

**Central Provincial Council – Year 2020**

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**1. Financial Statements**

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**1.1 Qualified Opinion**

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The audit of the financial statements of the Central Provincial Council for the year ended 31 December 2020 comprising the Statement of Financial Position as at 31 December 2020, Statement of Financial Performance, Cash flow Statement, significant accounting policies and the summary of other explanatory information was carried out, for the year then ended, 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 Section 23(1) of the Provincial Council Act No. 42 of 1987 and Provisions of the National Audit Act No. 19 of 2018. The Comprehensive Report was issued on 22 December 2021 in according to the provisions of Section 23(2) of the Provincial Councils Act and Sub-section 11(1) of the National Audit Act No. 19 of 2018 and under the provisions of Section 11(2) of the National Audit Act, Detailed Management Audit Report was issued on 30 September 2021. This report is submitted to the Parliament in terms of Article 154(6) of the Constitution and Sub-section 10(1) of the national Audit Act and a copy of the report is submitted to the Governor for tabling at the Provincial Council under Section 23(2) of the Provincial Councils Act No. 42 of 1987.

In my opinion, except for the effects of the matters described in paragraph of Basis for Qualified Opinion of this report, the accompanying financial statements give a true and fair view of the financial position of the Central Provincial Council as at 31 December 2020 and of its financial performance and its cash flows for the year then ended in accordance with Generally accepted Accounting Principles.

**1.2 Basis for Qualified Opinion**

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<b>Audit Observation</b>	<b>Comments of the Chief Accounting Officer</b>	<b>Recommendation</b>
(a) Although the accounting policies state that the financial statements are prepared on cash basis, the balance of Rs. 5,505,247 due to the inter-provincial debt balance settlement account of the statement of financial position and payable deposits and other liabilities, various liabilities and outstanding balances of Rs. 627,859,583 in the inter-provincial debt settlement account were accounted on an accrual basis.	Loans given as advances to public officers to be charged to the provincial council are stated as current assets. The respective institutions have been informed to recover this balance in cash during the relevant financial year and the debit balance of Rs. 5,505,247 has been identified as current assets. The current liabilities of Rs. 627,859,583 are included with the balance of general deposit account, accumulated depreciation fund, balances of widows' and	The basis of the preparation of financial statements should be specifically disclosed.

orphans' contribution fund, Mapanawathura resource center advance account, balance of inter provincial transfer loans and I would like to mention that these account balances are stated as current liabilities as they are balances to be settled by the Central Provincial Council to external parties.

- (b) Although under the deposits and other liabilities in the Statement of financial position Rs. 3,539,788 were stated as accumulated depreciation fund, that assets were not stated in the financial statements which it was allocated. The depreciation value of the fixed assets in the Galpalama farm advance account is shown by the depreciation reserve fund. The amount referred to the Provincial Treasury in terms of Provincial Financial Rules 377 has been duly credited to the accounts by the Provincial Treasury. All relevant information should be disclosed in the financial statements.
- (c) The arrears income was increased by Rs. 33,476,864 in the Statement of Financial Performance due to when copying the opening balance of 03 arrears balance of the year under review to the Central Provincial Revenue Account was increased by that amount. When copying the opening balance of the year under review, that opening balances were copied as closing balances to the submitted statement of arrears revenue for the year 2020 and due to that it was overstated by Rs. 33,476,864. When preparing the revenue account for the year 2021, the opening balance of revenue should be accurately stated.
- (d) The building constructed from the year 2015 at a total cost of Rs. 26,000,000 where the Central Provincial Rural Development Department is located were not included in the non- financial assets of the statement of financial position as at 31 December of the year under review. The value could not be accounted due to the bill payment was done by the Ministry. The building should be accounted as assets in the statement of financial position.
- (e) Under the current liabilities of the Central Province consolidated statement of financial position, the unidentified suspense balance under the General Account was Rs. 832,955 at the end of the year under review. There was a balance of Rs. 1,129,703 in the inter provincial General Account and after settling these debt balances of Rs. 296,748 in the year 2021, the balance in the General account will be Rs. 832,955. This balance will be settled in future as soon as possible. Payable transfer loan balances and suspense balance should be identified and settled.

I conducted my audit in accordance with Sri Lanka Auditing Standards (SLAuSs). My responsibilities, under those financial statements are further described under the Auditor's Responsibilities section of my report. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

### **1.3 Responsibilities of Management for the Financial Statements**

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Management is responsible for the preparation of financial statements that give a true and fair view in accordance with generally accepted accounting principles, and for such internal control as management determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Management of the respective institutions including the Provincial Treasury is responsible for the financial reporting process of the Provincial Council.

