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புடவைக் கைத்தொழில் திணைக்களம்

DEPARTMENT OF TEXTILE INDUSTRY

3 වන මහල, මහලේකම් කාර්යාල ගොඩනැගිල්ල, මාලිගාවත්ත, කොළඹ 10

3ஆம் மாடி,செயலகக் கட்டிடம், மாளிகாவத்தை, கொழும்பு 10

3rd Floor, Secretariat Building, Maligawatta, Colombo 10

Annual Performance Report for the year 2022

Department of Textile Industry

Chapter 01: Institutional Profile

1.1 Introduction

The Department of Textile Industry has been assigned to formulate policy decisions, requlaisation, supervision and coordination of all handloom textile activities towards the development of the handloom textile industry sector in Sri Lanka. Therefore, it is generating human resources with required knowledge and skills in the sector through textile training institutes and design centres under the Departnent.

1.2 Vision, Mission and Objectives of the Institution

Vision

Gearing up producers to manufacture creative and competitive textiles in the sphere of handloom textile industry in a manner befitting the indigenous identity and the culture as well as in a manner that can upsurge the behavior of the local and international market.

Mission

Formulation of policies in relation to the development of the handloom textile industry within the policy framework of the Government and creation of quantitative and qualitative improvement in the handloom textile industry sector through the required guidance, provision of necessary services and facilities, and monitoring and coordination with a view to setting such policies in motion.

Objectives

- Formulation of policies in relation to the development of the handloom textile industry
- Provision of product development oriented programs
    - Entrepreneurial development programs.
    - Design creation programs
    - Training of Trainers programs
- Training of instructors and personnel required for the development of the handloom textile industry sector.
- Training of employees required for the sector.
- Sales promotion (Organization of national and international trading activities)
- Provision of appropriate projects, opportunities of the self-employment and support services and organization of programs with a view to expanding the handloom textile industry
- Conduct of exhibitions and competitions with the objective of developing designs and qualitative improvement in the handloom textile industry
- Conduct of the National Handloom Textile Industry Exhibition
- Experimental research and conservation work required for the uplift of the handloom textile industry
- Introduction of new technology and related development activities

1.3 Principal Activities

1.3.1 Textile industry training projects

- **Enrolling and training students at Textile Schools**

The relevant training is provided through the 06- month basic training course and 13-month final certificate course conducted by 14 textile industry training schools and 2 design schools operative under the Department of Textile Industry.

Accordingly, interviews were conducted for the enrolment of 150 students for the 2022/2023 academic year. The course was commenced on 30 March 2022 for students who had fulfilled the required qualifications.

- **National Handloom Textile Competition, Exhibition and Awards Ceremony**

The annually featured national handloom textile competition was held on 27 October 2022 the Department of Textile Industry at Katubedda with a view to harnessing the talents of those involved in the textile industry according them the due appreciation of their skills with requisite motivation in order that they could contribute in creating locally manufactured textile aimed at both national and international markets underpinning improvement of the qualitative aspect of the handloom textile industry. Awards Ceremony of this Competition was held on 2nd of December 2022 at the Auditorium of the Division of Researches, Training Services and Designs in Katubedda and Handloom Textile Industry National Exhibition and Trade Fair was held at the premises of Sirimavo Bandaranaike Memorial Exhibition Centre, BMICH.

1.3.2 Conducting Examinations

- **Activities relating to examinations on textile industry training courses**

Examinations of the Final and Preliminary Certificate Courses in Textile Industry were held from 21 to 23 March 2022.One hundred and forty five (145) textile training institute students and 62 external candidates attended at the examinations.

Examination Centre	No of textile training institute students	No. of external candidates
Kottala	**11**	**-**
Katubedda	**05**	**01**
Getambe	**14**	**03**
Kirama	**08**	**03**
Boyagane	**19**	**01**
Matale	**15**	**05**
Bandarawela	**14**	**09**
Matara	**-**	**-**
Watapuluwa	**20**	**03**
Pinnawala	**13**	**02**
Thalawa	**08**	**01**
Galle	**04**	**01**
Samanturai	**11**	**24**
Nallur	**03**	**09**
Total	**145**	**62**

Necessary arrangements were made to hold the examination of the one year Designs Training Course which is Schedule to be held for the pupils recruited in 19 April 2021 at the end of the course as 25, 26 and 27 July 2022. For this examination, 11 pupils from the designs training school in Gatambe and 14 pupils from the designs training school in katubedda took part.

1.3.3. In Service Training Programme

Under this activity, organization and implementation of training programmes necessary for the advancement of the Textile Industry ranging from textile industrialists to entrepreneurs and instructors is undertaken.

Eight (08) training programmes for 195 trainees were conducted during the year 2022 with the objective of enhancing the productivity of the Departmental members of the staff and those personnel employed in the field of handloom textile industry involving the provincial public, cooperative and private sectors.

Details of courses conducted in the year 2022

S.No	Name of the programme	Dates conducted	No. of participants	Venue
01	Dik Jala (Horizontal Jala) Designs Training	From 19 to 24.01.2022	26	Textile Training Institute, Katubedda
02	Dumbara Rata Designs Training	From 14 to 16.03.2022	18	Textile Training Institute, Katubedda
03	Attitude Development Training of Textile Industry Instructors	28.03.2022	49	Sri Lnka Institute of Textile & Appearal
04	Color Combination Training	From 29 to 31.03.2022	35	Textile Training Institute, Katubedda
05	Yarn Bleaching and Dyeing Training	From 23 to 25.05.2022	20	Textile Training Institute, Katubedda
06	Leno Weaving Designs Training	From 03 to 06.10.2022	20	Textile Training Institute, Katubedda
07	Yarn Dyeing with Natural Dyes	From 18 to 20.10.2022	22	Textile Training Institute, Katubedda
08	Woolen Towel Designs Training	From 05 to 10.12.2022	05	Vavuniya Thonikkal

1.3.4 Commencing Handloom Textile Industry Projects

Under the provisions of the State Ministry of Batik, Handloom and Local Apparel Products, initial steps have been taken to initiate handloom textile industry projects covering various districts of the country with the objective of expanding the handloom textile industry as a more productive livelihood.

