**Independent Television Network Limited - 2018**

-----------------------------------------------------------------

## 1.1 Qualified Opinion

The audit of the financial statements of the Independent Television Network ( "Company") for the year ended 31 December 2018 comprising the statement of financial position as at 31 December 2018 and the statement of 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 reported to the Parliament appear in this report.

In my opinion, except for the effects of the matters described in the paragraph 1.5 of this report, the financial statements give a true and fair view of the financial position of the Independent Television Network as at 31 December 2018, and of its financial performance and its cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

## 1.2 Basis for Qualified Opinion

My opinion is qualified based on the matters described in the paragraphs 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 Standards**,** and for such internal control as management determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing matters related to going concern and using the going concern basis of accounting unless management either intends 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 ( Auditor's Responsibility on the Financial Statements )

My objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Sri Lanka Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 Financial Statements**

**--------------------------------**

**1.5.1 Non-Compliance with Sri Lanka Accounting Standards**

----------------------------------------------------------------------

| Non Compliance with reference to the Particular standard | Comments of the Management | Recommendation |
|---|---|---|
| (a) According to the paragraph 09 of the Sri Lanka Accounting Standard 02, the inventories should be measured at the lower of cost and the net realizable value and shown in the financial statements. However the stock of spare parts and other stocks included in the stock had been taken in to accounts at the cost of Rs. 17,573,131 by the Company without being estimated the net realizable value. | Inventories are being maintained only for consumption not for profit oriented. Hence it had been shown under the cost | It should be complied with the Sri Lanka Accounting Standard. |
| (b) According to the paragraph 51 of the Sri Lanka Accounting Standard 16, the residual value and the useful life of an asset should be reviewed at each financial year. However even though property plant and equipment at the cost of Rs. 1,272,606,488 of which the depreciation charge is zero is being in the active use, actions | Although Property plant and equipment were fully depreciated as per the paragraph 79 (b) of the LKAS 16, the value of the property, plant and equipment was shown in the financial statements. Further values of depreciation were examined annually at | Sri Lanka Accounting Standards should be followed. |

| | | |
|---|---|---|
| had not been taken to correct the estimated error as per the Sri Lanka Accounting Standard 08 and to show the correct carrying value in the financial statements. | present and the relevant adjustments were made annually. | |

**1.5.2 Accounting Policies**

| Audit Observations | Comments of the Management | Recommendation |
|---|---|---|
| (a) The accounting policy which was followed by the Company for amortization of Government Grant had not been disclosed in the notes to the accounts. Government Grant had been amortized 12.5 per cent annually, as the Grant received to the ITN channel was since the year which comes after the year of the grant was received and the Grant received to ITN FM was since the year of the grant received. Accordingly it was observed that a common policy had not been followed by the Company for amortization of Government Grant. | The equipment received on the Government Grant are amortized on the basis of utilization of such equipment.(SLAS 18). The policy for depreciation of assets was prepared as to depreciate since the year which coming after the year of the grant received as per the SLAS 18. According to the said policy, amortization of grant received during the year 2018 was not commenced in the year 2018.Accordingly a common policy was followed for amortization of all Government Grant received to all channels. | A common policy should be followed for amortization of Government Grants. |
| (b) According to the accounting policy followed by the Company, the useful lifetime of the building for depreciation was 20 years. However the buildings belong to the ITN FM had been depreciated considering the useful lifetime was 25 years. | The same percentage had been applied for depreciation because the percentage of depreciation had been changed when carrying out accounting activities separate FM Chanel from the Independent Television Chanel. A material affect was not made due to the change of the percentage of the depreciation and if necessary the depreciation | Depreciation of building should be made in accordance with the policy which disclosed |

