

Sri Lanka Handicraft Board - 2021

1. Financial Statements

1.1 Qualified Opinion

The audit of the financial statements of the Sri Lanka Handicraft Board for the year ended 31 December 2021 comprising the statement of financial position as at 31 December 2021 and the statement of comprehensive income, statement of changes in equity and cash flow statement and notes to the financial statements for the year then ended including a summary of significant accounting policies, 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 and Finance Act No. 38 of 1971, an section 64 (3) of the National Craft Council And Allied Institution act No. 35 of 1982. My comments and observations which I consider should be tabeled to Parliament appear in this report.

In my opinion, except for the effects of the matters described in paragraph 1.5 of this report, the accompanying financial statements give a true and fair view of the financial position of the Board as at 31 December 2021, and of its financial performance and its cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

1.2 Basis for Qualified Opinion

My opinion is qualified on the matters described in paragraph 1.5 of this report.

I conducted my audit in accordance with Sri Lanka Auditing Standards (SLAuSs). My responsibilities, under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of this 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 and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with Sri Lanka Accounting Standards 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.

In preparing the financial statements, management is responsible for assessing the Board's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intend to liquidate the Board or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Board's financial reporting process.

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

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 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 exercise 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.
- Obtain an understanding of internal control 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 the Board's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of the management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Board's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Board to cease to continue as a going concern.
- 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.

The scope of the audit also extended to examine as far as possible , and as far as necessary the following;

- Whether the organization, systems, procedures, books, records and other documents have been properly and adequately designed from the point of view of the presentation of information to enable a continuous evaluation of the activities of the Board, and whether such systems, procedures, books, records and other documents are in effective operation;
- Whether the Board has complied with applicable written law, or other general or special directions issued by the governing body of the Board.
- Whether the Board has performed according to its powers, functions and duties; and
- Whether the resources of the Board had been procured and utilized economically, efficiently and effectively within the time frames and in compliance with the applicable laws.

1.5 Audit Observations on the preparation of Financial Statements

1.5.1 Internal Control over the preparation of financial statements.

Entities are required to “well-designed” a system of internal accounting controls sufficient to provide reasonable assurance that , transactions are executed in accordance with management’s general or specific authorization, transactions are recorded as necessary to permit preparation of financial statements in conformity with the applicable reporting standards , and to maintain accountability for assets, access to assets is permitted only in accordance with management’s general or specific authorization, and the recorded accountability for assets is compared with the existing assets at reasonable intervals and appropriate action is taken with respect to any differences. Issues with regard to maintenance of key accounting records such as General Ledger, Journal and Journal vouchers, payment vouchers etc. may include under this heading.

1.5.2 Non-Compliance with Sri Lanka Accounting Standard

Non Compliance with the reference to particular Standard	Comments of Management	Recommendation
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(a) According to Section 69 of Sri Lanka Accounting Standard No. 1, current liabilities should be recognized only for liabilities expected to be settled within the normal operating cycle within 12 months after the reporting period. However, in the balance of trade creditors of Rs.290,919,988 and other creditors of Rs.119,436,360 stated as current liabilities, there is a balance of Rs.135,406,440 to be collected within a period of 2 to 5 years and a balance of Rs.168,912,845 beyond 5 years.	That the old balances were carried forward without reconciling them with the payments, and as this situation has now been changed it takes a long time to reconcile the old payments and the opening balances, so the balances have to be carried forward as such.	Old balances should be settled and accounted for in standard manner.

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| (b) | In second quality stock amounting Rs.150,731,992 which was 9.8 percent of the total assets in the year under review, repaired and inactive stock and such stock does not represent the actual value of the stock, as per Section 28 of Sri Lanka Accounting Standard No. 02, inventory audited at net realizable value. The closing stock was overstated due to not being shown. | As soon as the board of directors approves, arrangements will be made to show these net proceeds in the accounts and even now a committee is conducting the analysis of these items. | The net realizable value of the stock should be calculated and included in the financial statements. |
| (c) | According to Section 34 of Sri Lanka Accounting Standard No. 02, all losses related to stock should be written off or recognized as an expense in the period in which the loss occurred, but instead of removing the damaged stock from the books, the accumulated damage stock of Rs.3,486,004 in the damaged stock accounts of the Board as at 31 December 2021 due to bringing it forward in the books as assets, the stock value for the year under review was overstated by that amount. | Since arrangements have been made to recover stock shortages from the relevant parties from the year 2019, these shortages will not be written off as an expense. | All losses in respect of stock should be written off in the period in which the loss occurred. |