After giving training on the handloom textile industry for a period of six months to the beneficiaries selected from the relevant areas, sets of handloom, basic implements and tools as well as raw materials necessary for the commencement of the industry are provided free of charge with the aim of encouraging local manufacturers.

Accordingly, details of projects commenced in the year 2022 out of projects identified in the year 2021 are tabulated below.

S.No	Name of the Project	No. of Trainees
01	Kanawa Handloom Textile Project	16
02	Buthpitiya Handloom Textile Project	09
03	Kobeigane Handloom Textile Project	5
04	Neliathugoda Handloom Textile Project	5
05	Hinguralakanda Handloom Textile Project	04
06	Kumbukkana Handloom Textile Project	07
07	Nuwangate Handloom Textile Project	05
08	Polipitigama Handloom Textile Project	09
09	Wehigala Handloom Textile Project	06
10	Matale Handloom Textile Project	05
	Total number of beneficiaries	71

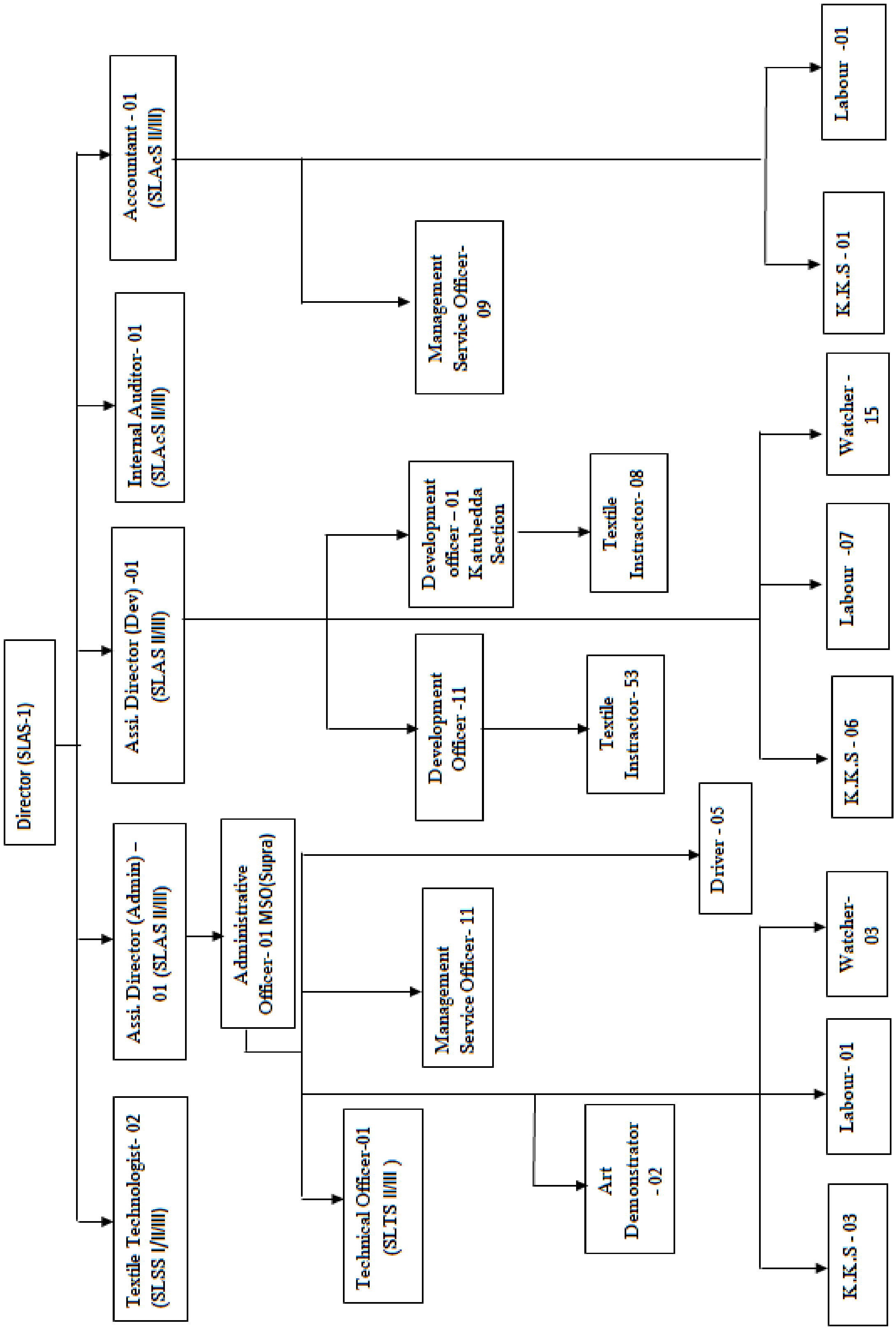
Accordingly, the handloom textile training projects to be started in the year 2023

S. No	Name of the project	No, of persons that can be trained
01	Amunukumbura Handloom Textile Project	10
02	Ahugammana Handloom Textile Project	10
03	Ganemulla Handloom Textile Project	05
04	Mahawa Handloom Textile Project	15
05	Alawwa Handloom Textile Project	15
06	Ambaraluwa Handloom Textile Project	15
07	Kiriella Handloom Textile Project	15
08	Wayaba Handloom Textile Project	15
09	Wariyapola Handloom Textile Project	15
	Total number of beneficiaries	115

1.3.5 Conducting a certificate awarding ceremony for students who passed the Textile Industry Examination

The ceremony for awarding certificates to students of the academic year 2020/2021 who passed the final certificate of Handloom textiles and advanced certificate of Handloom designing were awarded on 15.10.2022.

1.4 Organizational Structure



1.5 Major Divisions of the Department

- Establishments Division
- Development Division
- Accounts Division

1.6 Institutions under the purview of the Department

i. Research, Training, Design and services institute
280/1, Galle Rd., Katubedda, Moratuwa
ii. Natural Colour Project, Rajagiriya
iii. Textile Training Schools & Design Training Schools

There are 14 textile industry training schools and 2 design schools operative under the Department of Textile Industry.

