of those offices without being remitted to the head office.	That the receipts amounting to Rs.10,218,418 which was not remitted to the head office will be settled in the near future.	Receipts such as acreage tax, machinery rent, insurance compensation, auction income, loan installments etc. related to the year 2021 should be remitted to the head office before December 31, 2021

2.9 Operating Bank Accounts

Audit Observation	Comments of the Accounting Officer	Recommendation
Regarding 385 cheques amounting to Rs.11,011,822 that were not presented for payment but included in the bank reconciliations of the head office and 26 district offices on 31 December 2021, had not been dealt with F.R. 396 (d).	Cheques of Rs. 3,336,303 have been cleared, and I inform you that the cheques related to the remaining Rs.7,675,268 will be cleared or action will be taken in accordance with F.R. 396 (d) in the future.	Action should be taken as per F.R. 396(d).

3. Operational Review

3.1 Delays in Project Execution

Audit Observation	Comments of the Accounting Officer	Recommendation
(a) Although 27 minor irrigation projects with an estimated cost of Rs.54,523,455 were to be completed by 31 December 2021, only 23 of those projects had been completed at a cost of Rs.33,444,278.	I would like to inform that these projects cannot be completed by December 31, 2021 due to the epidemic situation in 2021, bad weather conditions and the increase in estimated prices.	Projects should be implemented in accordance with the Action Plan.
(b) Although the construction of 52 fertilizer warehouses with an estimated cost of Rs.200,000,000 should be completed by 31 December 2021, the work of 29 warehouses whose construction was started at a cost of Rs.130,768,929 had not been completed.		

3.2 Annual Performance Report

Audit Observation	Comments of the Accounting Officer	Recommendation
The annual performance report which is to be submitted with the annual financial statements as per paragraph 10.2 of the Public Finance Circular No. 02/2020 dated 28 August 2021 was not submitted.	Due to the situation in the country, it was not possible to complete the 2020 performance report within the stipulated period, and now the performance report has been completed and submitted for the approval of the ministry. I am informed that after the approval, the performance report will be translated and copied and will be tabled in Parliament this year.	The draft annual performance report should be submitted with the financial statements.

3.3 Foreign Funded Projects

Audit Observation

Provisions of Rs.2,327,272,272 had been provided by the Department of External Resources to the Ministry of Agriculture in 2005-2008, to use solar powered water pumps and drip irrigation technology and although all recoveries for these systems must be completed by the end of 2018, a sum of Rs.2,264,753,696 had not been recovered at the end of the year 2021. From the amount recovered by the year 2022, an amount of Rs.1,848,600 was held in the farmers' banks in Kilinochchi, Badulla and Jaffna district offices. It was observed that by the year 2022, 90 per cent of the systems provided were misplaced, defunct, farmer information could not be found and were inactive. Accordingly, it was observed during the audit that the expected objectives of the project were not achieved.

Comments of the Accounting Officer

The Ministry of Agriculture, the Department of Agrarian Development and the Department of Treasury Operations have jointly taken further action and have instructed to forward the money held in the accounts of Agrarian Service Committees/ Agrarian Banks (Pilot Projects) to the Secretary, Ministry of Agriculture.

Recommendation

According to the agreements, all monies must be recovered promptly.

3.4 Procurement

Audit Observation

Although an amount of Rs.1,355,400 was paid to the Government Commercial Corporation stating that 600 spades, mullu and water sprayers were purchased on 10 November 2021 for distribution among the farmers of Yatianthota Divisional Secretariat Division, written evidence that the relevant goods were received in the warehouse and distributed among the farmers was not submitted to the audit.

Comments of the Accounting Officer

600 spades, mullu and water sprayers purchased for distribution among the farmers of Yatianthota Divisional Secretariat were transported to the Yatianthota Agrarian Service Center and given to the Yatianthota Divisional Secretary through issue orders.

Recommendation

All the goods obtained by the department should be given to the warehouse and written evidence should be obtained for the same while giving to the farmers.

