

Uva Wellassa University of Sri Lanka – 2017

The audit of financial statements of the Uva Wellassa University of Sri Lanka for the year ended 31 December 2017 comprising the statement of financial position as at 31 December 2017 and the statement of financial performance, statement of changes in equity and cash flow statement and a summary of significant accounting policies and other explanatory information 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 Sub-section 107(5) of the Universities Act, No. 16 of 1978. My comments and observations which I consider should be published with the Annual Report of the University in terms of Sub-section 108(1) of the Universities Act appear in this report. A detailed report in terms of Sub-section 108(2) of the Universities Act was issued to the Vice Chancellor of the University on 12 June 2018.

1.2 Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Sri Lanka Public Sector Accounting Standards and for such internal control as the management determines is necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

1.3 Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Sri Lanka Auditing Standards consistent with International Auditing Standards of Supreme Audit Institutions (ISSAI 1000-1810). Those Standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatements of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the University's preparation and fair presentation of the financial statements 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 University's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the management, as well as evaluating the overall presentation of financial statements. Section 111 of the Universities Act, No.16 of 1978 gives discretionary powers to the Auditor General to determine the scope and extent of the audit.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

1.4 Basis for Qualified Opinion

My opinion is qualified based on the matters described in paragraph 2.2 of this report.

2. Financial Statements

2.1 Qualified Opinion

In my opinion, except for the effects of the matters described in paragraph 2.2 of this report, the financial statements give a true and fair view of the financial position of the Uva Wellassa University of Sri Lanka as at 31 December 2017 and its financial performance and cash flows for the year then ended in accordance with Sri Lanka Public Sector Accounting Standards.

2.2 Comments on Financial Statements

2.2.1 Sri Lanka Public Sector Accounting Standards

The following observations are made.

(a) Sri Lanka Public Sector Accounting Standard 07

- (i) The useful life of non-current assets had not been reviewed annually in terms of paragraph 65 of the Standard. Even though fixed assets costing Rs.227,574,903 had been fully depreciated, they had still been in use. As such, action had not been taken to revise the estimated error in terms of Sri Lanka Public Sector Accounting Standard 03.
- (ii) In terms of paragraph 87 (c) of the Standard, the contracted value relating to Work-in-Progress amounting to Rs.127,300,391 indicated in the financial statements as at the end of the year under review, had not been disclosed in the financial statements.

2.2.2 Accounting Deficiencies

The following observations are made.

- (a) Even though it had been identified under Accounting Policies that all capital assets purchased under Government grants are accounted as a deferred income during their useful life, a sum of Rs.101,410,747 had been brought to account as depreciation in the year under review for buildings constructed under capital grants. Nevertheless, it had not been brought to account as deferred income.

- (b) Provisions had not been made for audit fees payable for the preceding year and the year under review.
- (c) Even though the amortization totalling Rs.1,412,625 received as donation of equipment and library books under the Project on Higher Education for the Twenty First Century Project relating to the year under review comprised of Rs.1,404,609 and Rs.8,016 respectively, that value had been shown as Rs.1,194,372 and as such, amortization had been understated by Rs.218,253 in accounts.
- (d) A sum of Rs.8,483,168 recoverable as at the end of the year under review from three lecturers who had breached agreements, had been shown in the financial statements as balances receivable and credited to the Fund for Breach of Agreements instead of disclosing through notes on accounts.
- (e) Even though the increase in the balance receivable shown under non-current assets in the year under review had been Rs.3,322,477, it had been shown as Rs.3,294,054 in the cash flow statement under changes in the working capital, thus observing a difference of Rs.28,423.
- (f) Fuel allowances of Rs.122,790 paid in the year under review for the ensuing year had been brought to account as an expenditure of the year under review.
- (g) A sum of Rs.1,801,476 paid in the year under review for Project on Development of Alternative Roads for University Access – Phase II had been written off as expenditure instead of showing under Work-in-Progress in the financial statements.
- (h) The value of animals amounting to Rs.221,889 on the farm maintained under the Faculty of Zoology and Export Agriculture as at the end of the year under review, had not been included in the financial statements.