As per Sub-section 16(1) of the National Audit Act No. 19 of 2018, the Central Provincial Council is required to maintain proper books and records of all its income, expenditure, assets and liabilities, to enable to prepare annual and periodic financial statements.

### **1.4 Responsibility of the Auditor for the audit of Financial Statements**

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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 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, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Sri Lanka Auditing Standards, I exercised professional judgment and maintain professional scepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my 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.
- A fraud is caused by intentional omission or omission of internal controls.
- Obtain an understanding of internal control of the Provincial Council relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of its internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Evaluate the overall presentation, 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.

I communicate with those charged with governance regarding among other matters, significant audit findings, including any significant deficiencies in internal control that were identified during my audit.

## 1.5 Comments on Financial Statements

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### 1.5.1 Head 541 – Council Secretariat

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
<p>Although the term of acting period of a post should be subject to a maximum of 03 months according to a paragraph No. 02 of the letter of the Secretary to the Ministry of Public Administration No. 11/950/3/1151/4 dated 03 February 1997, the officer who had been appointed as the Assistant Secretary of the Council had not appointed a permanent officer despite having been acting for more than 06 years from 14 March 2014 to 31 December in the year under review.</p>	<p>After the retirement of the former Assistant Secretary at the beginning of the year 2014 by publishing an advertisement in the Gazette and conducting an interview to recruit a suitable person to fill the vacancy in the post and after submitting it to the Staff Advisory Committee held on 14 March 2014, an Acting Assistant Secretary has been appointed on the recommendation of the Board Consultative Committee in accordance with the provisions of the Secretariat staff statute. Further action will be taken in this regard on the recommendation of the Staff Advisory Committee after the establishment of the Provincial Council in future.</p>	<p>A permanent officer should be appointed for the post of Assistant Secretary.</p>

### 1.5.2 Head 542 – Chief Secretariat Office

<b>Audit Observation</b>	<b>Comments of the Chief Accounting Officer</b>	<b>Recommendation</b>
Although the liabilities amounting to Rs. 95,947,016 incurred in last year for the Expenditure Subject 542-3-4-2602 of expenditure on development of special needs villages according to the financial statements contrary to paragraph 3.4 of the Financial Statements 2019 Circular No. CPC/CS/8/1/1 of the Chief Secretary of the Central Province dated 22 January 2020 liabilities amounting to Rs. 96,609,609 had been settled beyond that.	Action will be taken to prevent such omissions in future.	All liabilities should be disclosed through financial statements.

### 1.5.3 Head 545 – Provincial Financial Management

<b>Audit Observation</b>	<b>Comments of the Chief Accounting Officer</b>	<b>Recommendation</b>
(a) Although the Provincial Council had collected stamp duty of Rs. 2,140,860,112 and court fines of Rs. 130,555,222 during the year, only 0.06 percent from the collected revenue amounting to Rs. 1,310,102 of stamp duty out of that had been paid to the Local Government Institutions. Also, court fines had not been paid to the local authorities.	52 percent of the revenue collected from stamp duty was paid during the year under review.	Action should be taken to pay stamp duty and court fines received in respect of Local Authorities.
(b) Although the collecting officers are responsible for recovering the arrears of income as per Central Provincial Financial Rules 116.1 and also responsible for making provisions to act in accordance with the law in due course when necessary, arrears of Rs. 6,773,747 had been cut off from	Special arrangements will be made to collect the arrears.	Action should be taken to recover the arrears.

the Central Province Revenue Account for the years of 2017,2018 and 2019 during the year under review. According to the Revenue Account, Rs. 195,023,111 had to be collected as at 31 December of the year under review in respect of 06 Revenue subjects.

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| (c) | An advance of Rs. 171,988,242 had not been recovered from the Department of Health receivable from the Central Provincial Council on 31 December of the year under review which had not submitted a time analysis. | There were no comments. | Action should be taken to recover the advance. |
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#### 1.5.4 Central Provincial Regional Economic Development Institute

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<u>Audit Observation</u>	<u>Comments of the Chief Accounting Officer</u>	<u>Recommendation</u>
(a) Ledger accounts were not prepared for the subjects of Rs. 277,266,040 revenue, Rs. 249,955,841 expenditures and Rs. 310,604,044 assets and liabilities included in the financial statements for the year under review.	The Chief Management Officer retired in mid-2019 and has not yet been replaced by a Chief Management Officer. Now, the relevant subject is being done by another officer and the General Ledger will be properly maintained in the year 2021.	The General Ledger should be maintained in relation to the assets , liabilities, income and expenses of the institution.
(b) The register had not been maintained for the fixed deposit investments of Rs. 55,000,000 as at 31 December of the year under review in according to the Central Provincial Financial Rules 310.2	Follow the instructions of the audit to maintain a record for fixed deposit investments in accordance with the financial rules.	The fixed deposit investment register should be maintained up to date.