| | | |
|---|---|---|
| | percentage should be changed in future. | |

### 1.5.3 Accounting Deficiencies

| Audit Observations | Comments of the Management | Recommendation |
|---|---|---|
| (a) The value of value added tax amounting to Rs. 1,096,500 and Rs. 1,300,500 which had been paid on Rs. 7,310,000 and Rs. 8,670,000 incurred for 43 episodes of Kanamadirio teledrama and 51 episodes of Deyyange Rate teledrama which had been telecasted in the year 2018 had been taken in to account under the programme purchasing expenditure . Hence the said expenditure and loss for the year had been overstated by Rs. 2,397,000. Further the liability of payable Value Added Tax had been overstated by Rs. 2,397,000 due to showing the Value Added Tax (input) as expenditure. | Payments are made only for the programmes telecasted and a considerable amount of vouchers had to be prepared during the year.It can be made mistakes in such situations and accordingly there may be minor overstatements and understatements in those vouchers. Accrued values are taken for the very closest correct value and a material affect was not made to the loss/profit for the year. | Value Added Tax should not be taken in to accounts as expenditure. |
| (b) The purchasing cost of 22 local movies, 13 foreign movies and one episode of a foreign tele drama which had been telecasted in the year under review had been taken in to the account twice .Hence the loss for the year and the accrued expenses had been overstated by Rs. 3,949,504. | - do- | Expenditure should be taken into accounts accurately. |
| (c) Although the agreement value of the foreign movie namely Shamitabh telecasted on 11 December 2018 was Rs. 162,110, it had been taken into accounts as Rs. | -do- | Expenditure should be taken into accounts accurately. |

| | | | |
|---|---|---|---|
| | 392,935. Hence the loss for the year under review and the accrued expenditure as at 31 December 2018 had been overstated by Rs. 230,825.Further the said expenditure of the said movie had been transferred to the intangible assets and as a result, the value of the intangible assets as at 31 December 2018 had been overstated by Rs. 230,825 and the amortization expenditure for the said movie had been overstated by Rs. 207,752. | | |
| (d) | According to the information presented to audit, accounting policies had been prepared as to be amortized the Government Grant utilized for purchasing property, plant and equipment within the useful life time of such assets that is 8 years. Accordingly amortization of the Government Grant of Rs. 31,221,094 received to the ITN channel in the year 2008 should be completed at the end of the year 2016 amortizing Rs. 3,902,637 per year. However a sum of Rs. 4,467,741 had remained as at 31 December 2018 without amortizing. Nevertheless the said grant had not been amortized during the year 2018. Therefore as a result of that reason and erroneous calculations made over a number of years, even though the balance which should be in the total Government Grant account | The depreciation policy of the Institute was prepared as to amortize since the year coming after the year of which the purchasing was done, before the year 2008 as to comply with the SLAS 18. Accordingly amortization of the equipment purchased on Government Grant of the year 2008, was commenced since the year 2009.Government Grants had been amortized accordingly and it was remained until the year 2010. Hence there was no error calculation. Amortization could not be done in a same instalment in every year because the grants were received in different amount in each year. Further amortization was done in accounts as equal to the value of grant received. Accordingly there was no overstatement in the accounts. | Amortization should be done as per the accounting standard after considering the audit observation. |

| | | |
|---|---|---|
| was Rs. 12,500,000, it had been mentioned as Rs. 15,615,264 and non-current liabilities and the loss for the year had been overstated by Rs. 4,467,741 in the financial statements. | | |
| (e) Out of the mobilization advance of Rs. 3,651,354 paid by the Company to a contractor in the year 2016, even though a sum of Rs.2, 214,499 had been settled on 31 July 2017, adjustment thereon had not been made to the advances account. Accordingly value of advances had been overstated by Rs. 2,214,499 in the financial position statement. | It was informed to the Supply Division to make the adjustment and it was noted to make in the finance Division. | Accounting entries should be adjusted correctly. |
| (f) Withholding tax amounting to Rs. 249,034 relating to the interest income earned during the year 2018 in connection with long term and short term fixed deposits of ITN FM amounting to Rs. 46,641,252 had not been entered as receivable interest. Hence the interest income for the year and withholding tax had been understated by the same amount. | The withholding tax retained on the interest income had not been taken into accounts in a delay and it was not an adequate amount. | Transactions should be taken into accounts correctly. |
| (g) The value of the cheque issued for payment of retirement allowance amounting to Rs. 280,307 had been erroneously credited to the retirement benefit liability account and debited to the cash in transit account instead of creating a creditor due to the fact that | In accounting, a credit entry of the retirement benefit account was set off to a debit entry. | Transactions should be taken in to accounts accurately. |
| the cheque had not been presented to the bank for | | |

