LRDC Services (Pvt) Limited - 2022
--

1. Financial Statements

1.1 Qualified Opinion

The audit of the financial statements of the LRDC Services (Pvt) Limited for the year ended 31 December 2022 comprising the statement of financial position as at 31 December 2022 and the statement of comprehensive income, statement of changes in equity and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, was carried out under my direction in pursuance of provisions in Article 154(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 which I consider should be report 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 Company as at 31 December 2022, and of its financial performance and its cash flows for the year then ended in accordance with Sri Lanka Accounting standard for small and medium sized entities.

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 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 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 standard for small and medium sized entities, 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 Company'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 Company or to cease operations, or has no realistic alternative but to do so.

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

As per Section 16(1) of the National Audit Act No. 19 of 2018, the Company 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 Company.

1.4 Audit Scope

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 skepticism 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 Company'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 Company'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 Company 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 Company, and whether such systems, procedures, books, records and other documents are in effective operation;

- Whether the Company has complied with applicable written law, or other general or special directions issued by the governing body of the Company;

- Whether the Company has performed according to its powers, functions and duties; and Whether the resources of the Company 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 "devise and maintain" 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.

1.5.2 Non-Compliance with Sri Lanka Accounting standard for small and medium sized entities

	Non Compliance with the reference to particular Standard	Management Comment	Recommendation
(a)	**Section 07 of the Standard** As per the paragraph No.7.2 of the standard, Cash and Cash Equivalents are the short term investment which has a short maturity of three months or less from the date of acquisition. But Rs.8 million amount of fixed deposits deposited in people's bank which have 03 months maturity period, had been included under investments by the Company. Therefore, the cash and cash equivalents shown in the statement of financial position had been understated by the same amount at the end of the year under review.	According to the definition of cash and cash equivalents, the value of the investment of Rs.8 million is an investment that matures within a period of 3 months, therefore it was presented as cash and cash equivalents in the financial reports	The value of the fixed deposits which have 03 months or less maturity period should be stated as cash and cash equivalents.
(b)	**Section 10 of the Standard** Rs. 8.51 million of rent expense from 01 January 2019 to 31 December 2021, which was not identified as payable to the ultimate parent of the entity by the company, was recognized as an expense of the year under review. Therefore the profit was understated by same amount and the value added tax (VAT) receivable for the year was overstated by Rs.1.28 million.	It was unable to identify the related expense in previous year since LRDC has informed the increase of rent in the year 2022. Therefore, the adjustment of the rent amount mentioned here and the relevant VAT amount, were made in the accounting records in the year 2022.	The prior year expenses should be recognized as prior year adjustments.

(c)	**Section 13 of the Standard**		
	As per the paragraph No.13.19 of the standard, an entity shall assess at the end of the each reporting period whether its inventories are impaired and recognize an impairment loss in respect of those inventories if their carrying value exceeds their recoverable amount. 486 Hand held metal detectors with charges worth Rs.0.39 million, 81 sample items worth Rs.0.08 million,734 metal detectors worth Rs.6.78 million and 835 CCTV equipments worth Rs. 10.86 million , purchased by the company in the year 2018, were remained unsold for 05 years, but the impairment loss related to it had not been identified.	Valuation was not done for this equipment For the year 2022. The assessment will be done with reference to the year 2023 and adjustments will be made to the carrying value in relation to these stocks.	The impairment losses should be identified and accounted.
(d)	**Section 17 of the Standard**		
(i)	As per the section 17.15 (b) of the Standard, the property, plant and equipment should be measured and accounted under revaluation method, company had not revalued and accounted the 194 non-current assets amounting to Rs.9.83 million which were fully depreciated but still in used by the company.	The shortcoming of non-revaluing the fixed assets in 2022 will be accepted and the necessary work will be done to do it in 2023 anyway.	Should be acted according to the standard.
(ii)	As per the paragraph 17.20 of the standard, Depreciation of an asset begins when it is available for use. Due to the capitalization of the value of Rs.729,000 which was paid in the year 2021 for the Geo Technical Report related to the head office of the company which was expected to be constructed on the Attidiya land, the non-current assets of the company were overstated by that amount and the profit of the company was understated by Rs.27,585 since depreciation was made on it.	The adjustment regarding the capitalization of the sum of Rs.729,000 paid for the geo technical report carried out on Attidiya land will be corrected in the future and it will be recognized as capital work in progress or recognized as an expense depending on the situation.	Depreciation of an asset begins when it is available for use as per the standard.
(e)	**Section 28 of the Standard**		
	As per the paragraph no 28.24 (a) and (b), an entity shall record all actuarial gains and losses related to the defined benefit plan, under other comprehensive income in the period in which they occur. But the company had not acted accordingly and had not been made the disclosures required to be made in respect of defined benefit plans as per paragraph 28.41.	The observation is accepted and arrangements have been made to properly disclose the notes in the future.	The income and expenditure related to the year should be stated under comprehensive income.