2.2.3 Unexplained Differences

The following observations are made.

- (a) Even though the value of the stock of stationery according to the financial statements as at the end of the year under review amounted to Rs.6,161,546, its value amounted to Rs.6,025,451 according to the Report on Boards of Survey, thus observing a difference of Rs.136,095.
- (b) According to the financial statements, the balance of the Vice Chancellor's Fund and the Breach of Agreement Fund shown under Fixed Deposit Investments as at the end of the year under review amounted to Rs.17,386,715, whereas according to confirmation of bank balances, the said value amounted to Rs.17,532,859, thus observing an unexplained difference of Rs.146,144.

- (c) Even though the cost of fixed assets acquired and received by the University amounted to Rs.1,235,640,886 according to the financial statements of each year from the year 2006 to the year under review, that balance amounted to Rs.2,126,052,816 according to Registers of Fixed Assets, thus observing a difference of Rs.890,411,930.

2.2.4 Lack of Evidence for Audit

Evidence shown against the following Items of Accounts was not made available to Audit.

Item of Account	Value	Evidence not made available
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	Rs.	
(a) Medical Supplies	311,274	} Stock Verification Reports
(b) Chemicals and Glassware	23,562,128	

	23,873,402	
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2.3 Non-compliances with Laws, Rules, Regulations and Management Decisions

Non-compliances with the following Laws, Rules and Regulations were observed.

Reference to Laws, Rules and Regulations	Non-compliances
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(a) Universities Act, No.16 of 1978	

Section 99	All monies belonging to the Higher Educational Institution from whatsoever source derived, shall be credited to the University Fund. However, contrary to that, interest income from investments amounting to Rs.1,853,970 received in the year under review from investing receipts under miscellaneous funds had been credited to those respective Funds and a sum of Rs.1,558,095 received from a lecturer who breached agreements, had been credited to the Breach of Agreement Fund.

- (b) Financial Regulations of the Democratic Socialist Republic of Sri Lanka

- (i) Financial Regulations 570 and 571
Action had not been taken in terms of Financial Regulations relating to deposits amounting to Rs.13,346,065 lapsed for over a period of 02 years retained in obtaining miscellaneous constructions, supplies and services.
- (ii) Financial Regulation 757 (2)
The Report on Boards of Survey for the year under review had not been presented to the Auditor General even by 30 June 2018.
- (c) Public Enterprises Circulars

Public Enterprises Circular No. PED/12 of 02 June 2003
- Section 6.5.1
A copy of the draft Annual Report for the year under review had not been presented to the Auditor General.
 - Section 7.2
Even though operating manuals should be available with all public enterprises so as to cover the main operation areas, the University had not prepared an operating manual even by 30 June 2018.
- (d) Circular No.2004/lib./01 dated 26 January 2004 of the National Library and Documentation Services Board
According to financial statements, Reports of Survey on library books and periodicals amounting to Rs.64,220,660 had not been presented to Audit even by 30 June 2018.
- (e) Management Services Circular No.02/2014 of 11 February 2014
Even though research allowances of Rs.62,496,364 had been paid from the year 2014 up to the year under review for 456 persons of the academic and non-academic staff of the University, 454 officers had not submitted reports to the Committee of Inspection.
- (f) Section 1.6.1 of Chapter X and Section 3(1) of Chapter XX of the Establishment Code of the University Grants Commission and the Higher Educational Institutions
A sum of Rs.267,383,227 had been paid relating to the year under review as salaries and allowances without confirming the arrival and leave of the academic staff.

(g) Circulars of the University Grants Commission

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- (i) The Establishments Circular No.12/2013 of 29 August 2013 of the Chairman of the University Grants Commission
- Housing rent recoverable from officers occupying houses from the year 2014, entitled to senior officers in terms of provisions of Circulars, had not been recovered even by the end of the year under review.
- (ii) Incorporated Circular No.15/2015 of 07 November 2015 of the University Grants Commission
- Even though internal examination results of the University should be released within 03 months of holding the examination, in the release of results of 6 examinations and 12 examinations held in the preceding year and the year under review respectively, delays from 01 to 05 months had occurred.
- (h) Letter Nos. CSA/2/3/4 and CSA/1/1/16 of 26 February 2006 and 11 June 2012 respectively of the Secretary to the President
- The officers who proceed abroad on duty should submit a report within 2 weeks of returning to the island, including the benefits received to the Government of Sri Lanka from the relevant tour abroad. However, 14 lecturers and one officer who had been abroad by spending a sum of Rs.3,905,523 from the University Fund and 07 lecturers who proceeded abroad on duty leave had not submitted the relevant reports.