S. No	Institution	Address
01	Handloom Textile Training Institute, Katubedda	280/1,Galle Road, Katubedda, Moratuwa
02	Handloom Textile Training Institute, Kottala	Kottala, Veyangoda
03	Handloom Textile Training Institute, Boyagane	Boyagane, Kurunegala.
04	Handloom Textile Training Institute, Pinnawala	Pinnawala, Rambukkana
05	Handloom Textile Training Institute, Watapuluwa	Aruppala Road, Watapuluwa, Kandy
06	Handloom Textile Training Institute, Getambe	Getambe, Peradeniya
07	Handloom Textile Training Institute, Matale	Kongahamula, Palapathwala, Matale
08	Handloom Textile Training Institute, Matara	Hakmana Road, Matara.
09	Handloom Textile Training Institute, Kirama	Kirama
10	Handloom Textile Training Institute, Bandarawela	Kinigama, Bandarawela
11	Handloom Textile Training Institute, Thalawa	Mihirigama, Thalawa
12	Handloom Textile Training Institute, Galle	Kalegana Rd, Ginthota, Galle
13	Handloom Textile Training Institute, Nallur	194, Point Pedro Road, Nallur, Jaffna
14	Handloom Textile Training Institute, Samanturai	Sammanthurai
15	Design Training Institute, Katubedda	280/1, Galle Road, Katubedda, Moratuwa
16	Design Training Institute, Getambe	Getambe, Peradeniya

Chapter 02: Progress and Outlook

2.1 Progress of the institution

- 150 students were recruited to Textile Industry Training Institutions.
- 08 In Service Training Programs were organized and 195 trainees were participated in them.
- Steps were taken to conduct an Attitude Development Workshop for the staff of the Department at the Institute of Researches, Trainings, Designs and Services.
- Examination for Textile Industry Training Final Certificate was held for 207 students whilst Examination for Textile Industry Designs Training Final Certificate was held for 25.
- Training up to National Vocational Qualification Level 4 (NVQ 4) is provided for school leavers.
- Final Judgment of Handloom Textile Industry Provincial Level Competitions was made on 27th October 2022 at Training Institute in Katubedda.
- Measures were taken to hold the Handloom Textile Industry Awards Ceremony for the year 2022 on 2nd of December 2022 at the Auditorium of the Division of Researches, Training Services and Designs.
- The Handloom Textile Industry Trade Fair was held on 3rd, 4th and 5th days of December 2022 at the premises of Sirimavo Bandaranaike Memorial Exhibition Centre, BMICH.
- Basic Trainings of 10 Handloom Textile Industry Training Projects recognized in 2021 were commenced in 2022 and 71 students are being trained under this project.
- Necessary arrangements were made to grant the level NVQ 4 through RPL method for 60 Textile Instructors in year 2022.
- Necessary measures have been taken to commence processing the payment of monthly allowance of machine employees who had served less than 10 years in 10 power loom enterprises owned by the Department of Textile Industry established in 1980-1982 through Divisional Secretariats decentralizing from April of 2022 onwards. Out of 4166 machine employees which of 80% having been considered as still survive, 3332 employees are entitled to this allowance till they live.
- Daily payment transactions are being updated online and processing successful payments through ITMIS.
- Guidance and counselling services are being provided to new entrepreneurs and undergraduates on Handloom Textile Industry.
- Out of 11 Power loom lands owned by Department of Textile Industry 9 lands were offered to the relevant Divisional Secretaries by the end of 2022 for the possession.

2.2 Outlook of the Institution

- Expecting to implement 10 Handloom Textile Industry villages in Divisional Secretariat level.
- Planning to conduct 30 Training Courses related to Handloom Textile Industry.
- Conducting of Handloom Textile Industry Provincial Level Competition and National Level Competition concurrent with Handloom Textile Industry Exhibition, Trade Fair and Awards Ceremony.
- Scheduled to hold the Textile School Final Certificate Examination and Designs Training Examination.
- Modernizing of 4 Handloom Textile Industry Schools out of 14 owned by the Department in a very attractive way.
- Processing the payment of Monthly Allowance of 3332 Machine Operators through Divisional Secretariats decentralizing with the intension of regulating and accelerating the process which of 80% of machine operators are being paid till they live and who had served less than 10 years in 10 power loom enterprises when in privatization of these enterprises which owned by this department in years 1980-82. It is expected to pay the monthly allowance for the other 20% of the machine operaters in the year 2023. (Payment will be done only for the living ones.)
- Conducting of Capacity Development Training Workshops for all the staff of the Department for the enhancement of knowledge, skills and attitudes.
- Conducting of Leadership Training Workshops for students in 14 Schools and 2 Designs Training Schools.

2.3 Challenges

- Lack of adequate staff
- Lack of adequate provisions
- Lack of a work place with adequate space and facilities
- Fulfill the vacant positions of Internal Auditor and Technical Officer
- Grant the Approval for a position of IT Officer to function the IT related duties at the Department
- Increasing the handloom textile raw material cost day by day.
- Lack of market opportunity for handloom products.
- Lack of value addiction on handloom products & not tragetting the foreign market.