1.5.3 Accounting Policies

Audit Issue	Management Comment	Recommendation
As per the revenue recognition policy number 2.4.1 of the company, revenue is recognized to the extent that it is probable that the economic benefits will flow to the company and the revenue and associated costs incurred can be reliably measured. However due to the non-preparation of invoices based on verified evidence, the company had deducted Rs.32.94 million and Rs.23.80 million from the invoices sent to the client entities in the previous year and the year under review respectively. Due to the fact that, those deductions were added to the cost of sales and not deducted from the income, the security services income of the previous year and the year under review had been overstated.	The related officials were instructed to further strengthen the necessary control measures and plan all the activities of the institution.	The reasons for the reduction of the invoiced income should be reviewed and actions should be taken to minimize such situations in the future.

1.5.4 Accounting Deficiencies

	Audit Issue	Management Comment	Recommendation
(a)	The unidentified debtor balance of the company at the end of the year under review was Rs. 1.28 million and these debtors had not been identified and corrected in the general ledger and that amount had been deducted from the debtor balance in the financial statements.	Arrangements will be made to identify these debtors in the future.	The debtors should be identified and accounted correctly.
(b)	Provision for gratuity amounting to Rs.1.75 million had been provided for 341 employees who were resigned from the service or absent without informing to the service without taking action to terminate their service. Therefore the profit for the year under review had been understated by that amount.	Relevant identifications are made and relevant adjustments are expected to be made step by step from the year 2017 to up to date.	Resigned from the service should be properly identified and make provision for gratuity by the last day of the year.
(c)	According to the policy of the company, Security deposits received from security personnel who resigned before less than one year of service should be recognized as income, but the security deposit value of Rs. 1.14 million for 520 security personnel who resigned in the year under review was not recognized as income. Therefore, the profit of the year under review was understated by that amount.	It is expected to prepare a suitable organizational plan in this regard and expected to be proceed accordingly in the future.	Correct data should be obtained from the relevant departments and should be included in the financial statements in preparing the financial statements.

(d)	Rs. 3.21 million of salary Advance related to the month of December of the year under review was credited to the salary advance account without crediting the accrued salary account. Therefore the current assets and current liabilities were understated by same amount.	A negative balance is shown in the salary advance account due to the early settlement of salary advance and later remittance of salary advance,	The assets and liabilities should be properly identified and accounted.