2.4 Transactions not supported by Adequate Authority

In terms of Employees' Provident Fund Act, No.15 of 1958 and Letter No. ප්‍ර/ආයතන/11 of 24 August 2001 of the Commissioner of Labour, the academic allowance is not defined as a Cost of Living allowance. As such, this allowance should not be applied to the Employees' Provident Fund and the contribution to the Employees' Trust Fund. However, contrary to that provision, contributions of Rs.11,625,307 had been overpaid to the above mentioned Fund in the year under review for the academic staff of 04 Faculties of the University.

3. Financial Review

3.1 Financial Results

According to the financial statements presented, the financial result of the University for the year ended 31 December 2017, had been a deficit of Rs.85,587,906 as compared with the corresponding deficit of Rs.80,933,886 for the preceding year, thus indicating a deterioration of Rs.4,654,020 in the financial result of the year under review as compared with the preceding year. Even though the income of the year under review had increased by Rs.194,841,268 as compared with the preceding year, there had been a deterioration due to the increase in the total expenditure by Rs.199,495,287.

An analysis of the financial results of the year under review and 04 preceding years revealed that the deficit which was Rs.88,412,661 in the year 2013 had fluctuated annually and there had been a deficit of Rs.85,587,906 in the year 2017. However, after readjusting employees' remuneration and depreciation for non-current assets to the financial result, the contribution of the University in the year 2013 was Rs.107,634,789 and it had continuously improved up to Rs.363,834,406 in the year under review.

3.2 Legal Action instituted against/by the University

A case had been filed against the University on 02 July 2014 by 08 Trainees who served for a long period and relevant disclosures thereon had not been made in the financial statements.

4. Operating Review

4.1 Performance

4.1.1 Function and Review

The following observations are made.

- (a) Six objectives and targets intended to be achieved had been indicated according to the Corporate Plan prepared by the University for the period from the year 2016 to the year 2020 and the following observations are made in this connection.
 - (i) Even though 1,490 students should be enrolled for 13 Degree Courses in the years 2016 and 2017, only 1,249 students had been enrolled. Accordingly, the University had failed to utilize the full capacity through less enrolment of students by 241, out of the number of students expected to be enrolled.
 - (ii) The number of students enrolled by the University for the academic years 2010/2011 and 2011/2012 stood at 998 and the number of students passed out with the Degree stood at 860. Accordingly, the number of students who had not completed the Degree represented 14 per cent of the total registered number of students.
 - (iii) Even though increasing the number of foreign students enrolled through introducing courses of international level with high quality at minimum cost had been one of the objectives, only one foreign student had been enrolled each in the preceding year and in the year under review.
 - (iv) Even though the objective of the University was improving the employment which was 77 per cent in the year 2014 to 100 per cent in the year 2017, at the census carried out by the University on the employment of Graduates who passed out with the Degree in the year under review, the employment ranged between 62 per cent and 74 per cent relating to the academic year 2011/2012.

- (b) The University Research Committee had approved 33 Research Projects from the year 2013 to the year 2016 and provisions amounting to Rs.37,520,707 had been allocated therefor. However, only 21 Projects had been commenced and out of them, 20 projects had been completed. Moreover, 56 per cent representing Rs.21,027,409 out of the entire provisions had remained underutilized even by the end of the year under review. However, no necessary arrangement had been made for creating new products and services based on 20 reports of projects completed and for obtaining the Patent therefor.

4.2 Management Activities

The following observations are made.