### 1.5.5 Head 550 – Chief Ministry

<b>Audit Observation</b>	<b>Comments of the Chief Accounting Officer</b>	<b>Recommendation</b>
<p>According to Section 32 (3) of part III of the Early Childhood Development Charter of the Central Provincial council No. 03 of 2015, an annual account statement of income and expenditure of the year and all other transactions for each financial year should be prepared for the Central Provincial Early Childhood Development Unit and according to Section 34 of the Charter, the Auditor General is required to audit that statement of accounts. However, 05 years have passed since 2016 and this unit had not prepared a separate statement of accounts and submits it to the Provincial Treasury and the Auditor General.</p>	<p>Staffing for the Early Childhood Development Unit had not yet been approved at the time of the audit. As a staff has already been appointed, A separate account regarding the activities of that unit can be prepared and submitted to the Provincial Treasury in future.</p>	<p>Annual financial statements for the year 2016 should be prepared and submitted for audit.</p>

### 1.5.6 Head 551 – Department of Local Government

<b>Audit Observation</b>	<b>Comments of the Chief Accounting Officer</b>	<b>Recommendation</b>
<p>There was no action had been taken to recover the money for 10 surcharge certificates amounting to Rs. 3,688,891 issued by the Auditor General for Local Government institutions in the Central Province during the period from the year 1996 to end of the year under review with considering the appeals if it was received.</p>	<p>Charges will be recovered after the completion of the court proceedings and after the conclusion of the appeals and several parties have also paid in installments.</p>	<p>Surcharges should be recovered.</p>

### 1.5.7 Head 552 – Department of Education

<b>Audit Observation</b>	<b>Comments of the Chief Accounting Officer</b>	<b>Recommendation</b>
<p>(a) According to Section 12.5.4 of Chapter VII of the Establishments Code, the acting allowance can be obtained only if an officer is acting in another post while holding a permanent post, but only the Zonal Directors of Education appointed to act in the Naula and Galewela Zonal Education Offices have been assigned duties in that post and they also did not cover the duties of any other position. However, the total of Rs. 1,685,919 acting salaries had been paid to the Director of Education in the Naula Zone from February 2016 to December of the year under review amounting to Rs. 857,789 and Rs. 828,130 to the Director of Education in the Galewela Zone from 2016 January to August of the year under review.</p>	<p>A request has been made to the Provincial Public Service Commission to amend the appointment as per the duties performed under Section 12.3 of Chapter VII of the Establishments Code. Action will be taken to recover the acting salary after amending it.</p>	<p>Excess of paid salaries should be recovered.</p>
<p>(b) Acting principals for the vacant posts of Principals of Matale, Galewela and Wilgamuwa Education Zones were appointed for 32,47 and 27 years respectively and some acting principals have been in office for more than 13 years. Acting Directors have been appointed to 04 posts of Matale Divisional Director of Education and some officers have been acting as the post of Divisional Director of Education for more than 18 years.</p>	<p>The senior teacher of the school has been appointed to perform duties with considering about the need of maintain the school until a graded principal will be appointed.</p>	<p>Appointing permanent principals to fill the vacant principal posts.</p>

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| (c) | No recovery or disciplinary action had been taken regarding the damages of vehicle accidents amounting to Rs. 19,375,312 of 193 incidents from the period of 5 to 10 years and Rs. 3,495,427 of 45 incidents above 10 years in the Provincial Education Department in according to the Provincial Financial Rules 55.2.1 and 55.4. | The increase in the number of uncompleted cases are due to surcharges from responsible officers, installments on salaries and pension gratuities, in cases where surcharges are to be levied on several officers, the case remains a case for further recovery until all are offered to be cut off after the surcharge has been levied. | Vehicle accidents should be dealt with in accordance with the Financial Rules.                 |
| (d) | Grade I,II,III officers of the Sri Lanka Teachers' Service have been appointed to act as principals of 28 schools in the Kandy Education Zone, which has 61 graded principals in excess of the approved number in 35 schools.  | There were no comments  | Permanent principals should be appointed for schools where there are vacancies for principals. |