1.6 Accounts Receivable and Payable

1.6.1 Receivables

	Audit Issue	Management Comment	Recommendation
(a)	The outstanding balance to be recovered for the providing security services at the end of the year under review was Rs.1, 127.32 million and it was observed that more than 54 per cent of that balance or Rs.610.99 million was due from the Ministry of Health. From that Rs. 4.35 million were due from 2 to 5 years and Rs. 3.29 million due from more than 5 years. Further, the balance due from the National Water Supply and Drainage Board is Rs. 171.44 million at the end of the year under review and out of that, Rs.10.35 million were due from 2 to 5 years and Rs.9.91 million due from more than 5 years.	Accepting all the analytical explanations and several letters have been sent to the Ministry of Health and the Water Supply Board, and all efforts have been made to maintain the debt collection process well by sending relevant letters to hospitals and water supply service units and other institutions.	The debtor balances should be recovered promptly.
(b)	The amount to be collected from 04 entities for the providing manpower service by the company was Rs. 187.34 million and from that, the amount that should have been collected from a period of 2 to 3 years was Rs. 17.45 million at the end of the year under review.	The amount due to the institution is Rs. 25.48 million at present, out of that Rs. 21.10 million is represented by the ultimate parent company, the Sri Lanka Land Development Corporation.	The debtor balances should be recovered promptly.
(c)	The company provided security services amounted to Rs. 71.29 million and manpower services amounted to Rs. 432.28 million to the Sri Lanka Land Development Corporation who is the ultimate parent of the company during the year under review. Out of that Rs. 38.69 million and Rs.78.97 million were still receivable to the company at the end of the year under review. Rs. 33.32 million for the services provided to the parent company in previous years (Technological Solution, other receipts and expenses incurred) remained as	Relative increase in the time taken to refer to the finance department after submission of bills for providing security services to SLLDC by the company and the bills remain unpaid for a period of 02 months or slightly more related to the man power supply, and Rs.2.62 million out of the value of Rs.5.113 million for technical solutions have been	The all debtor balances including related party debtor balances should be recovered promptly.

	receivable to the company. Therefore, it was observed that the progress of collecting money for the services provided by the company to the Ultimate parent company and the parent company is at a poor level.	settled up to now, and the remaining balance was for the CCTV system installed by the company at the Kerawalapitiya waste yard.	
(d)	The company had not settled the security deposit amount of Rs. 1.74 million related to 743 people who had worked for more than a year and resigned from the company and resigned without notifying the company.	A suitable policy will be prepared and the further actions will be taken to recognize security deposit amount to the income accordingly.	The prompt steps should be taken to settle the liabilities of the company.

1.7 Related Parties and Related Party Transactions not disclosed

	Audit Issue	**Management Comment**	**Recommendation**
(a)	As per the financial statements of the company, the receivable amount from the Sri Lanka Land Development Corporation amounted to Rs. 136.97 million. However as per the financial statements of the corporation, the corresponding payable balance amounted to Rs. 134.77 million and Rs. 2.20 million differences was observed.	We have identified the reasons for this difference.	The reasons for the differences should be identified and resolved promptly.
(b)	As per the financial statements of the company for the year under review, the receivable amount from the Sri Lanka Land Reclamation and Development Company amounted to Rs.37.78 million. However as per the financial statements of the Sri Lanka Land Reclamation and Development Company, the corresponding payable balance amounted to Rs. 35.08 million. Accordingly, Rs. 2.69 million differences were observed.	The reason for this difference is, though the value of the outstanding bills submitted by the company to the Land Reclamation and Development Company is Rs. 37,778,171, out of that bills only the certified bills by the relevant client premises have been included in the accounting books of the REDECO company.	The related party transactions should be accurately accounted with the agreement of both parties.