- (a) Seventeen stock items valued at Rs.593,799 purchased during the period from the year 2010 to the year 2017 had expired and action had not been taken even by 30 June 2018, the date of audit to dispose of those stocks.
- (b) According to the decision taken as per the Cabinet Paper No.05/0183/035/001 dated 10 February 2008 relating to the vesting of the land owned by the Ministry of Industry, in the Ministry of Education for the establishment of the University, the ownership of lands of 30.9667 hectares in extent allocated to the University, had not been legally vested in the University even by the date of this report.
- (c) Foreign travel expenses amounting to Rs.3,247,475 had been incurred in the year under review without the approval of the Finance Committee of the University.

4.3 Operating Activities

The following observations are made.

- (a) Out of 1,849 students who had been provided with hostel facilities by the University during the year under review, 841 students representing 46 per cent had used hostels obtained on rental basis. However, only 04 hostels with accommodation for 506 students, had been established by the end of the year under review. Moreover, a sum of Rs.21,638,235 had been spent during the period from the year 2015 to the year under review for obtaining houses on rental basis for providing hostel facilities. It was observed that even though about 12 years had elapsed after the inception of the University, attention had not been paid by the University on the construction of permanent hostels.
- (b) Fourteen motor vehicles had been used on hire basis in the year under review for transport activities of the University and a sum of Rs.16,601,629 had been spent therefor. Moreover, a sum of Rs.65,055,751 had been paid as the hire for a period of 04 preceding years and despite elapse of over a period of 12 years after establishment of the University, action had not been taken to purchase motor vehicles on cash or lease basis by making provisions through the annual Budget.

4.4 Underutilization of Funds

The following observations are made.

- (a) A balance totalling Rs.4,314,079 had remained in the Funds such as Uva Industrial Central Fund, Vice Chancellor's Fund and Welfare Fund as at 31 December 2017 and those Funds had not been utilized for any purpose during the year.
- (b) Out of the sum of Rs,1,308,853 received in the year under review for various programmes in 02 Faculties of the University from two Government institutions and from a project, 20 per cent had been saved without being utilized.

4.5 Idle and Underutilized Assets

The following observations are made.

- (a) It was observed in audit that the two wheel tractor, four wheel tractor and plough and accessories purchased in the year 2016 by spending Rs.2,043,499 by the University with the objective of using for students learning activities and learning and office equipment purchased in the year under review by spending Rs.6,270,760 had not been utilized for the achievement of the aforesaid objective even up to 30 June 2018, the date of audit.
- (b) The Project of Partition and other Improvements to Block F of the University had been awarded to the Central Engineering Consultancy Bureau for a contract value of Rs.16,952,719 on 23 September 2017 and a sum of Rs.15,619,407 had been paid to the Bureau for work done as at 06 March 2018, the date of audit. However, it was observed at the field inspection carried out on 06 March 2018 that 34 lamp points had been fixed on the ceiling in a manner to unable to use them. As such, it was observed at the audit test check that a sum of Rs.187,000 spent therefor had become fruitless.
- (c) In the purchase of Goods, attention had not been paid on the requirement of them and quantity of stocks remained in stores. As such, 710 packets of photocopy papers valued at Rs.653,193 out of the A3 type of photo copy papers purchased on 21 May and 11 September 2015, had remained in the stores even by 31 May 2018, the date of audit without being utilized.
- (d) The computer software purchased on 24 November 2016 by spending Rs.165,000 for stock control activities, had not been utilized for stock controls even by 31 December 2017.

4.6 Uneconomic Transactions

According to the agreement entered into with the suppliers of the hired motor vehicles, the University had not agreed to provide accommodation facilities to the Drivers of the hired motor vehicles. However, a house obtained on rental basis had been provided to those Drivers as accommodation facilities and a sum of Rs.240,000 had been paid from the University Fund during the year under review.

4.7 Staff Administration

The following observations are made.

(a) Academic Staff

- (i) Ten approved posts of Professor of the University in the year 2006 had been reduced up to 05 in the year 2017 and action had not been taken even in the year under review to fill those vacancies existed since the year 2015.
- (ii) A large number of posts out of the approved posts of the Lecturer of the Uva Wellassa University had been vacant since the inception of the University and 83 out of 275 approved posts had been vacant as at the end of the year under review.