| | | | |
|---|---|---|---|
| | payment over a period more than 6 months. Out of the payable gratuity to another officer, a sum of Rs. 34,570 equal to the monthly salary of which recovered by the Company had been debited to the retirement benefit account erroneously instead of being debited to the cash account and credited to the revenue account. Thus a debit balance of Rs. 245,737 had been shown in a cash transit account. | | |
| (h) | Although the cost of the tele dramas telecasted by the Company in each year should be identified as intangible assets, the value of 106 episodes of 3 tele dramas namely Pini , Ranhiruras and Sirakaree which had been telecasted in the year 2018 amounting to Rs. 19,500,000 had not been identified as intangible assets. Hence the cost of assets and amortization had been understated by Rs. 19,500,000 and Rs. 17,550,000 respectively. | It was a delay in identifying tele dramas which had been telecasted definitely and it was not affected to the profit /loss for the year. It can be mentioned as deficiency of disclosures in the financial statements. | Intangible assets should be identified accurately. |
| (i) | The interest recovered on the employees loan amounting to Rs. 3,053,880 which had been shown under the other income of the financial statements had not been considered for calculating income tax thus the liability of income tax for the year 2018 had been understated by Rs. 855,086 ( 3,053,880 x 28% ). Further the written off value of stocks made | The interest recovered on the employee’s loan was considered when considering the ordinary profit and loss and income tax had been calculated on the said profit/loss. Hence there were no any deficiency in the income tax liability and calculation of tax had been done as per the paragraphs 6 and 7 of the Income Tax Act. | The answer is wrong. Income Tax liability should be calculated accurately after reconsidering the audit query. |

| | | |
|---|---|---|
| during the year amounting to Rs. 180,240 had not been applied for calculating income tax and as a result, the liability of income tax for the year 2018 had been overstated by Rs. 50,467. | | |
| (j) Although the building at the cost of Rs. 6,468,390 belonged to the ITN FM of the Company should be depreciated by 5 per cent, depreciations had been done by 4 per cent thus annual depreciations had been understated by Rs. 64,683. | The same percentage had been applied for depreciation because the percentage of depreciation had been changed when carrying out accounting activities separate FM channel from the independent television channel. A material affect was not made due to the change of the percentage of the depreciation and if necessary the depreciation percentage should be changed in future. | Depreciation should be made as per the policy disclosed. |

### 1.5.4 Going Concern of the Organization

| Audit Observations | Comments of the Management | Recommendation |
|---|---|---|
| The net assets of the Company had continuously decreased since the year 2015 to the year 2018 and continuous losses had been reported since the year 2016 to the year 2018. Further the loss of the Independent Television Network for the year under review was Rs 534,591,954 and the losses of the Wasantham TV, ITN FM and Wasantham FM were Rs. 41,505,921, Rs. 43,225,363 and Rs. 8,287,474. Accordingly the total loss of the Company for the year was Rs. 627,610,712. | Not Replied | Net assets should be increased for going concern of the Company. |

## 1.6 Receivable and payable Accounts

### 1.6.1 Payable Accounts

| Audit Observations | Comments of the Management | Recommendation |
| --- | --- | --- |
| (a) A sum of Rs. 20,253,075 exceeding 10 years had been included in the balance of client advances of Rs. 116,689,916 which had been shown in the financial position statement as at 31 December 2018. Actions had not been taken to settle the said balance even in the year under review. | Reservations for those values had been done on the information given by the Engineering Section and if this is not remained as a liability actions will be taken to take into accounts in this year after discussing with the Engineering Section. | Actions should be taken to settle those advances without delay. |
| (b) The balance of Rs. 14,291,126 less than 5 years and Rs. 29,477,593 between 5 to 10 years and Rs. 7,101,400 more than 10 years had been included in the differed payment balance of Rs. 51,470,120 shown in the financial statements. Action had not been taken to settle that balances during the year under review. | This was created with the payable values or air time which was brought forward from previous years and actions will be taken on the instructions of the Audit and Management Committee to take into accounts of this year because claims had not been presented in this regard during the previous time periods. As a result, this will be affected to decrease the loss or increase the profit. | Actions should be taken to settle the account balances. |
| (c) The total value of the cheques which had been issued to customers but not presented for payment over 3 years was Rs. 4,423,745 as at 31 December 2018. The said value had been transferred to the cancelled cheques account without being taken actions to settle. | This value was created with the cancelled cheques of which the customers had not presented to the bank and had not obtained within the period of validity. If there is any claim made by the customers, the payment had to be made. Therefore the balance of the payable account is being remained. | The liability should be created again. |
| (d) The balance of Rs.502, 739 which had not been claimed | Actions will be taken to search this amount and to take in to | Actions should be taken to settle the |

| | | |
|---|---|---|
| over a period more than 3 years had been included in the unclaimed balance of Rs. 1,515,129 shown under the payable balance of the financial statement. However actions had not been taken to settle or take in to accounts as income. | accounts. | unclaimed balances. |
| (e) The total of the balances of payable accounts amounting to Rs. 36,564,467 which had been shown in the financial statement as at 31 December 2018 and brought forward before the year 2012 had been remained unsettle. It was observed as a contentious matter. | Actions will be taken to take into accounts in this year after collecting information relating to the payable amounts and confirming the correct situation. | Actions should be taken to settle the balances of payable accounts. |