2.4 Signature of the Head of Institution

Name: U.V.S. Senani Seneviratne
Post : Director

Chapter 03: Overall Financial Performance

3.1 Statement of Financial Performance

Statement of Financial Performance for the period ended 31 December 2022

Budget (Current year)		Note	Actual		
			Current year Rs. Cts		**Previous year Rs. Cts**
-	**Revenue Receipts**		-		-
-	Income Tax	1	-		-
-	Taxes on Domestic Goods & Services	2	-		-
-	Taxes on International Trade	3	-		-
-	Non Tax Revenue & Others	4	-		-
-	**Total Revenue Receipts (A)**		-		-
-					
-	**Non Revenue Receipts**		-		-
-	Treasury Imprests		198,740,000		314,315,000
-	Deposits		1,542,569		4,112,082
-	Advance Accounts		5,552,804		4,701,338
-	Other Receipts		-		-
-	**Total Non Revenue Receipts (B)**		205,835,373		323,128,420
-	**Total Revenue Receipts & Non Revenue Receipts C = (A)+(B)**		205,835,373		323,128,420
-	Remittance to the Treasury (D)		-		-
	Net Revenue Receipts & Non-Revenue Receipts E = (C)-(D)		205,835,373		323,128,420
-	**Less: Expenditure**		-		-
-	**Recurrent Expenditure**		-		-
77,500,000	Wages, Salaries & Other Employment Benefits	5	74,754,339		66,354,042
21,500,000	Other Goods & Services	6	18,973,472		21,345,463
215,500,000	Subsidies, Grants and Transfers	7	215,696,318		185,267,721
-	Interest Payments	8	-		-
-	Other Recurrent Expenditure	9	-		-
314,500,000	**Total Recurrent Expenditure (D)**		309,424,129		272,967,226
	Capital Expenditure				
800,000	Rehabilitation & Improvement of Capital Assets	10	1,015,963		5,129,878

200,000	Acquisition of Capital Assets	11	105,800		39,500
-	Capital Transfers	12	-		-
-	Acquisition of Financial Assets	13	-		-
-	Capacity Building	14			44,387,641
30,000,000	Other Capital Expenditure	15	29,958,071		-
31,000,000	**Total Capital Expenditure (E)**		301,079,834		49,557,019
	Deposit Payments		5,016,846		1,856,625
	Advance Payments		5,258,228		7,196,196
	Total Main Ledger Expenditure (H)		-		-
	Main Ledger Expenditure (F)		10,275,074		9,052,821
	Total Expenditure I = (F+G+H)		350,779,037		331,577,066
345,500,000	**Total Expenditure G = (D+E+F)**		(144,943,664)		(8,448,646)
	Balance as at 31st December J = (E-I)		(144,943,664)		(8,448,646)
	Imprest Balance as at 31st December		(144,943,664)		(8,448,646)

3.2 Statement of Financial Position

ACA-P

Statement of Financial Position
As at 31st December 2022

	Note	Actual 2,022 Rs	2,021 Rs
Non Financial Assets			
Property, Plant & Equipment	ACA-6	268,815,527	268,709,727
Financial Assets			
Advance Accounts	ACA-5/5(a)	19,200,608	19,495,184
Cash & Cash Equivalents	ACA-3	-	-
Total Assets		288,016,135	288,204,911
Net Assets / Equity			
Net Worth to Treasury		19,081,908	15,902,208
Property, Plant & Equipment Reserve		268,815,527	268,709,727
Rent and Work Advance Reserve	ACA-5(b)		
Current Liabilities			
Deposits Accounts	ACA-4	118,700	3,592,976
Unsettled Imprest Balance	ACA-3	-	-
Total Liabilities		288,016,135	288,204,911

Detail Accounting Statements in ACA format Nos. 1 to 7 presented in pages from 7 to 27 and Notes to accounts presented in pages from ……. to ……….. form an integral part of these Financial Statements. The Financial Statements have been prepared in complying with the Generally Accepted Accounting Principles whereas most appropriate Accounting Policies are used as disclosed in the Notes to the Financial Statements and hereby certify that figures in these Finacial Statements, Notes to accounts and other relevant accounts were reconciled with the Treasury Books of Accounts and found in agreement.

We hereby certify that an effective internal control system for the financial control exists in the Reporting Entity and carried out periodic reviews to monitor the effectiveness of internal control system for the financial control and accordingly make alterations as required for such systems to be effectively carried out.

Chief Accounting Officer	Accounting Officer	Chief Financial Officer/ Chief Accountant/ Director (Finance)/ Commissioner (Finance)
Name :	Name :	Name :
Designation :	Designation :	
Date : 28/02/2023	Date : 28/02/2023	Date : 27/02/2023
J.M. Thilaka Jayasundara Secretary Ministry of Industries 73/1, Galle Road, Colombo 03.	C. R. MAMUHEWA Director (Acting) Department of Textile Industry 3rd Floor, Secretariat Building Maligawatta, Colombo 10.	H. G. Nandani Accountant Department of Textile Industry 3rd Floor, Secretariat Bulding, Maligawatta, Colombo 10.

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3.3 Statement of Cash Flows

Statement of cash flows for the Period ended 31st December 2022

	Actual	
	Current year Rs. Cts	**Previous year** Rs. Cts
Cash Flows from Operating Activities		
Total Tax Receipts	-	-
Fees, Fines, Penalties and Licenses	-	-
Profit	-	-
Non Revenue Receipts	-	-
Revenue Collected on behalf of Other Revenue Heads	5,020,551	9,207,719
Imprest Received	198,740,000	314,315,000
Recoveries from Advance	5,552,804	5,278,841
Deposit Received	1,542,569	4,112,082
Total Cash generated from Operations (a)	210,855,924	332,913,642
Less - Cash disbursed for:		
Personal Emoluments & Operating Payments	93,727,811	87,654,005
Subsidies & Transfer Payments	215,696,318	185,267,721
Expenditure on other heads and imprest settlement to treasury	7,963,935	1,375,826
Imprest Settlement to Treasury	-	-
Advance Payments	5,258,228	7,196,196
Deposit Payments	5,016,846	1,856,625
Total Cash disbursed for Operations (b)	327,663,156	283,350,373
NET CASH FLOW FROM OPERATING ACTIVITIES(C)=(a)-(b)	116,807,232	49,557,019
Cash Flows from Investing Activities		
Interest		
Dividends	-	-
Divestiture Proceeds & Sale of Physical Assets	-	-
Recoveries from Advance	-	-