(b) Administration and Non-academic Staff

- (i) In terms of Circular No.876 of 06 June 2006 of the University Grants Commission, officers had not been recruited for 77 posts in the Administration and Non-academic Staff of the University.
- (ii) The post of Librarian of the University had been vacant since the inception of the University and the Librarian of the Rajarata University who was on sabbatical leave on the approval of the 123rd Meeting of the Board of Control held on 21 July 2017, had been appointed as the Librarian on an allowance amounting to Rs.150,000 from 01 August 2017 to 31 July 2018. Subsequently, that Officer had been appointed to a post of Library Instructor which was not included in the approved cadre, on an allowance amounting to Rs.225,000 from 01 January 2018, on the decision of the 128th Meeting of the Board of Control held on 22 December 2017. Accordingly, despite the vacancy in the post of Librarian, recruitments had been made for a post of Library Instructor which is not included in the approved cadre.
- (iii) The post of Engineer of the University had been vacant from the inception of the University up to 30 June 2018, the date of audit and the Chief Engineer of the Department of Buildings – Uva Provincial Council had been appointed on part time basis on an monthly allowance of Rs.50,000 from 02 December 2015.

- (iv) The University had purchased 02 Tractors prior to the year 2017 and 03 Buses during the year 2017. However, four persons had been recruited as Drivers on a daily paid basis under the Programme of Labour Supply of the University instead of recruiting permanent Drivers by including them in the approved cadre.

5. Sustainable Development

5.1 Achievement of Sustainable Development Goals

In terms of the Letter No.NP/SP/SDG/17 of 14 August 2017 on sustainable development issued by the Secretary to the Ministry of National Policies and Economic Affairs and the “2030 Agenda” for Sustainable Development of the United Nations, the University had been aware of the manner in implementing the functions that come under its scope. However, action had not been taken to identify the sustainable development goals, targets relating to those functions and focal points to reach those targets and indices for measuring the achievement of targets.

6. Accountability and Good Governance

6.1 Procurement and Contract Process

6.1.1 Procurements

The following observations are made on the Procurement Plan prepared for the year under review.

- (a) According to the Procurement Progress Report, 72 procurement activities to the estimated value of Rs.114,811,098 commenced and implemented in the year under review and prior to that, had not been included in the Procurement Plan of the year under review or in the revised Procurement Plan. Out of them, 46 procurement activities valued at Rs.87,184,465 had not been completed even by the end of the year under review.
- (b) Out of 134 procurements valued at Rs.505,000,000 planned to be completed during the year under review, 39 procurements valued at Rs.163,506,415 had not been completed.

6.1.2 Deficiencies in Contract Administration

The following observations are made.

- (a) In terms of Condition 2.6 of the Procurement Notice published on 12 September 2016 for obtaining 75 houses on rental basis for hostels and the staff, the rent payable should be decided by considering the Government assessed value and the rental presented. However, a sum of Rs.112,100 had been over paid per month relating to 13 houses obtained on rental basis than the Government assessed value. Further, the monthly rent amounting to Rs.775,070 had been paid relating to 12 houses without obtaining the Government assessed value.
- (b) Fifteen houses to the monthly rental of Rs.681,282 had been obtained as hostels in several instances of the year 2017 and two houses to the monthly rentals of Rs.47,000 and Rs.27,500 each had been obtained as circuit bungalows for a period of one year without being adopted provisions of the Government Procurement Guidelines -2006.
- (c) In selecting houses for hostels and official quarters, attention had not been paid on certificates of conformity relating to those houses and evidence that a field inspection had been carried out for houses used for evaluation by the Evaluation Committee, had not been made available to Audit.
- (d) Two buses had been purchased on 07 December 2017 by spending Rs.10,800,000 at a rate of Rs.5,400,000 from a private company in the year under review on behalf of the University. The following observations are made in that connection.
 - (i) In terms of specifications prepared for the procurement, buses manufactured in the year 2017 should be purchased. However, two buses manufactured in the year 2016 had been purchased.
 - (ii) According to the recommendation of the examiner of motor vehicles, attention had been paid only on buses with chassis made of fiber, instead of paying attention on buses with 06 gears, chassis and deck made of aluminum and with 58 seating capacity, which are appropriate for hilly roads.
- (e) Even though the procurement process for the purchase of furniture for official quarters of the staff had been commenced and quotations, called for on 14 October 2016, an additional cost amounting to Rs.589,500 had to be incurred for the purchase of furniture in the year under review due to failure in implementing the Technical Evaluation Committee during the due period.
- (f) The University Grants Commission had selected the Central Engineering Consultancy Bureau deviating from the procurement process to carry out the contract of constructing buildings valued at Rs.350 million under the first Phase of the establishment of the University in the year 2006 according to the Design – Build Method in terms of the Cabinet Paper No.05/0536/035 and the Cabinet Decision dated 21 April 2005.