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

| Reference to the Laws, Rules, Regulations etc. | Non-Compliance | Comments of the Management | Recommendations |
|---|---|---|---|
| (a) Public Enterprises Circular | | | |
| (i) Section 6.5.1 of the Circular No. PED/12 dated 02 June 2003 | Although the draft annual report for the year under review should be submitted to the Auditor General within 60 days after the close of the financial year, it had not been presented even up to the date of this report. | There was delay in conducting a meeting of the Board of Directors and actions will be taken to present financial records within the due period of time avoiding such delays. | The draft annual report should be submitted within the due period of time. |
| (ii) Circular No. 01/2015 dated 25 May 2015 | According to the provisions of the Circular, even though the approved monthly limit of fuel for the year under review was 170 | Actions will be taken to obtain the approval of the Board of Directors in the year as previous years as well. | Circular instructions should be followed. |

| | | | | |
|---|---|---|---|---|
| | | litres, fuel had been supplied exceeding the approved limit by 1,155 litres for 3 Chairmen served during the year to the Company from time to time. | | |
| (iii) | Paragraph 2.3 of the Circular No. PED 03/2018 dated 07 December 2018 | Conditions of minimizing the loss of the institute and submission of draft annual report and the accounts to the Auditor General within 60 days after the close of the financial year should be completed to entitle for the bonus. Nevertheless, a sum of Rs. 14,101,020 had been paid as bonus during the year under review per Rs. 28,000 each in a ground of increasing the loss for the year compared with the previous year and submission of accounts for the year 2018 on 29 March 2019 in a delay of 29 days. | The said bonus had been paid on the recommendation and approval of the Chairman and the Secretory to the Ministry in order to maintain a staff as possible as delivering service exceeding the limit of the duty as per the service requirement. | Circular instructions should be followed. |
| (b) | Procurement<br>--------------- | | | |
| (i) | A sum of Rs. 2,400,000 for supplying of stage backgrounds and other accessories and a sum of Rs. 2,200,000 for light system, video walls and other accessories had been incurred without following a procurement procedure for the | | Recording of the said programme was done only by the said institute and this action was taken under the approval of the Board of Directors due to the facts that there was a risk of occurring deficiencies if the service obtained from other institute and it was a National Level Reality | Actions should be taken as per the Procurement Guideline. |

| | | |
|---|---|---|
| grand finale of Youth with Talent Season 2 programme only on the approval of the Board of Directors. | Show as well. | |
| (ii) A live promotion programme relating the grand finale of the Kumbio teledrama had been held in one of the finest 5 star hotel in Colombo and a sum of Rs. 1,900,000 had been incurred during the year 2018 in this regard by the Assistant Manager on the verbal instructions of the Chief Executive Officer of the Institute without following a procurement procedure. | There was a requirement to the Management for conducting the live promotion programme of the Kumbiyo Tele Drama in a very special level and there was a practical problem for following the procurement procedure to select a place in this regard. However approval of the Programme and Programme Purchasing Committee was granted in this regard. | Supplies and procurement activities should be done according to the Procurement Guide Line. |

## 2. Financial Review

### 2.1 Financial Result

The operating result of the year under review was a deficit of Rs. 627,610,711 and the corresponding deficit *in* the preceding year was Rs. 295,924,136. Therefore a deterioration of Rs. 331,686,575 represents 112 per cent of the financial result was observed. Decrease of sales of air time by Rs. 233,725,974 represents 16 per cent, financial income by Rs. 24,362,984 represents 15 per cent and other income by Rs. 6,255,925 represents 14 per cent for the year under review and increase of programme expenditure by Rs. 81,313,379 represents 15 per cent had mainly effected to this deterioration.

### 2.2 Ratio Analysis

Profit ratios and liquidity ratios for the year under review and the previous year are given below.

| Profit Ratios | 2018 | 2017 |
|---|---|---|
| | % | % |
| Gross profit Ratio | 49 | 63 |
| Net profit/(loss) Ratio | (52) | (20) |

| Liquidity Ratios | 2018 | 2017 |
|---|---|---|
| Current Ratio (times) | 03 | 04 |
| Quick Ratio (times) | 03 | 04 |

The gross profit ratio for the year under review had decreased by 14 per cent compared with the year 2017 and the deficit had increased by 32 per cent. Current ratio and quick ratio had decreased by 01 time.