Total Cash generated from Investing Activities (d)	-	-
<u>Less - Cash disbursed for:</u>		-
Purchase or Construction of Physical Assets & Acquisition of other investments	**31,079,834**	**49,557,019**
Total Cash disbursed for Investing Activities (e)	**31,079,834**	**49,557,019**
NET CASH FLOW FROM INVESTING ACTIVITIES(F)=(d)-(e)	**(31,079,834)**	**(49,557,019)**
NET CASH FLOWS FROM OPERATING & INVESTMENT ACTIVITIES (g)=(c) + (f)	**(147,887,066)**	**-**
<u>Cash Flows from Financing Activities</u>		
Local Borrowings	-	-
Foreign Borrowings	-	-
Grants Received	-	-
Deposit Received	-	-
Total Cash generated from Financing Activities (h)	**-**	**-**
<u>Less - Cash disbursed for:</u>		
Repayment of Local Borrowings	-	-
Repayment of Foreign Borrowings	-	-
Total Cash disbursed for Financing Activities (i)	**-**	**-**
NET CASH FLOW FROM FINANCING ACTIVITIES (J)=(h)-(i)	**-**	**-**
Net Movement in Cash (k) = (g) -(j)	(147,887,066)	-
Opening Cash Balance as at 01st January	-	-
Closing Cash Balance as at 31st December	-	-

3.4 Notes to Financial Statements

1) Reporting Period

The reporting period for these Financial Statements is from 01st January to 31st December 2022.

2) Basis of Measurement

The Financial Statements have been prepared on historical cost modified by the revaluation of certain assets and accounted on a modified cash basis, unless otherwise specified.

The figures of the Financial Statements are presented in Sri Lankan rupees rounded to the nearest rupee.

3) Recognition of Revenue

Exchange and non-exchange revenues are recognized on the cash receipts during the accounting period irrespective of relevant revenue period.

4) Recognition and Measurement of Property, Plant and Equipment (PP&E)

An item of Property, Plant and Equipment is recognized when it is probable that future economic benefit associated with the assets will flow to the entity and the cost of the assets can be reliably measured.

PP&E are measured at a cost and revaluation model is applied when cost model is not applicable.

5) Property, Plant and Equipment Reserve

This revaluation reserve account is the corresponding account of PP&E.

6) Cash and Cash Equivalents

Cash & cash equivalents include local currency notes and coins on hand as at 31st December 2022.

3.5 Performance of Revenue Collection

Revenue Code	Description of revenue code	Revenue estimate		Revenue collection	
		Original estimate	**Final estimate**	**Amount (Rs)**	**As a % of the final estimate**
2002.01.00	**Rent**				
2002.01.01	Rent on government building	-	-	870,757.43	
2002.02.00	**Interest**				
2002.02.99	Other	-	-	701,965.39	
2003.99.00	**Other receipts**	-	-	2,354,608.75	
2004.01.00	**Social security contributions**				
2004.01.00	Central government	-	-	3,057,547,11	

3.6 Performance in the utilization of allocated funds

Type of Allocation	Allocation		Actual expenditure	Allocation utilization as a % of the final allocation
	Original estimate	**Final estimate**		
Recurrent	314,500,000	314,500,000	309,424,129	98.5%
Capital	31,250,950	31,250,950	31,079,834	99.5%

3.7 In terms of F.R. 208, grant of allocations for expenditure to this Department/ District Secretariat/ Provincial Council as an agent of other Ministries/Departments

Serial No	Allocation received from which Ministry/Department	Purpose of the Allocation	Allocations		Actual Expenditure Rs.	Allocation utilization as a % of the final allocation
			Original Rs.	Final Rs.		
130	Ministry of Provincial Councils and Local Government	Making payments for Economic Development Officers	1,372.992.86	1,372,992.86	1,372.992.86	100%
439	Ministry of Industrial	National Apprentice & Industrial Training Authority – obtain NVQ certificates	5,360,000.00	5,360,000.00	5,322,748.40	99%
253	Department of Pensions	Settling advance concession	1,268,212.00	1,268,212.00	1,268,212.00	100%

3.8 Performance of the Reporting of Non-Financial Assets

Assets code	Code Description	Balance as per Board of Survey Report as at 31.12.2021	Balance as per Financial Position Report as at 31.12.2021	Yet to be accounted	Reporting progress as a %
9151	Buildings and structures	127,979,125.00	127,979,125.00	-	100%
9152	Machinery	41,277,552.00	41,277,552.00	-	100%
9153	Lands	99,561,850.00	99,561,850.00	-	100%
9154	Intangible assets	-	-	-	-
9155	Biological assets	-	-	-	-
9160	Work in progress	-	-	-	-
9180	Leased assets	-	-	-	-

3.9 Auditor General's Report

My No: TAC/A/DTI/FS/22/25 Your No: Date: 30th May 2023

Director,

Department of Textile Industry

Head 303 – Summary Report of the Auditor General on the Financial Statements of the Department of Textile Industry for the year ended 31st December 2022 in terms of section 11 (1) of the National Audit Act No. 19 of 2018.

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1. Financial Statements

1.1 Qualified Opinion

Head 303 - The audit of the financial statements of the Department of Textile Industry for the year ended 31st December 2022 comprising the statement of financial position as at 31st December 2022 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. My comments and observations on the financial statements issued to the Department of Textile Industry in terms of Section 11 (1) of the National Audit Act No. 19 of 2018 are stated in this report. The Report of the Auditor General which should be presented to Parliament in pursuance of provisions in Article 154 (6) of the Constitution of the Democratic Socialist Republic of Sri Lanka read in conjunction with Section 10 of the National Audit Act No. 19 of 2018 will be tabled in due course.

In my opinion, except for the effect of the matters stated in paragraph 1.6 of this report, the financial statements of the Department of Textile Industry give a true and fair view of the financial position of the Department of Textile Industry as at 31st December 2022 and its financial performance and cash flow for the year then ended, in accordance with Generally Accepted Accounting Principles.

1.2 Basis for Qualified Opinion

My qualified opinion is based on the facts that are stipulated in paragraph 1.6 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 opinion.

1.3 Responsibility of the Chief Accounting Officer and 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 in terms of Section 38 of the National Audit Act, No.19 of 2018 and for such internal control as the Accounting Officer determine is necessary to enable the preparation of financial statements that are free from material misstatements, 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 annual and periodic financial statements to be prepared.