1.5.3 Accounting Deficiencies

Audit Issue -----	Comments of Management -----	Recommendation -----
(a) The amount of Rs.45,451,390 incurred in the year 2014 for the repair work of the Fort Laksala building was not carried out properly and due to a litigation was accounted under the work in progress until the year 2021. Expenses and assets included in this value were not identified and accounted for separately.	That the construction has been completely stopped and that it has not been possible to separate the expenses paid to confirm and account for these values from the contracting company.	Expenses and assets should be identified and accounted for separately.
(b) In the year under review, the trade and other creditor balances of the board included a debit balance of Rs.74,917,550, so the creditor balance was less than that value.	Since this balance has existed for a long time, efforts are currently being made to correct the balances that were accounted for with errors.	Balances should be properly accounted.
(c) Rs.19,279,453 computer equipment included in the computer equipment balance has been fully depreciated and no steps have been taken to reassess	That the computer devices currently in use will be taken into account by revaluation	Action should be taken according to the answer.

and account for the computer equipment in use and to physically identify the unusable computer equipment and write it off from the books.

and that all other computer devices removed from use will be written off.

- (d) The value of the stock in transit account included in the operating stock value since 2014 was Rs.6,291,571 and due to the non-settlement of the correct stock value compared to the existing balance period, a non-existent stock value was stated in the accounts.
- That this discrepancy will be resolved in the year 2022.
- Stock balance should be settled in time.

1.5.4 Unreconciled Control Accounts or Records

Item	As per Financial Statements Record	As per corresponding Statements Record	Difference	Comments of Management	Recommendation
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	Rs.	Rs.	Rs.		
(a) Property plant and equipment	227,931,158	95,541,889	132,389,269	These balances being old carry forward balance be presented to the Board of Directors and written off.	The reasons for the change should be identified and resolved.
(b)Active stock	390,694,027	389,284,437	1,409,590	In the year 2022, this discrepancy will be investigated and arrangements will be made to settle the balance.	The reasons for the change should be identified and resolved

1.5.5 Documentary Evidences not made available for Audit

Item	Amount	Evidence not available	Comments of Management	Recommendation
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	Rs.			
(a)Capital Grant	107,951,172	Balance Confirmation	That the balance that has brought forward for many years will be corrected.	Evidence must be submitted for audit.
(b)Debtors	19,429,671	Balance Confirmation	Since this is a very old balance it will be presented to the Board of Directors and written off.	-do-
(c)Deposit	12,002,564	Balance Confirmation	Since this is a very old balance it	-do-

money

will be presented to the Board of Directors and written off.

(d)Accrued expenses

6,546,541 Balance Confirmation

Since this is a very old balance it will be presented to the Board of Directors and written off.

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1.6 Accounts Receivable and Payable

1.6.1 Receivables

Audit Issue -----	Comments of Management -----	Recommendation -----
In the hope of promoting sales, the board had contracted with 7 external organizations to conduct business in the buildings owned by the board, and due to the fact that only 02 organizations had carried out business activities, the board had lost the rent and profit percentage due to the agreement. Apart from that, for the rent of space on the first floor of the Tummulla Laksala building for 08 business organizations, the rent amount of Rs.4,869,200 due for the years 2018, 2019 and 2020 had not been collected. The building adjacent to the Tummulla showroom had been given to a private company for business purposes and the board had not taken steps to collect the rental income of Rs.7,643,754 due from the year 2019.	As the other institutions have not yet started their business activities as per the agreement, a final notice has been given to those institutions to start their business activities before 30th November 2022 and if the I adjacent institution fails to pay the arrears before 15th December 2022, then the adjacent institution will be removed from the place. That it has been notified in writing that it will happen.	Arrangements should be made to collect the rent due.

1.6.2 Payables

Audit Issue -----	Comments of Management -----	Recommendation -----
(a) The Handicrafts Board mortgaged the Fort Laksala building for working capital needs and out of the 950 million rupees loan obtained from the Bank of Ceylon during the period 2012-2018, the remaining balance of 273 million rupees at the end of 2019 was recorded as 3 new loans in 2020. Due to non-payment of loan installments and interest due, the new loan amount was announced as 9 from the year 2021 along with the loan amount and interest. Due to this, by the end of the year 2021, the total amount of debt had grown by 12 percent to Rs.306,276,632. The loan interest amounting to Rs.9,875,272 for the year 2021 has not been paid till now.	During the year 2020/21 due to the economic setback of the country in the face of the Covid epidemic situation, the company was unable to pay the bank loan due to the complete collapse of the sales income and that it has been recommended to the company for debt relief until 31 December 2022.	Interest and installments must be paid within specified periods.
(b) Through the refinancing facility provided to the Regional Development Bank under the Prosperity Loan Scheme of the Central Bank of Sri Lanka, a	In the year 2020/21, due to the economic setback of the country in the face	The disadvantages should be minimized through interest and