#### 1.5.8 Head 556 – Central Provincial Department of Tourism

<b>Audit Observation</b>	<b>Comments of the Chief Accounting Officer</b>	<b>Recommendation</b>
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Although it has been stated that all officers who have served in the same work place for a maximum period of 05 years should be transferred immediately to allow them to work in other work places according to the Public Administration Circular No. 18/2001 dated 22 August 2001, in contrast with that, 10 officers of the Central Provincial Department of Tourism had served in the same work place from 06 to 21 years.	06 officers had not been transferred. There was an officer who had not received a transfer order and an officer who had not been called for a transfer.	Arrangements should be made to give transfers as per the circular.

**1.5.9 Head 557 – Central Provincial Department of Co-operative Development**

<b>Audit Observation</b>	<b>Comments of the Chief Accounting Officer</b>	<b>Recommendation</b>
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(a) The Department of Co-operative Development had not recovered the loan of Rs. 1,250,000 which given to the Nuwara Eliya Florists' Enterprise Society on 20 June 2016 as at 31 December of the year under review.	Although the loan amounting to Rs. 1,250,000 issued to the Nuwara Eliya Florists' Enterprise Society has not been recovered due to the liquidity problem within the society, efforts are being made to recover the loan installments as well.	Action should be taken to recover the loan amount.
(b) Out of more than Rs. 500,000 critical issues handed over to the Co-operative Development Officers for resolution in the Central Provincial Co-operative Development Department, 3 critical issues amounting to Rs. 6,245,658 arrears for more than 5 years, 4 critical issues amounting to Rs. 16,487,484 arrears for 3 years, a critical issue amounting to Rs. 592,459 arrears for 2 years and 17 critical issues amounting to Rs. 52,892,056 arrears for a year had not been resolved.	Dispute settlement under Article 58 of the Charter is a quasi-judicial process and it takes a long time to resolve disputes as the files referred to as various and deposited disputes are in high financial value. There is a shortage of officers to deal with arbitration issues and the arbitration issues are examined giving priority to the main duty.	Critical issues should be resolved immediately.

**1.5.10 Head 560 - Central Provincial Ministry of Health**

<b>Audit Observation</b>	<b>Comments of the Chief Accounting Officer</b>	<b>Recommendation</b>
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(a) Under the World Bank Development Project, 04 defibrillators at a total cost of Rs. 3,916,000 used to test, stimulate and restore the heartbeat of heart patients donated to Uduwela, Moragaha, Delthota and Dolosbage hospitals in 2015 and 2016 were not in use by December 2020 due to lack of trained staff, non-installation of	The recruitment process for the training staff to be attached to the Intensive Care Units should be carried out by the line Ministry with the approval of the Department of Management Services.	Arrangements should be made to use the machines immediately.

emergency treatment units, non-provision of necessary equipment and vacancies in the nursing staff.

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| (b) | Lack of infrastructure to install the mobile C-arm X-ray machine which had been purchased from a private firm for Nawalapitiya District Hospital in 2019 at a cost of Rs. 10,814,800 provisioned by the Ministry of Health, of Central Government in 2018 and due to non-receipt of licenses by the Ceylon Atomic Energy Regulatory Authority, it could not be used by patients and remained inactive till the 25 February 2021. | The machine was handed over to the Theldeniya hospital due to the lack of infrastructure at the Nawalapitiya District hospital. The machine was handed over to the Nawalapitiya District hospital on 31 July 2020 after undergoing surgery repairs at the Nawalapitiya District hospital. The operation of this machine was approved by the Atomic Energy Regulatory Council of Sri Lanka on 24 February 2021. Accordingly, the preliminary work required to install the relevant machine has been completed by now and the additional equipment will be provided for the service of the patients as soon as it is provided. | Action should be taken to use the machine immediately.              |
| (c) | There were 2509 vacancies in 04 levels of staff in the Provincial health staff service.  | There were no comments.  | Action should be taken to fill the vacancies.                       |
| (d) | The Provincial health service staff had an excess of 87 employees in 03 staff levels.  | There were no comments.  | Appropriate action should be taken in relation to excess employees. |