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 is maintained in the Department and carry out periodic reviews to monitor the effectiveness of such system and accordingly make any alterations as required for such systems to be effectively carry out.

1.4 Auditor’s Responsibility for the Financial Statements

My objective is to express a reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue the Report of the Auditor General 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 users should be aware of this when making economic decisions based on these financial statements.

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

- Identify and assess the risks of material misstatements 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 impact of fraud is greater than the impact of material misstatements due to the reasons such as collusion, preparation of forged documents, intentional evasion, making mistakes or evasion of internal controls.
- Although not intended to express an opinion on the effectiveness of internal control, an understanding of internal control was gained in order to design appropriate audit procedures from time to time.
- Evaluate the structure and content of financial statements, including disclosures, and the relevance of transactions and events in the financial statements in an appropriate and fair manner.

- Evaluated the overall presentation of the financial statements, including the fact that the transactions and events underlying the structure and content of the financial statements were appropriately and fairly included and disclosures.

The Accounting Officer is made aware of important audit findings, key internal control deficiencies and other matters identified in my audit.

1.5 Report on Other Legal and Regulatory Requirements

In terms of section 6(1)(d) of the National Audit Act, No.19 of 2018, I state the followings.

(a) The financial statements are consistent with the preceding year.

(b) The recommendations made by me on the financial statements of the preceding year had been implemented.

1.6 Comments on Financial Statements

1.6.1 Non Revenue Receipts

The Cash Flow generated through operating activities had been undercounted of Rs.1,631,076 due to understated Income from other sources of Rs. 1,740,746 and overstated advance payments of Rs. 109,670 in the Cash Flow Statement.

1.6.2 Recurring Expenditures

The Cash Flow from operating activities had been overstated of Rs. 144,280,060 due to the Personal Emoluments and Operating Expenses of Rs. 242,430 under F. R. 208 made by other ministerial departments, and on Subsidies and Transfers of Rs. 143,679,980 under F. R. 208 made by other ministerial departments, and also due to the overstated of Rs. 357,650 from Expenditure incurred on behalf of Other Heads in the Cash Flow Statement.

1.6.3 Capital Expenditures

The Net Cash Flow generated through investing activities had been overstated of Rs. 1,975,930 due to the construction or purchase of physical assets or investments in securities of Rs, 1,975,930 under F. R. 208 made by other ministerial departments, in the Cash Flow Statement.

1.6.4 Non-Financial Assets

In accordance with the paragraph 8.2 of State Accounts Guidelines No 2022/05 dated on 13th December 2022, If there are Non-Financial Assets which are yet to be reported, they should be properly identified and should be accounted at cost or in the absence of cost, they should be accounted at assessment value, the value of lands of 09 Textile Schools, 08 Weaving Houses and 2 Tourists' Houses and also the value of a vehicle had not been accounted as at 31st December 2022.

1.6.5 Limitation on the Scope of Audit

The clear Title Certificates had not been provided to clear the title of 2 Tourists' Houses and 14 Textile Training Institutions which were said to be owned by the Department.

2. Financial Review

2.1 Revenue Management

Following observations were made in this regard.

(a) Power Loom Textile Industry land and the building in Thalalla had been leased to a private company for a period ranging from year 2010 to 30 years, and had breached the lease agreement by defaulting the lease payable since 2016. The total lease receivable from 2016 to 2019 had been Rs. 8,910,000 and it had not been recovered as at 31st December 2022. Although the land along with the building is being enjoyed by the tenant, it had not been handed over to the Government by the date of the audit.

(b) Power Loom Textile Industry Institution in Yatinuwara had been leased to a private institution for a period ranging from year 2000 to 30 years. The tenant had breached the lease agreement by defaulting the lease value of Rs. 2,756,000 payable from year 2000 to year 2012 due to an unauthorized occupant which arouses a conflict with the clear title of the lease property. Necessary actions had not been taken for the recovery of the arrears and removal of the unauthorized occupant and transfer of clear title of the land to the Divisional Secretary by the date of audit.

(c) Nimhala Institution in Bibila had been leased to a Managing Director of a Private Company for a period ranging from year 1996 to 30 years. In terms of the Final Arbitration Award on the arrears receivable from the company, dated on 27th September 2022, it was ordered to pay a sum of Rs. 1,681,250 and interest, tenant had defaulted the payment.

2.2 Certification to be done by the Accounting Officer

Even though the Chief Accounting Officer and the Accounting Officer shall ensure that there is an effective method maintained to carry out the internal audit functions properly as per the provisions of the Section 38 of the National Audit Act, No.19 of 2018, according to the observations stated in paragraph 4.1 of the Report, It had not been fulfilled.

3. Operational Review

3.1 Performance

3.1.1 Non-Performance of Functions

Out of purchased handloom equipment for the Handloom Weaving Villages project in years 2021 and 2022, with the intention of expanding Handloom Weaving Industry in rural areas, by generating rural entrepreneurs, 220 Handloom weaving machine sets and 195 winding machine sets amounting to Rs. 23,960,750 had been underutilized by the date of the report.

3.1.2 Non-Achievement of Desired Output Level

Although Rs. 3,835,000 had been spent on the Administration of 14 Textile Training Institutions in the year under review, following observations were made on the performance of the courses conducted in order to train the labors towards the development of Handloom Weaving Field.

I. Six months course of the Department of Textile Industry had been conducted only in Matara and Katubedda Textile Training Institutions in years 2021 and 2022, only 02 students and 04 students respectively had completed the course.

II. Although 147 and 87 students had completed the Final Certificate Course in preceding year and in the year review respectively, the participation of students in the course had decreased by 40% compared to the preceding year.

III. Number of students who had completed the course in 4 Textile Training Institutions during the year review was in a lower level as 1,2,3 and 4.

IV. Only 58 students had used the hostel facility where 119 students can be facilitated with, in 13 Textile Training Institutions during the year review. Accordingly, 52 per cent of providable hostel facilities had been underutilized.