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

	Reference to Laws, Rules Regulations etc.	Non-compliance	Management Comment	Recommendation
(a)	Paragraph No. 5.2 of the State finance circular No. 01/14 dated 14 February 2014	The action plan had not been prepared including activities expected to be implemented in next year based on the corporate plan and business plan of the company.	The action plan including the activities of the company has already been prepared for the year 2023. .	The plans should be prepared according to the circular provisions and related approvals should be obtained and follow-up activities should be done.
(b)	Paragraph No. 4 of Nation Building Tax (Amendment) Act No. 10 of 2011 and Paragraph No. 10 of Finance act No. 18 of 2021	Nation Building Tax (NBT) should be remitted to the Inland Revenue Department on or before 20 day of next month. However, action had not been taken to remitted the NBT amounting to Rs.9.21 million related to the year 2018 and 2019, up to end of the year under review. The cancelled taxes mentioned in Schedule 3 presented in the Finance Act No. 18 of 2021 regarding the nation building taxes, should have been acted before from 15 September 2021 to 31 March 2022, but the company had not acted accordingly.	The arrangements will be made to settle 50 per cent of the arrears of nation building tax of Rs. 9.20 million belonging to the years 2018 and 2019 in the year 2023,.	Should be acted according to the provisions of the circular.
(c)	Paragraph No. 11 of Value Added Tax (Amendment) Act No. 08 of 2006	Value Added Tax (VAT) for the Particular month should be remitted on or before 20 day of the following month. The amount of VAT payable to the Inland Revenue Department on accrual basis is Rs. 525.66 million as per the financial statements as on 31 December 2022, Out of which, Rs. 344.96 million amount of VAT received from clients related to the year 2019, 2021 and 2022 were not remitted to the Inland	The reason for this deficit of VAT amount was, since no sufficient money from the money collected from the debtors left for the company to pay the value added tax (VAT) after making the employee salaries and other related payments. However, priority will be given to settle these arrears of VAT in the	The VAT payable should be remitted to the Inland Revenue Department on or before the 20 day of the following month.

		Revenue Department by July 2023. It was observed that amount was spent for the working capital of the company. Furthermore, it was observed that the penalty and interest amounting to Rs.255.48 million calculated by the audit as per the provisions of the Act may have to be paid according to the Value Added Tax Act.	future.	
(d)	Inland Revenue (Amendment) Act No.45 of 2022 dated 19 December 2022	Although the income tax amount calculated on self-assessment basis is payable on or before the date which is the six months after the end of the assessment year, the company had been retained Rs.80.91 million due to the Inland Revenue Department without remittance at the end of the year under review. As a result, it was observed that a surcharge including interest of 21.5 per cent may have to be paid on the unpaid tax value as per the Sections 179(2) and 159(1) of Inland Revenue Act.	In relation to the year 2022, the observation regarding non-payment of tax on self-assessment basis is accepted and the payment of tax on self-assessment basis has now been rectified and payments have been started.Rs.9.01million ,which is the arrears of income tax related to the assessment year 2019/2020, has been paid.	Income Tax calculated on self - assessment basis should be paid to Inland Revenue Department.
(e)	Paragraph No.133 and 144 of the Company Act No.07 of 2007	Subject to the provisions, the Board of Directors of a company shall call an annual general meeting of a shareholders to be held in each calendar year, at a date not later than six months after the balance sheet date of the company and not later than fifteen months after the previous annual general meeting, but the company had not been held any annual general meeting from the year 2021.	Accepting the shortcomings of not holding annual general meetings, the corrective measures will be taken by the company in the future.	The Annual General Meetings should be held at regular basis as per the provisions of the Company Act.
(f)	Paragraph No.15 of the National Audit Act No.19 of 2018	The Annual Report with the audited financial statements of the government and the opinion of the Auditor General should be tabled in parliament within 150	The matters related to the tabling of the annual report in the parliament will be investigated and	Annual Reports should be tabled in Parliament on time.

		days after the end of the year, but the company had not been taken action to table the annual report in parliament since 2019.	corrections will be made in the future.	
(g)	Paragraph No.2.4 of Department of Public Enterprises circular No. 4/2022 dated 08 August 2022	Although instructions were given to stop new recruitment, the company had employed 07 officers on contract basis and had paid Rs.1.32 million as salary and allowances to them during the year under review.	All recruitments are done on business requirement basis only.	Recruitment circulars should be followed.