3.5 Assets Management

Audit Observation	Comments of the Accounting Officer	Recommendation
(a) Due to a staircase had not been constructed to enter the Panadura Bojunhala, which had been constructed at a cost of Rs.1,579,332 out of the allocations received from the Ministry of Agriculture in the year 2018, although, a staircase was built at a cost of Rs.197,000 from the committee fund of the Panadura Agrarian Services Center, the Bojunhala was remained unused as of 31 May 2022.	Due to the epidemic situation in the country, it was not possible to open the Panadura Bojunhala and I would like to inform you that the necessary arrangements will be made to open and run this Bojunhala in the coming month.	The Bojunhala should be open promptly.
(b) The jeep bearing No. CR-0098 provided to the Department by the World Food Program could have been registered and used in 2015, but had been parked at the Malabe parking lot since that year.	No Comments	Jeep CR-0098 should be registered and driven.
(c) Even though assets such as 174 four-Wheel Tractors, 43 Two Wheel Tractors, 95 Tractor Trailers, 69 Harvesters, 256 Disc Plows / Hook Plows, 293 Mud Wheels and 796 other equipment at 25 Agrarian Service Centers had been inactive for from 06 years to 24 years and the relevant assets had not been disposed.	At present 49 four-wheel tractors, 12 two-wheel tractors, 08 tractor trailers, 52 disk ploughs/hook ploughs, 58 mud wheels, 20 harvesters and 91 others are available for disposal and 58 mud wheels, 20 harvesters and 91 others has been disposed.	Assets must be disposed of before they can decay.
(d) It was observed that the lands in 20 district offices, 252 Agrarian service centers, 03 mechanical yards and the head office, belonging to the department, had not been assessed and included in the register of non-financial assets.	I am informed that the lands will be assessed and included in the CIGAS program in the future.	All Lands belonging to the Department should be accounted for.

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| (e) | It was observed that the buildings in 447 Agrarian service centers, 03 mechanical yards and 03 head office buildings belonging to the department, had not been assessed and shown under non-financial assets. | I am informed that the buildings will be assessed and included in the CIGAS program in the future. | All buildings belonging to the Department should be accounted for. |
| (f) | Rajakandalue Fertilizer Warehouse belonging to the Puttalam District Office was not valued and included in the statement of non-financial assets of the District Office. | I inform that the concerned building will be assessed and the value included in the statement of non-financial assets. | Fertilizer warehouse building at Rajakandaluwa, belonging to the Department should be accounted for. |
| (g) | Action had not been taken to dispose and to remove them from the statement of non-financial assets regarding 41 machines and vehicles and Computers, electrical appliances and wooden furniture, in the head office and 05 district offices, which were decided to dispose in the years 2015, 2018, 2019 and 2020. | In relation to the 2020 board of survey, it was not possible to dispose of the goods that should be disposed of and the disposal of 14 vehicles is currently underway. I will proceed to remove it from the books after the disposal. | Equipment to be disposed of should be disposed of during the year and removed from the accounts |
| (h) | According to paragraph 07 of Asset Management Circular No. 01/2017 dated 26 June 2017, information about land was not submitted to the Comptroller General's Office. | I inform that only the information about the misappropriated assets has been submitted to the Comptroller General's office so far. | Assets purchased and assets disposed of during the year should be submitted to the Office of the Comptroller General as per the relevant circular. |
| (i) | Although the Superintendent of Mechanics reported to the audit that on 04 July 2019, Hino Prime Mover Vehicle No. LY – 1616 and Tractor Trailer No. LY – 2183 released to Sri Lanka State Engineering Corporation on 25 June 2020, the Bowser No. LJ – 2842 released to the Ministry of Housing Construction and Cultural Affairs, arrangements had not been made to formally transfer them and remove them from the statement of non-financial assets. | No Comments | Assets transferred to other government agencies should be legally transferred and removed from the accounts. |