V. It was observed that lack of adequate trained students compared to the amount spent is a fact that the management should pay more attention on.

3.2 Assets Management

Following observations were made in this regard.

(a) The Natural Dyeing Centre situated in Rajagiriya, in a title unclear land in extent of 30 perches, which consisted of two (02) buildings and a guardroom, had not been utilized for more than two years.

(b) The physical inventory of yarns by 31st December 2022 is 6,798kg and it was observed that yarns inventory which should be maintained for the Textile Schools was exceeded and no any actions had been taken to make use the excess inventory effectively.

4. Good Governance

4.1 Internal Audit

The position of Internal Auditor had not yet been filled even though the position had been approved.

4.2 Audit and Management Committee

The Departmental Audit & Management Committee Meetings had not been held yet one Ministerial Committee Meeting had been held for the year under review.

B. G. I. Niranja
Senior Assistant Auditor General
For Auditor General

Chapter 04: Performance Indicators

4.1 Performance Indicators of the Institution

Specific indicators	Actual output as a percentage (%) of the expected output		
	90%-100%	**75%-89%**	**50%-74%**
1) Administration of Textile Training Institutes- Commencement of activities for enrolling 150 students for training	√		
2) Conducting provincial exhibitions and competitions.	√		
3) Conducting 08 in-service trainings			√
4) Holding design training course examination in July, one year Designs Training Course examination to be held March.	√		

Chapter 05- Performance of achieving Sustainable Development Goals (SDG)

Goal/Objective	Targets	Indicators of the achievement	Progress of the achievement to date		
			0%-49%	**50%-74%**	**75%-100%**
4.4 By 2030, substantially increase the number of youth and adults who have relevant skills, including technical and vocational skills, for employment, decent jobs and entrepreneurship	Granting NVQ Level 4 for 5000 professionals in the handloom textile sector by the year 2030.	Granting NVVQ to 2500 professionals by 2025	√		
9.2 Promote inclusive and sustainable industrialization and, by 2030, significantly raise industry's share of employment and gross domestic product, in line with national circumstances, and double its share in least developed countries	Making the contribution of the industrial sector to the GDP to 10% by increasing the contribution of the handloom sector	Increasing the contribution to the GDP by the year 2025.	√		

Chapter 06: Human Resources Profile

6.1 Cadre Management

	Approved cadre	Existing cadre	Vacancies/(Excess)
Senior	07	05	02
Tertiary	01	01	0
Secondary	95	87	08
Primary	42	30	12

6.2 How the shortage or excess in human resources has been affected the performance of the institution

- Interruptions are caused for the functioning of duties due to the vacant positions of Internal Auditor and Technical Officer.
- Due to the fact that a position of IT Officer or Assistant IT Officer had not been included in the cadre of the Department interruptions are caused when functioning the IT related duties.
- Interruptions are caused for the functioning of duties in Accounts, Administration and Development divisions due to the vacant positions of Management Service Officer.

Chapter 07 - Compliance Report

No.	Applicable Requirement	Compliance Status (Complied/ Not complied)	Brief explanation for non-compliance	Corrective actions proposed to avoid non-compliance in future
1	**The following Financial statements/ accounts have been submitted on due date**			
1.1	Annual financial statements	Complied		
1.6	Others	-		
2	**Maintenance of books and registers (FR 445)**			
2.1	Fixed assets register has been maintained and updated in terms of Public Administration Circular 267/2018.	Complied		
2.2	Personal emoluments register/ Personal emoluments cards has been maintained and updated.	Complied		
2.3	Register of Audit queries has been maintained and updated.	Complied		
2.4	Register of Internal Audit reports has been maintained and updated.	Complied		
2.5	All the monthly account summaries (CIGAS) are prepared and submitted to the Treasury on due date.	Complied		
2.6	Register for cheques and money orders has been maintained and update	Complied		
2.7	Inventory register has been maintained and updated.	Complied		
2.8	Stocks Register has been maintained and updated.	Complied		
2.9	Register of Losses has been maintained and updated	Complied		
2.10	Commitment Register has been maintained and updated.	Complied		
2.11	Register of Counterfoil Books (GA — N20) has been maintained and updated.	Complied		
3	**Delegation of functions for financial control (FR 135)**			
3.1	The financial authority has been Delegated within the institute.	Complied		
3.2	The delegation of financial authority has been communicated within the institute.	Complied		

3.3	The authority has been delegated in such manner so as to pass each transaction through two or more officers	Complied		
3.4	The controls has been adhered to by the Accountants in terms of State Account Circular 171/2004 dated 11.05.2014 in using the Government Payroll Software Package.	Complied		
4.	**Preparation of Annual Plans**			
4.1	The annual action plan has been prepared.	Complied		
4.2	The annual procurement plan has been prepared.	Complied		
4.3	Having the budget for the year under review approved in terms of Finance Act No. 38 of 1971	Complied		
4.4	The annual Internal Audit plan has been prepared.	Not Complied	Internal Auditor post is not yet filled	Already several request made and action taken to fill the vacancy
4.5	The annual estimate has been prepared and submitted to the National Budget Department (NBD) on due date.	Complied		
4.6	The annual cash flow has been submitted to the Treasury Operations Department on time.	Complied		
4.7	Quarterly reports have been prepared and submitted to the Treasury on due date	Complied		
5	**Audit queries**			
5.1	All the audit queries has been replied within the time specified by the Auditor General	Complied		
6	**Internal Audit**			
6.1	The internal audit plan has been prepared at the beginning of the year after consulting the Auditor General in terms of Financial Regulation 134(2)) DMA/1-2019.	Not complied	Internal Auditor post is not yet filled	Already several request made and action taken to fill the vacancy