loan of 200 million rupees was granted to the Handicrafts Board of Sri Lanka in the year 2013 under 2 installments. As of December 31, 2020, this loan had reduced to Rs.158,399,824. But due to the non-payment of interest in the year 2020, the interest amount was Rs.8,323,585 and until March 2021, the interest amount was Rs.4,586,188 and Rs.12,909,773 had been capitalized. Accordingly, by 31 December 2021, the total loan amount had grown to Rs.171,309,597. Also, for the year 2021, payment of Rs. 21,796,529 was not made in terms of loan installments and interest.

of the Covid epidemic installment payments situation, the company in specified periods. was unable to pay the bank loan due to the complete collapse of the sales income.

1.7 Non-compliance with Laws, Rules, Regulations and Management Decisions etc.

Reference to Laws, Rules Regulations etc. -----	Non-compliance -----	Comments of Management -----	Recommendation -----
(a) (i) Amended by Section 9.1 of State Finance Circular No. 01/2020 dated 28 August 2020 financial Regulation 371 (5)	Although the interim advance should be settled within 10 days after the completion of the work, various advances of Rs.708,818 less than 2 years that had been received by the employees of the board had not been recovered as of the date of this report. Also, actions were not taken to recover the trade/non-trade purchase advance balances of Rs.17,589,311 issued to various sections and officers/employees of the board from 2011 to 2018.	That the advance balances related to the years 2011 and 2018 will be further checked and settled in the year 2022.	Advances should be settled as per circulars.
(ii) Currency Regulation 371 (2) a	Although a petty cash advance up to a maximum of Rs.25,000 can be issued for minor expenses under the direct supervision of a staff officer for day-to-day petty expenses, petty cash advance was issued to 9 showrooms and 2 departments of the head office beyond that limit.	From January 2023, efforts will be made to maintain the limit of Rs.25,000 for all minor expenses and all department heads will be informed about this.	The circulars should be followed.
(b) Clause 23 of Chapter XLVIII of the Establishment Code	According to the facts revealed during the preliminary investigations regarding the corruption that has taken place in the board, due to the misconduct of two officers, the	That the next board meeting will consider this matter and give the final decision	Disciplinary orders should be implemented

duty work was temporarily stopped from 24 November 2015. Charge sheets were issued to these officers on 23 December 2015 and revised charge sheets were issued again on 11 January 2016, 21 June 2016 and 6 June 2016. Accordingly, formal disciplinary investigations were completed in February 2020 and December 2019, but disciplinary orders were not issued until October 2022. regarding the immediately disciplinary orders.

- (c) Public Enterprises circular No. PED 17 dated 28 October 2003
- The officials who participated in the Dubai Expo 2021/2022 International Trade Fair held from October 2021 to 31 March 2022, representing Laksala, did not obtain the prior approval of the Director General of State Business for their foreign travel, and the officials received foreign travel allowances of Rs. 1,219,480 and Associated costs had been incurred.
- Duty leave applications have been submitted to the Ministry for leave approval by letter dated 21 September 2021
- Leave must be approved prior to foreign travel.
- A reminder has also been made to the Ministry in this regard, but the approval has not yet been received by the Board.

1.8 Cash Management

Audit Issue	Comments of Management	Recommendation
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According to the provisions of Financial Regulation no: 880 as amended by the part 11 of section 9 State Finance Circular No. 01/2020 dated 28 August 2020, all public officers who have to post bail should complete the requirement of posting the bail following the said money regulations, but they did not comply with it. The employee bail money collected from the bailed officers was not deposited in a savings account in the name of the concerned officer and on the contrary, an amount of Rs. 2,410,000 was deposited in the board's current account. The board did not receive any interest on that amount, but due to the calculation and payment of the interest amount due to the relevant officer by the board, an additional cost of Rs.1,289,567 had to be incurred on 31 December 2021.

After analyzing the related tasks of the employees of the company for the pledge, recommendations are made to the management to keep the pledge money from the employees who have to pledge the pledge and it is expected to transfer the pledged money to a single savings account and get the interest in the year 2022.

Must be followed the circulars for avoiding additional cost for the entity

2. Financial Review

2.1 Financial Result

The operating result of the year under review amounted to a deficit of Rs.58,546,847 and the corresponding deficit in the preceding year amounted to Rs. 105,744,071. Therefore an improvement amounting to Rs. 47,197,224 of the financial result was observed. The reasons for the improvement are Rs. 61,438,748 from government grant and Rs.22,573,938 from other income.