The following matters are observed in this connection.

- (i) A sum of Rs.138,217,390 had been paid by the University Grants Commission to the contractor in 05 instances from 09 June to 31 December 2005 for carrying out constructions according to the Design – Build Method without entering into an agreement with the Central Engineering Consultancy Bureau.
- (ii) The University had entered into an agreement with the Central Engineering Consultancy Bureau on 21 August 2006 to the total work value of Rs.284,273,405 for carrying out constructions according to the Design – Build Method. However, before entering into the said agreement, a sum of Rs.84,890,797 had been paid by the University to the Central Engineering Consultancy Bureau in 05 instances from 06 February to 31 May 2006. However, the reasons for assigning administrative activities of the said contract by the University Grants Commission to the University had not been made available to the Audit.
- (iii) According to the Cabinet Decision No.05/0536/035 of 21 April 2005, agreements had been entered into with the contractor to carry out this construction according to the Design-Build Method. Moreover, in terms of Section 14.1 (b) of CIDA/SDB/04 issued by the Constructions Industry Development Authority, payments should not be made for price adjustments. However, contrary to that, a sum of Rs.28,427,341 had been paid to the contractor as variations of prices.
- (iv) Even though a sum of Rs.2,250,000 had been recovered as liquidated damages from the contractor, details of computations had not been made available to Audit.
- (v) According to the agreement entered into with the Central Engineering Consultancy Bureau by the University on 21 August 2006, it had been agreed for Rs.284,273,405 for 05 works. Nevertheless, 06 works had been included in the final report on payments on 16 November 2015 and a sum of Rs.44,123,115 had been paid to the contractor for unagreed works.

6.3 Budgetary Control

Variances ranging from 15 per cent to 151 per cent were observed between the estimated and the actual income in 04 items of income, whilst variances ranging from 20 per cent to 119 per cent were observed between the estimated and actual expenditure in 13 items of expenditure. Moreover, the expenditure incurred for acquisition of lands under capital expenditure had not been identified in the preparation of the budget estimate, thus indicating that the budget had not been made use of as an effective instrument of management control.

6.4 Performance of Environmental and Social Responsibilities

The following observations are made.

- (a) In terms of Part I of the Gazette Extraordinary No.1534/18 of 01 February 2008, Environmental Protection License should be obtained for emission or disposal of waste. However, instead of obtaining such a license for disposal of chemicals used in laboratories of the University, they were mixed with water and disposed of to a pit prepared on the land of the University.
- (b) An expenditure of Rs.13,537,151 had been incurred for water consumption of the University during 03 preceding years. Even though the waste water disposed of by various Divisions of the University had been purified by the wastewater treatment system and disposed of, this water had been made use of to wash motor vehicles and for other maintenance activities. However, attention of the Management had not been paid on the decrease of the cost incurred for water.

7. Systems and Controls

Deficiencies in systems and controls observed during the course of audit were brought to the notice of the Vice Chancellor of the University from time to time. Special attention is needed in respect of the following areas of control.

Areas of Systems and Controls	Observations
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(a) Accounting	Existence of accounting deficiencies and unreconciled accounts.
(b) Assets Management	Failure in revaluation of fixed assets and improper maintenance of Registers of Fixed Assets.
(c) Stores Control	Weak management of stocks.
(d) Staff Administration	Existence of vacancies in posts and excess employees.