### 1.5.11 Head 561 – Central Provincial Department of Health Services

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
(a) There were stock of expired drugs worth Rs. 5,641,122 in the drug store of the Matale District General Hospital.	Action will be taken to inform the Colombo medical supplies division regarding any expired drugs and dispose the medicines worth less than Rs. 25,000 as per the powers vested in the Directors of regional health services.	Expired stocks should be disposed. It should be checked whether it expired due to negligence of the officers.
(b) It had not been act in according to the orders issued by the Central Provincial Council Accounts Committee to recover damages amounting to Rs. 571,824 from 5 vehicle accidents that occurred during the period from 2014 to 2018 or to the officers who failed to recover the relevant amount within the relevant period up to 30 April 2021.	There were no comments.	Orders given by the Central Provincial Council Accounts Committee should be implemented.
(c) The Health Services Department has not recovered or taken disciplinary action under provisions 55.2.1 and 55.4 of the Provincial financial rules for damages caused by vehicle accidents amounting to Rs. 31,283,271 during the period from 1 year to 18 years in relation to 100 cases.	Relevant officers of Kandy, Matale and Nuwara Eliya districts were summoned and informed on 19 March 2021 regarding the resolution of vehicle problems which had been unresolved for a long time.	Disciplinary action should be expedited to recover damages and losses caused by vehicle accidents immediately.
(d) The Kandy District Director of Health Services' office has misappropriated Rs. 3,114,905 as painting health equipment which was the Chief Secretary of Central Province had recommended recovering from the 14 responsible officers on 09 May 2019 had not been recovered till 30 April 2021.	There were no comments.	It should be recovered according to the recommendation.

**1.5.12 Head 570 – Central Provincial Ministry of Road Development**

**(a) Central Provincial Passenger Transport Authority**

<b>Audit Observation</b>	<b>Comments of the Chief Accounting Officer</b>	<b>Recommendation</b>
Rent of Rs. 6,884,131 for 174 shops which were in arrears from 11 months to 08 years and 09 months of time period had not been recovered.	All shops tenants have been informed in writing that legal action will be taken against them for non-payment of income on time. An officer has been appointed to collect the arrears on time.	Arrears of rent should be recovered as per the agreement.

**(b) Central Provincial Road Development Authority**

<b>Audit Observation</b>	<b>Comments of the Chief Accounting Officer</b>	<b>Recommendation</b>
(a) Although about 13 years have passed since the approval of the Central Provincial Road Development Authority Charter by the audit date of 19 February 2021, management had not made rules for the meetings of the Authority in accordance with the provisions of the Charter and had not approved the administrative and disciplinary procedures.	Agree to act as indicated by the audit.	The rules should be formulated in accordance with the provisions of the Charter.
(b) The tender was awarded at the estimated cost for the construction of “Dola road Akkaramale third lane and Greenwood school road” operated by the contract unit of the Provincial Road Development Authority. Rs. 1,451,470 had been overpaid to the private subcontractor for 929 metric tons for asphalt transported for an additional 35 kilometers at Rs. 44.64 per	At the time of preparing the estimates for 2018, the production of asphalt at that location had stopped and the prices at that location were not included. The payments to the contractor will be made for the bidding items and also that the payment for Asphalt Wearing and Asphalt Binder has been made as a single item including	Investigations should be carried out and disciplinary action should be taken against those responsible. Overpayments should be recovered.

kilometer due to payment of 70 all materials loading and kilometers of the estimated distance shipping charges and not traveled for 929 metric tons of seperately.. asphalt transported for a distance of 35 kilometer for industry.

#### 1.5.13 Head 571 – Central Provincial Department of Housing

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
<p>The Central Provincial Housing Department had not recovered housing loan amount and interest of Rs. 3,588,424, Rs. 1,082,548 and Rs. 2,165,790 respectively given to homeless families directly by the Central Provincial Housing Department from 1997, by Sanasa society's ltd. from 1994 to 1996 and during the year 1999 and by Co-operative societies from 1994 to 1999 as at 31 December of the year under review.</p>	<p>Direct loans to individuals – Out of 435 loans, Rs. 1,993,192 and interest of Rs. 484,804 are required.</p> <p>Loans thorough Co-operative societies – Out of 268 beneficiaries, loans amounting to Rs. 1,629,832 and interest amounting to Rs. 289,386 are required.</p> <p>Loans from Sanasa credit society – Loans amounting to Rs. 1,024,111 and interest amounting to Rs. 261,253 from 177 beneficiaries are required.</p> <p>Various steps have been taken to recover the above debts.</p>	<p>Action should be taken to recover arrears and interest.</p>