3. Operational Review

3.1 Operational Inefficiencies

	Audit Issue -----	Comments of Management -----	Recommendation -----
(a)	According to the business plan prepared by the board for the period 2021 to 2023, although it was planned to get a target sales income of 435 million, the actual income earned by the board in the year 2021 was Rs.137 million, which was only 31 percent from the target amount. In the year 2021, with the aim of increasing the sales revenue, the board had entered into seven Franchise (foreign chartered Sales) agreements, but according to those agreements, a store was opened only in the United States of America, and on 06 August 2021, goods worth Rs 15,483,376 were sent to the franchisee Share of Revenue According to clause 05.4.1 of the agreement with the dealer, it has been agreed that the Board shall be given a percentage of revenue of three percent per month if the sales revenue earned in a month in the first three years is US\$ 50,000 or more, as of the date of this report. The bank security given for the sale price of Rs.19,889,698 was cashed and only the sale price was settled. Although the board's domestic sales profit margin ranged from 50 percent to 73 percent, the profit margin earned by overseas franchise sales was as low as 22 percent.	This situation was due to the absence of foreign tourists due to the crisis situation in the country and the board of directors and top management decided to open outlets by foreign chartered sales agents in order to increase the company's income and according to this decision, the sales income in the United States of America was Rs. 15 million. Since this is the first foreign dealer agreement, it can be confirmed that the profit margin is at a very low level of 22 percent, but in the future, the sender will take steps to keep the profit margin at 40 percent for all dealer orders.	The management should be followed new pricing strategies to improve foreign sales as well as local sales.
(b)	In the 2020 action plan, it had been proposed to early identify expiring and slow moving stocks and monetize them by giving special discounts. However, stocks of gems and jewelry worth Rs.9,455,546 have been languishing without sale since 2011, and payments of Rs.8,102,312 were made to suppliers for	This stock is owned by the organization by paying the suppliers and this stock can be converted into money by giving special discount by refurbishing and other items	It should be repaired immediately and sold at special discounts.

these stocks during the same period

can be sold in the showrooms so that further action will be taken immediately regarding this stock.

- (c) An online sales system was implemented from the year 2021 with the aim of increasing the board's income, and even though only Rs. 769,513 was earned in the year 2021, the system is currently inactive. At present, in a situation where the people are more inclined to buy online, the board has not taken steps to create sales opportunities through extensive advertising, and till September 2022, only Rs. 37,856 had been earned.
- In the year 2021, although the management's focus is on the online sales method, due to the lack of personnel in the IT department to maintain the website, this process has temporarily stalled and even so, efforts will be made to increase the sales income by using the online sales method on a web platform.
- Action should be taken according to the answer.

3.2 Conflicting transactions

Audit Issue -----	Comments of Management -----	Recommendation -----
By Cabinet Decision No. 12/1523/553/020 and Cabinet approval dated 11 October 2012, approval was received to transfer the legal right to the property located at Galle Unawatuna Limited Lanka Salusala branch to the Sri Lanka Handicrafts Board and accordingly, on 12 December 2012, the property was purchased. For taking Rs. 15,248,576 had been paid to Salusala. Regarding this property, another party has filed a case against Salusala Institute under No. DMR 4421/10 in the Koloa District Court and since the legal proceedings have not been completed, even though it has been more than 10 years since the money was paid for the purchase of the property, the legal ownership of the property has not been transferred to the board.	Due to the delay in taking over this property despite payment, the Secretary of the Ministry has been informed to pay immediate attention to this matter and arrange for the above property to be handed over to the Sri Lanka Handicrafts Board without delay.	Actions should be taken to take over the legal right immediately