## 3. Operating Review

### 3.1 Identified Losses

| Audit Observation | Comments of the Management | Recommendation |
| --- | --- | --- |
| (a) The value of 12 English films amounting to Rs. 1.037,763 which had been purchased in the year 2011 had been taken into accounts as a prepayment instead of being taken into accounts as intangible assets. According to the agreement the period which can be telecasted the all films was expired and amortization relating to the value of the said English films amounting to Rs. 1,037,763 should be completed as at 31 December 2017. However the total value had been considered as pre payments as at 31 December 2018. | Out of the said films, 4 films had been telecasted in the years 2015, 2016 and 2017 and actions will be taken to telecast the other films after looking for the telecasting right. | Accurate accounting policies should be followed and attention should be paid to telecast films before expiring the agreed period. |
| (b) The balance amount which should be recovered relating to a fraud done in the year 2011 from a former employee of the Company was Rs. 1,210,620 and in the legal action proceeded a writ had been issued in this regard. However the address of the employee could not be found. The total amount had been impaired. | In proceeding legal actions for recovering money relating to the fraud done by the former Accountant of ITN FM, the place where he reside could not be found. Further actions will be taken by the Legal Section. | An adequate internal control should be implemented to avoid frauds. Legal actions should be accelerated. |

### 3.2 Management Inefficiencies

| Audit Observations | Comments of the Management | Recommendation |
|---|---|---|
| (a) Although recommendation of a Preview Committee should be obtained when purchasing tele dramas, evidence had not been submitted to audit to confirm that preview evaluation had been done for 11 tele dramas purchased during the year 2018. A loss of Rs. 20,149,473 had been occurred as a result of telecasting 6 tele dramas out of those 11 tele dramas. | Although recommendation of the Preview Committee is not available, tele dramas are purchased on the approval of the Programme and programme Purchasing Committee if the tele drama is high quality and laureate, | Tele dramas should be purchased as per the recommendations of the Preview Committee. |
| (b) Although selection of a tele drama should be done on the recommendation of the Preview Committee, actions had been taken by the Deputy General Manager (Progress) to telecast 2 tele dramas namely Surya Wachchasa and Rahu which had been recommended as unsuitable for telecasting, contrary to the methodology for selection for telecasting. The cost incurred for the said 2 tele dramas was Rs. 19,550,000 and the revenue generated was Rs. 3,648,594. Hence the loss was Rs. 15,901,406. | Telecasted on the approval of the Programme and programme Purchasing Committee as mentioned above. | Tele dramas should be purchased as per the recommendations of the Preview Committee. |
| (c) Although the Mithu tele drama had been planned in 100 episodes, it had been limited to 61 episodes without giving any reason. The income generated from the 61 episodes was Rs. 32,141,996 and the profit included in it was Rs. | Telecasting of the tele drama had been terminated due to a decision of Programme and Programme Purchasing Committee because there were reduce of ratings. | Opportunities for earning income should not be avoided without having a proper evaluation. |

20,551,996.The Company had lost the opportunity to earn further profit due to the fact that the tele drama had been limited to 61 episodes.

### 3.3 Operating Inefficiencies

| Audit Observations | Comments of the Management | Recommendation |
| --- | --- | --- |
| A sum of Rs. 1,900,000 had been incurred during the year 2018 for conducting a live programme in one of the finest hotels in Colombo for telecasting the last episode of Kumbio tele drama and the ceremonial function for evaluation of main actors. However the requirement of conducting such a programme and the approval thereon had not been furnished to audit. | There was a need of conducting this as an extraordinary programme to the Management and the approval of the Programme and Programme Purchasing Committee had been obtained. | Pre-determined criteria should be established if there is such evaluation. |

## 4. Accountability and Good Governess

### 4.1 Presentation of Financial Statements

| Audit Observations | Comments of the Management | Recommendation |
| --- | --- | --- |
| According to the paragraph 6.5.1 of the Public Enterprises Circular No. PED/ 12 dated 02 June 2003, financial statements for the year should be submitted to the Auditor General within 60 days after the close of the financial year. However the financial statements for the year under review had been submitted to the Auditor General on 29 | There was a delay in obtaining the approval of the Board of Directors and actions will be taken to avoid such delays in the coming year and to submit financial statements on due date. | Financial statements should be submitted to the Auditor General within the due period of time. |

March 2019 in a delay of 29 days.