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| (j) | In terms of F.R. 770 (4) (b), amended by Public Finance Circular No. 01/2020 dated 28 August 2020, according to the recommendation of a special board of survey, 02 machines to be disposed in the year 2015, 07 machines to be disposed in the year 2018 and 26 vehicles to be disposed in the year 2019 were not disposed till 30 April 2022. | No Comments | Disposal activities should be done according to the circular instructions. |
| (k) | The audit observed deficiencies such as not setting up a proper waste disposal system, not being able to use the building's toilet system and not doing 74 works mentioned in the bills of quantities in the new three-storied building built by the department at a cost of Rs.82,972,483 without obtaining the development license from the Urban Development Authority. | No Comments | Permission should be obtained from the Urban Development Authority and deficiencies should be completed. |

3.6 Losses and Damages

Audit Observation

The accident loss balance of Rs.2,505,752 occurred in the head office and district office during the period from 01 year to 18 years was not shown under the balance brought forward in the statement of write-off in the financial statements of the year under review.

Comments of the Accounting Officer

No Comments

Recommendation

Abnormal delay in loss and damage should be avoided. The loss incurred should be recovered immediately

3.7 Un-replied Audit Queries

Audit Observation

The department had not answered to 61 audit queries issued for the 2019 accounting year, 74 audit queries issued for the 2020 accounting year and 47 audit queries issued for the 2021 accounting year as at 09 May 2022.

Comments of the Accounting Officer

I inform that the clarifications for the relevant audit queries will be submitted on the relevant date.

Recommendation

Audit queries must be answered within the specified time frame.

3.8 Management Weaknesses

Audit Observation	Comments of the Accounting Officer	Recommendation
(a) According to the investigations carried out under section 104, the amount of Rs. 9,547,689 due from 35 officers had not been recovered by 31 December 2021.	It was explained in detail.	As an unusual delay is observed, plans should be made to finish all tests immediately.
(b) A sum of Rs. 326,990,000 was given from the farmers' trust fund, to the Anuradhapura district office for the cultivation of maize in the years 2015/2016, 2019/2020, 2020/2021 and as on 30 April 2022, a sum of Rs.56,560,010 remained due.	Arrangements are being made to promptly refer to the tribunal for loan recovery.	Followup action should be done continuously and recover the loans.
(c) In the year 2020, an amount of Rs.25,000,000 was given from the farmers' trust fund to get egg paddy on the basis of collection in 06 months and the amount to be collected on 31 December 2021 was Rs.8,314,910.	No Comments	Followup action should be done continuously and recover the loans.
(d) A loan amount of Rs. 69,850,000 was received from the Farmers' Trust Fund for 318 farmers in 21 district offices in 2016, 2017 and 2018, under the "Saralanka" program implemented with the aim of promoting organic fertilizers and out of that amount, an amount of Rs.24,916,492 should have been collected by 15 June 2022. A person who took a loan of Rs.500,000 from the Ipalogama Agrarian Service Center had not paid any installment till 08 February 2022.	The arrears have been referred to the tribunal for recovery.	Followup action should be done continuously and recover the loans.

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| (e) | During the period 2000/2007, the General Treasury had given advances directly to the department for the purchase of paddy and the amount to be collected from Badulla and Anuradhapura District Offices was Rs.12,552,764. | Badulla and Anuradhapura district offices are carrying out investigations and necessary activities are being carried out to recover the money due. | Action should be taken to settle the loan to the Department of Public Accounts. |
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4. Human Resource Management

Audit Observation

As on 31 December 2021, the total number of vacancies in the department was 3,384 and out of the approved cadre for 20 vacant posts, not a single employee had been recruited.

Comments of the Accounting Officer

According to the instructions given by the State Ministry of Agriculture, preliminary work was done to recruit employees, but since it was decided to postpone the recruitment for the positions that have not been appointed yet, further work was not done.

Recommendation

Steps should be taken to fill vacancies or revise the number of employees without delay.