3.3 Underutilization of Funds

Audit Issue	Comments of Management	Recommendation
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(a) According to the constitution and regulations of the Artisans' Welfare Development Fund established in 1990, the fund maintained under the name of Benevolent Fund for the welfare of artisans had accumulated an amount of Rs.5,023,891 till 31 December 2021 and deposited it in a current account. Although the cabinet had made a decision in 2007 to transfer this fund to Shilpa Sabha, it remained in a current account of a state bank without the transfer.	It is expected to establish the fixed deposit in year 2022 to re activate the process of the Artisans' Welfare	Arrangement should be made to transfer this fund to the National Craft Council
(b) The opening balance of the current account maintained at the Nuwara Eliya branch of People's Bank was Rs.85,587 on 01 January 2013, and the balance on 31 December 2021 was Rs.4,785,163. Thus, there is no economic benefit in depositing money in a current account and the board, which is facing an acute funding crisis, had not made arrangements to use this money for effective investment or for day-to-day financial needs.	That the money currently available in the Nuwara Eliya current account will be effectively used for the financial needs of the institution.	Arrangements should be made to use it for daily financial needs.
(c) A savings account was maintained at the People's Bank for more than 10 years for security deposits to be submitted for external contract work done by the Handicrafts Board, and the balance as on 31 December 2021 was Rs.2,249,872. The account received a small interest rate of 3 precents and in the year 2021, the bank had added Rs.66,412 to the savings balance as interest money. A large amount of interest income had been lost by keeping a large amount of money in the savings account without depositing the required security deposit at the time of the board's external work or contract.	That no attempt has been made to withdraw the account balance for emergency use	Arrangements should be made to use it for daily financial needs.

3.4 Idle or underutilized Property, Plant and Equipment

Audit Issue -----	Comments of Management -----	Recommendation -----
<p>The 44,000 square feet Colombo Fort Laksala four-storied building with a high commercial value located in a business-centric location was awarded to a contractor not registered with ICTAD in 2013, out of the procurement process for the modernization works, but in the year 2014, the modernization works were stopped midway. According to the ICTAD report, after deducting the value of the physical work done from the amount paid to the contractor, the legal measures taken to recover the sum of 30 million rupees owed to the Handicrafts Board, which is in the care of the contractor, had not been completed. Out of this, the Fort Laksala Showroom is maintained on an area of only 1200 square feet and since several years this building has remained idle, unable to be used. The economic value of this Colombo Fort land, which was about 60 perches, and the Galle land, which was about 22 perches, owned by the board, had not been assessed.</p>	<p>Laksala building renovation work was halted in 2014. In relation to this, the Criminal Investigation Department is currently conducting an investigation and its investigations have not been completed so far and due to this, the Attorney General's Department has initiated the necessary legal proceedings to recover the sum of Rs.30 million from the contractor.</p> <p>Since it is difficult for this board to provide the expected amount of Rs.200 million for the renovation of the building, suitable business proposals (EOI's) are being invited to select an investor who can make a proposal to modernize and use the building.</p>	<p>Efforts should be made to make maximum use of the assets owned by the board</p>

3.5 Human Resources Management

Audit Issue -----	Comments of Management -----	Recommendation -----
<p>No. DMS 1702 and DMS 1702/V01 – III of the Director General of the Department of Management Services dated 28 March 2018 and 27 September 2018 approved the recruitment procedures for the staff of the Board, but the absorption of the staff was not implemented accordingly. According to Section 02 of the Management Circular No. 30 dated 22 September 2006, before converting the salary according to</p>	<p>It was decided not to implement until the institution's financial situation improved. But considering the requests made by the officers of the contract staff for more than 05 years to be absorbed into the permanent service and the permanent</p>	<p>The staff should be absorbed into the approved positions.</p>

the new salary system, the proposals to be adjusted so that all the relevant positions are included in the respective service numbers and salary scales shall be submitted to the National Salary and Cadre Commission and obtain a compliance certificate. There was no, and as a result, the absorption was temporarily suspended, not knowing about the salary increases after the absorption. Due to this, while there were vacancies in the posts with higher pay scales included in the approved staff, the majority of the employees were placed in the lower pay scales and the management had also lost promotions.

staff who have not been promoted for a long time, the Board of Directors

According to the decision given, a committee consisting of two board members including a line ministry representative is currently working to study the demands and grievances of this staff and submit a recommendation report to the ministry.

4. Accountability and Good Governance

4.1 Presentation of Financial Statements

Audit Issue -----	Comments of Management -----	Recommendation -----
The draft annual report and financial statements must be submitted to the Auditor General within 60 days of the end of the accounting year. However, although the financial statements for the year 2021 were submitted 6 months late on 22 September 2022, the draft annual report was not submitted.	The annual accounts were delayed due to the country's crisis situation and travel restrictions during the last 2 years. That the annual reports related to the year 2022 been sent promptly within the relevant period.	Financial statements and draft annual report must be submitted on due date.

4.2 Budgetary Control

Audit Issue -----	Comments of Management -----	Recommendation -----
The variation between budgeted figures and actual expenditure in the year under review ranged from 11 per cent to 244 per cent. Furthermore, for 04 expenditure items an expenditure of 3,035,952 rupees was incurred without preparing estimates, and for 02 expenditure items it was estimated at 19,300,000 rupees but no expenditure was incurred.	The answer has not been given.	The budget should be used as a control agent.