#### 1.5.14 Head 580 – Central Provincial Ministry of Industries

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
<p>The Provincial Ministry of Youth affairs, Women's Affairs, Rural Development, Cooperative Development and Industries purchased 1760 sewing machines worth Rs. 45,581,286 from 2016 to 2019 and distributed them among women in the Central Province with the objective of promoting self-employment. The distributed</p>	<p>Provisions have been received under the decentralized Memembr Provisions (MP) allocation. The Ministry of Industry has been given the task of implementing them only. The list of banaficiaries whose proposals were approved had been attached</p>	<p>Necessary steps should be taken to success the self employment projects.</p>

sewing machines were not followed up until the year 2019 and 302 out of the 864 beneficiaries who were followed up by the Ministry in the year under review were not self-employed and the objective of the project was not fulfilled.

by the Hon. Member. The Ministry did its utmost to fulfill the significant major needs.

#### 1.5.15 Head 581 – Central Provincial department of Textiles

<b>Audit Observation</b>	<b>Comments of the Chief Accounting Officer</b>	<b>Recommendation</b>
<p>Profits earned in the absence of a definite revenue head in the annual revenue estimates to be included in the profits of any particular activity should be credited to the various revenue head of the Provincial Council in according to the Provincial Financial Rules 378.2, failure to do so Rs. 16,712,066 was kept in the current mobile bank account of the Commercial Advance Account on establishment and administration of the textile work shop as at 31 December of the year under review.</p>	<p>Any imprest will not be given from the Provincial Treasury for the annual operations of the Commercial Advance Account and the payments for the production of textiles including the salary of workers in the industry have been spent by the sales income of the textile products. Therefore, a portion of the profits earned is remitted to the Central Provincial Council fund.</p>	<p>Profits earned without a specific revenue head should be credited to the various revenue head of the Provincial Council.</p>

#### 1.5.16 Head 584 – Central Provincial Department of Rural Development

<b>Audit Observation</b>	<b>Comments of the Chief Accounting Officer</b>	<b>Recommendation</b>
<p>According to the 2019 Board of Survey reports, 31 sewing machines provided by the Provincial Rural Development Department to the government women’s development centers in the central Province remained obsolete till 31 December of the year under review.</p>	<p>These machines are very old and difficult to repair and use. Therefore, action had been taken to request from the Secretary, Ministry of Industries by the letter No. CPC/RD01/2021/B.S.01 dated 17.02.2021 to appoint a committee to obtain a technical report on the malfunctioning sewing machines in the centers. Further action will be taken as per the recommendations of the relevant committee.</p>	<p>Obsolete machines should be repaired and used or disposed.</p>

**1.5.17 Head 590 – Central Provincial Ministry of Agriculture**

<b>Audit Observation</b>	<b>Comments of the Chief Accounting Officer</b>	<b>Recommendation</b>
<p>The Ministry of Fisheries and Aquatic Resources Development had constructed 13 ponds under the provision of Rs. 4,479,184 for the objective of developing estate related fresh water fish farming in the Central Province in the year 2017. The project had completely failed due to locating errors and the failure to release fishlitters into the ponds by the audited date of 25 September 2020. The expenditure incurred by the government had completely become useless and no action had been taken to take over the legal ownership of the land prior to construction.</p>	<p>Accordng to prevailed reports, it was planned to stored fish fingerlings in these 13 ponds and the beneficiaires are advised to contribute to the successful maintenance.</p>	<p>Immediate action should be taken to successful the project.</p>

**1.5.18 Head 591 – Central Provincial Department of Agriculture**

<b>Audit Observation</b>	<b>Comments of the Chief Accounting Officer</b>	<b>Recommendation</b>
<p>When examined the progress of the fruit village programme implemented by the Central Provincial Department of Agriculture from the year 2016 to the year 2019, out of 26625 fruit saplings worth Rs. 3,726,100 given to 16 agrarian consulting divisions, the number of successfully maintained saplings by the end of the year was 13970 and during the same period 12655 saplings or 48 percent of the given saplings at the total value of Rs. 1,756,100 were damaged.</p>	<p>Implemented fruit village programme to increase the distribution of small and medium scale orchards with the objective of increasing the area under orchard, increasing fruit production and income of orchard farmers. As the Central Provincial department of Agriculture, it is responsible for providing seedlings to farmers. Nevertheless the saplings can be destroyed under the various reasons.</p>	<p>This is an unusual damage and should be invesigated.</p>