2. Financial Review

2.1 Financial Result

The operating result of the Company for the year under review was a pre-tax profit of Rs.81.48 million and compared to the corresponding pre-tax profit of the preceding year amounted to Rs.54.98 million. Accordingly, an increase of Rs 26.5 million was observed in the financial result. Increase of revenue by Rs. 63.91 million and other income by Rs.12.92 million and increase of administration and other expenses by Rs 69.18 million compared to the preceding year was the main reason for that growth.

2.2 Trend Analysis of major Income and Expenditure items

According to the information included in the presented financial statements, following were observed in the evaluation of the financial results of the institution in relation to the year under review and the preceding year.

description	2022 Rs. Million	2021 Rs. Million
Revenue	2,879.23	2,240.08
Other Income	29.09	16.17
Institutional and Administration Expenses	183.36	114.17
Finance Cost	5.27	3.10

(a) Compared to the previous year, the income of the company had grown by 28.53 per cent, and the increase of security services income by 40.09 per cent in the year under review was mainly attributed for this situation.

(b) Institutional and Administration Expenses had increased by 60.6 per cent, and the salary paid to the administrative staff of the company had increased by 43.55 per cent from Rs. 69.23 to Rs.99.39 million was the main reason for that.

(c) Finance cost had increased by 70 per cent compared to the preceding year and this was mainly due to the increase in bank charges by Rs.2.64 million or 106.19 per cent.

2.3 Ratio Analysis

As per the information presented some important ratios of the company for the year under review compared with the previous year are given below.

	2022	**2021**
Gross Profit Margin (percentage)	8.37	6.97
Net Profit Margin (percentage)	2.15	1.48
Current Ratio (times)	1:1.54	1:1.64
Debtors Turnover Ratio (times)	2.63	2.49
Debtor Collection Period (no of days)	139	146

(a) Compared to the previous year, the gross profit ratio of the company had increased by 20 per cent and this was mainly due to the increase in the company's income by 28.5 per cent or Rs 639.15 million.

(b) Although the current ratio of the company should be 2:1, the current ratio was 1:1.54 in the year under review. Compared to the previous year, there was a slight decrease in the current ratio, which was due to the 45.43 per cent increase in trade receivables and other payable balances.

3. Operational Review

3.1 Management Inefficiencies

	Audit Issue	**Management Comment**	**Recommendation**
(a)	The company had obtained a land of 120 perches located in Attidiya for the construction of head office building, from the ultimate parent company on a long term lease basis for 30 years for Rs.19.91 million in the year 2018, but by June 2023, 5 years had lapsed since the lease period, but no construction had been done by the end of the year under review. A wall with a length of 700 feet had been constructed around the land at a cost of Rs.5.87 million and the wall had been built by the company including the access road for a part of the land belonging to the ultimate parent company and the part of the land to be set aside as a reserve for the canal. The selection of this land for construction was questionable during the audit as high power lines of 33 KVA were drawn in the middle of the land and Rs.2.51 million had been spent for the security, electricity and water of the land since the year 2018.	The building proposed to be constructed on this land will be discussed in the future and a final decision will be taken subject to the approval of the Board of Directors.	Should be focused to achieve the desired goals.
(b)	At the end of the year under review, the company had made a 100 per cent provision for Rs.15.25 million in the debtor balance. This is mainly due to the fact that the company does not have the source documents related to those debtor bills.	At present a debtor balance of around Rs.9.88 million is in an unrecovered condition.	Source documents relating to debtor balances should be securely maintained until the debt is recovered.