6.2	Answers have been submitted to all internal audit reports within a period of one month.	Complied		
6.3	Copies of all the internal audit reports has been submitted to the Management Audit Department in terms of Sub-section 40(4) of the National Audit Act No. 19 of 2018.	Not Complied	Internal Auditor post is not yet filled	Already several request made and action taken to fill the vacancy
6.4	All the copies of internal audit reports has been submitted to the Auditor General in terms of Financial Regulation 134(3)	Complied		
7	**Audit and Management Committee**			
7.1	Minimum 04 meetings of the Audit and Management Committee has been held during the year as per the DMA Circular 1-2019.	Not complied	Internal Auditor post is not yet filled	Getting an internal audit officer approved in the cadre
8	**Asset Management**	Complied		
8.1	The information about purchases of assets and disposals was submitted to the Comptroller General's Office in terms of Paragraph 07 of the Asset Management Circular No. 01/2017.	Complied		
8.2	A suitable liaison officer was appointed to coordinate the implementation of the provisions of the circular and the details of the nominated officer was sent to the Comptroller General's Office in terms of Paragraph 13 of the aforesaid circular.	Complied		
8.3	The boards of survey was conducted and the relevant reports submitted to the Auditor General on due date in terms of Public Finance Circular No. 05/2016.	Complied		
8.4	The excesses and deficits that were disclosed through the board of survey and other relating recommendations, actions were carried out during the period specified in the circular.	Compiled		
8.5	The disposal of condemned articles had been carried out in terms of FR 772.	Complied		

9	**Vehicle Management**			
9.1	The daily running charts and monthly summaries of the pool vehicles had been prepared and submitted to the Auditor General on due date.	Complied		
9.2	The condemned vehicles had been disposed of within a period of less than 6 months after condemning.	Complied		
9.3	The vehicle logbooks had been maintained and updated.	Complied		
9.4	The action has been taken in terms of F.R. 103, 104, 109 and 110 with regard to every vehicle accident.	Not complied	Getting the loss reimbursed through insurance	Recovering no-claim bonus from the relevant party
9.5	The fuel consumption of vehicles has been retested in terms of the provisions of Paragraph 3.1 of the Public Administration Circular No. 30/2016 of 29.12.2016.	Complied		
9.6	The absolute ownership of the leased vehicle logbooks has been transferred after the lease term.	Complied		
10	**Management of Bank Accounts**			
10.1	The bank reconciliation statements had been prepared, got certified and made ready for audit by the due date.	Complied		
10.2	The dormant accounts that had existed in the year under review or since previous years settled.	Complied		
10.3	The action had been taken in terms of Financial Regulations regarding balances that had been disclosed through bank reconciliation statements and for which adjustments had to be made, and had those balances been settled within one month.	Complied		
11	**Utilization of Provisions**			
11.1	The provisions allocated had been spent without exceeding the limit.	Complied		
11.2	The liabilities not exceeding the provisions that remained at the end of the year as per the FR 94(1).	Complied		
12	**Advances to Public Officers Account**	Complied		

12.1	The limits had been complied with.	Complied		
12.2	A time analysis had been carried out on the loans in arrears.	Complied		
12.3	The loan balances in arrears for over one year had been settled	Complied		
13	**General Deposit Account**			
13.1	The action had been taken as per F.R.571 in relation to disposal of lapsed deposits.	Complied		
13.2	The control register for general deposits had been updated and maintained.	Complied		
14	**Imprest Account**	Complied		
14.1	The balance in the cash book at the end of the year under review remitted to Treasury Operations Department.	Complied		
14.2	The ad-hoc sub imprests issued as per F.R. 371 settled within one month from the completion of the task.	Complied		
14.3	The ad-hoc sub imprests had been issued without exceeding the limit approved as per F.R. 371.	Complied		
14.4	The balance of the imprest account had been reconciled with the Treasury books monthly.	Complied		
15	**Revenue Account**	Complied		
15.1	The refunds from the revenue had been made in terms of the regulations.	Complied		
15.2	The revenue collection had been directly credited to the revenue account without credited to the deposit account.	Complied		
15.3	Returns of arrears of revenue forward to the Auditor General in terms of FR 176.	Complied		
16	**Human Resource Management**			
16.1	The staff has been maintained within the approved cadre.	Not Complied	Retirements and transfers	1. Departmental recruitments have been expedited. 2. Briefed about the vacancies in the combined/island-wide

				services
16.2	All members of the staff have been issued a duty list in writing.	Complied		
16.3	All reports have been submitted to MSD in terms of their circular no.04/2017 dated 20.09.2017.	Complied		
17	**Provision of information to the public**			
17.1	An information officer has been appointed and a proper register of information is maintained and updated in terms of Right to Information Act and Regulation.	Complied		
17.2	Information about the institution to the public have been provided by Website or alternative measures and has it been facilitated to appreciate / allegation to public against the public authority by this website or alternative measures.	Complied		
17.3	Biannual and Annual reports have been submitted as per section 08 of the RTI Act.	Complied		
18	**Implementing citizens charter**			
18.1	A citizens charter/ Citizens client's charter has been formulated and implemented by the Institution in terms of the circular number 05/2008 and 05/2018(1) of Ministry of Public Administration and Management.	Complied		
18.2	A methodology has been devised by the Institution in order to monitor and assess the formulation and the implementation of Citizens Charter / Citizens client's charter as per paragraph 2.3 of the circular.	Complied		
19	**Preparation of the Human Resource Plan**			
19.1	A human resource plan has been prepared in terms of the format in Annexure 02 of Public Administration Circular No.02/2018 dated 24.01.2018.	Complied		

19.2	A minimum training opportunity of not less than 12 hours per year for each member of the staff has been ensured in the aforesaid Human Resource Plan .	Not complied	Action has so far not been taken for formulation	Taking measures for formulation in future.
19.3	Annual performance agreements have been signed for the entire staff based on the format in Annexure 01 of the aforesaid Circular.	Not compiled	Action has so far not been taken for formulation	Taking measures for formulation in future.
19.4	A senior officer was appointed and assigned the responsibility of preparing the human resource development plan, organizing capacity-building programs and conducting skill development programs as per paragraph No.6.5 of the aforesaid Circular.	Complied		.
20	**Responses to Audit Paragraphs**			
20.1	The shortcomings pointed out in the audit paragraphs issued by the Auditor General for the previous years have been rectified	Complied		