3.2 Operational Inefficiencies

	Audit Observation	Management Comment	Recommendation
(a)	The company had started a business of providing labours for the security services to foreign countries in the year 2017 under business diversification. Company had spent Rs.234,634 for obtaining the license and other expenses, but the license had expired by July 2020. However, the business had been collected only an income of Rs.52,475 at the end of the year under review and it had not been decided whether the license would be renewed and the business would continue even at the end of the year under review by conducting a feasibility study.	After taking into account the current situation in the country, A decision will be taken in the future, whether to continue the supply of workers for foreign travel.	An assessment of the viability of the business should be made and a decision should be made as to whether or not to continue the activities.
(b)	Although the actual expenditure incurred during the year was Rs.10.77 million for maintaining the boat service operated by the company without properly evaluating the market requirement, the income received from that service in the year under review was Rs.4.32 million, and hence there was Rs.6.44 million losses incurred from the boat service. In calculating this loss, the building rent of Rs.104, 000 for the employees who operating the boat service had not been added to the relevant expenditure.	In the year 2022, 4 dinghy boats were used for transportation and the increase in fuel price by about 300 per cent is a factor that directly affected the profitability of the boat service.	Attention should be paid to identify market requirements accurately and business should be conduct in a manner that minimizes the costs.
(c)	Out of 1,669 CCTV equipment purchased by the company for sale in the year 2018 for $49,537.90, only 278 units were sold during the year under review. And 835 units worth Rs.3.61 million remained even at the end of the year under review. Due to this, the money of the company was unnecessarily trapped in the stock. Also, due to the inability to sell the goods and due to their technological obsolescence, stock write-off of Rs.3.19 million had also been made in last year.	Agree on the observation made on regarding to the CCTV equipment.	After identifying the market need, procurement should be done and the purchases should be made accordingly.
(d)	Without properly identifying the requirement in the market, 506 units out of 1000 units of hand held metal detectors with chargers which were worth of Rs.2.34 million and 731 Security Equipment belonging to 8 items which were worth Rs.10.77 million could not	Agreed on the observation made on Hand Held Metal Detector with Charges.	After identifying the market requirement, procurement should be done and the purchases should be made accordingly.

be able to sell even in the year under review. The warranty period of these devices had expired and no local agent was identified for after sales services. Due to the inability to sell the goods and due to technological obsolescence, Rs.5.18 million worth of stock had been write off from the equipment last year. And an investigation by the Criminal Investigation Department is also going on in connection with this transaction from the year 2021, but the company had not been conducted any investigation related those transactions.

3.3 Human Resource Management

	Audit Observation	Management Comment	Recommendation
(a)	The approved cadre of the company as at 31 December of the year under review was 92 and the actual cadre of at that date was 90 .Thus 2 vacancies were existed. Out of the vacancies, 2 lower management posts were existed. In addition, the excess staff was 7.	As at 31 December 2022, 04 employees will be retired, so the surplus between approved staff and actual staff will be only one.	Proper staff administration should be maintained.
(b)	8 officers recruited by the company had been released to the ultimate parent company of the company, and for that, the salary of Rs.10.36 million and gratuity of employees amounting to Rs.1.27 million paid by the company for the year under review had not been reimbursed from the ultimate parent company.	Actions have been taken to reimburse the salaries paid to the released officers to the ultimate parent company.	The money due from the corporation should be collected promptly and the services of the recruited officers should be obtained for the company.

4. Accountability and Good Governance

4.1 Procurement Plan

Audit Issue	Management Comment	Recommendation
As per the Procurement Guidelines, the company had not been prepared a procurement plan for the year under review.	Acknowledge the deficiency of not preparing the procurement plan during the year under review.	Government Procurement guidelines should be followed.

4.2 Performances

Audit Issue	Management Comment	Recommendation
Providing security services, technical solutions ,security investigations, manpower Services and providing and other investigating services are the main functions of the company, but the company had not been prepared an action plan indicating the physical and financial goals expected to be achieved under those functions. Also, Key Performance Indicators for the main functions of the company had not been prepared by the management for the year under review. Due to this, it was not possible in the audit to evaluate the performance of the company in the year under review.	The action plan, which is a key factor in performance measurement, was prepared in the year 2022. As shown here, by showing the physical and financial goals expected to be achieved under each main task, and by including performance indicators for priorities, the action plan will be prepared with a broader basis including performance indicators.	An Action Plan should be prepared by including the performance indicators of the physical/ Financial targets of the company.