

Urban Investment and Development Company - 2021

1. Financial Statements

1.1 Qualified Opinion

The audit of the financial statements of the Urban Investment and Development pvt Ltd Company (“Company”) for the year ended 31 December 2021 comprising the statement of financial position as at 31 December 2021 and the statement of comprehensive income, statement of changes in equity and cash flow statement 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 2021, and of its financial performance and its cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

1.2 Basis for Qualified Opinion

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

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

Audit Observation	Management Comments	Recommendation
(a) According to the Cleaning agreement of the Sethsiripaya Phase 2 Premises, monthly payments are made as per the daily attendance of the cleaners, but it was observed that due to the fact that the payments are made based on the daily attendance register in the custody of the supervisor of the service organization, over payment may occur as there is no arrangement to use the fingerprint machine to record the attendance.	I hereby inform that steps will be taken to use the fingerprint machine in the future. I am informed that a superintendent will be appointed for that. According to the agreement, fifty employees have to report for work. But in the months of May and June 2022, due to the oil crisis in the country, the arrival of workers has decreased. But that has been happened only for five or six days per month.	Proper internal control systems should be introduce.
(b) On inspection of the four day sample period with the daily attendance register and the placement register, it was observed that there are twenty two employees whose attendance was recorded in the signature register but who did not report for work at any place and accordingly, an additional payments of Rs.27,280 has been made to that organization for the employees who were not physically present during the four day sample, and accordingly it was observed that an average overpayment of Rs.204,600 in thirty working days per month and Rs.2,455,201 per year may be done as per the sample.	While making payment for cleaning service, payment shall not be made on the daily Attendance Register maintained by the work supervision and payment shall be made by the daily Attendance Register and Workers Allocation Register of the security department. In the future as a further improvement an action will be taken to obtain the finger prints of the relevant employees and the finger prints of the employees Who cannot do so will be updated based on a practical method.	Proper verification should be done before making the payment.

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| <p>(c) The company had been failed to provide supporting documents for 3 journal entries to confirm that note amounting to Rs.37,193,529</p> | <p>Most of the Journal entries are accounting entries, adjustments and corrections made by the company in preparing its year-end financial statements. In relation to the above journal entries, only the existing journal entries and supporting documents are submitted herewith and the relevant departments will be informed in this regard in the future.</p> | <p>Proper internal control systems should be introduced.</p> |
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1.5.2 Non-Compliance with Sri Lanka Accounting Standard

Audit Observation	Management Comments	Recommendation
<p>(a) According to Sri Lanka Accounting Standard No (LKAS) – 16, the fully depreciated assets, but still in use, should be disclosed in the financial statements and action should be taken to adjust the re – evaluated useful life of those assets and the estimation error of the useful life of the assets should be corrected and adjustment for the estimated useful life of the assets should be in the financial statements in terms of the LKAS 08. But action had not been taken according to the relating standard to the fully depreciated assets, but still in use amounting to Rs.22,388,508</p>	<p>On 26 May 2022, the approval of the Board of Directors has been obtained to re-assess the useful life of the assets on 1 January 2022 and to obtain the required valuation service through an external party to adjust the financial statements of the year 2022. Accordingly, the company will assess the assets through a chartered valuer and make adjustments or disclosures in the financial statements of the year 2022.</p>	<p>Should be complied with the provisions included in the Sri Lanka Accounting Standards.</p>
<p>(b) According to chapter 32 of Sri Lanka Accounting Standard No 40, the investment property is to be valued by a Professionally Qualified independent value but Rs.6440 million which is the valuation value of the investment property disclosed under note 2 of the financial statement for the year under review had been assessed by an internal valuation committee of the parent company.</p>	<p>As per the paragraph 32 of the standard. I would like to inform you that the valuation of the property by a professional qualified independent valuer is in the final stage and the valuation report can be submitted to the Government Audit Department in August 2022.</p>	<p>Should be complied with the Sri Lanka Accounting Standard and correct decisions should be made in an updated manner.</p>

1.5.3 Accounting Policies

Audit Observation

Although, it is the general policy of the company that the electricity cost related to the office premises rented by the company shall be paid by the company and then collected from those offices but there was no provision in the relevant rental agreements regarding the recovery of the electricity expenses.

Management Comments

By a clause does not directly indicate the action to be taken in case of non- payment of electricity charges. Discussions are underway with the management to make a decision regarding the reimbursement of electricity expenses in the future.

Recommendation

Internal controls should be introduced regarding recoveries on rent of office premises.

1.5.4 Accounting Deficiencies

Audit Observation

(a) Rs. 1,027,834 was received as dividend for the year under review from Onali Holdings Company in January 2022 and the relevant adjustments had not been made in the accounts for that.

(b) Eventhough 5156 square feet had been given on rent basis to the of National fertilizer Secretariat from 29 March 2021 at a monthly rental of Rs.1, 142,364 as per the request made by them, due to the fact that they did not use the office till October 2021, the Board of Directors of the Company at its meeting hold on 27 January 2022 had been decided not to collect the rental income of Rs.8,636,267 due from April to 31 October 2021 for the office premises. But due to accounting of Rs. 11,103,772 including Rs.8,636,267 as income in the financial statement submitted on 28 February 2022, the company's income as at 31 December of the year under review had been overstated by that amount.

Management Comments

Rs.1,027,834 was received as dividend applicable to the year under review 2021 which has been accounted as dividend on 14 February 2022.

Eventhough the National Fertilizer Secretarial entered into a tenancy agreement on 29 March 2021, came to live there in December 2021. On 27 January 2022, the approval of the Board of Directors has been received for a concession of 75 percent of the value of service for that period as no service was rendered for the period of non-occupancy and accordingly the actual amount payable by them as rent to the company on 21 December 2021 was Rs.8,819,148. Arrangements have been made to match the related accounting adjustments in the financial statements of the year 2022.

Recommendation

Events after the balance sheet date should be identified and then financial statements should be prepared.

Correct accounting adjustments should be identified and accounted.

1.5.5 Unreconciled Control Accounts or Records

Item	As per Financial Statement	As per corresponding Record	Difference	Management Comments	Recommendation
	Rs	Rs	Rs		
Debtor balance	148,733,301	163,907,742	15,174,441	This difference is an error that accrued during the preparation of the schedule. Accordingly, actions will be taken to present the correct age analysis related to rent debtors with the Final Accounts of 2022.	The company should take necessary steps to identify the difference between these balances and to reconcile those balances.

1.5.6 Unauthorized Transactions

Audit Observation

In the year 2018, the company had invested Rs.5,471,978 in Onali Holdings company which is a quoted company, with the approval of the Board of Directors and for that, the concurrence of the Minister of Finance had not been obtained as per paragraph 8.2.3 of the Public Enterprises Circular No. PED/12 dated 02 June 2003.

Management Comments

In order to get the management ownership of this company another public company tried to acquire shares in the stock market and to reduce that risk Urban Investment and Development pvt Ltd Company bought the shares of Onali Holdings Company.

Recommendation

Should be complied with the provisions included in the circulars issued by the Department of Public Enterprises.

1.6 Accounts Receivable and Payable

1.6.1 Accounts Receivables

Audit Observation

According to the agreement made by the company with the Board of Investment on 07 May 2007, during the construction of Sethsiripaya phase II due to the concession received for the Value Added Tax paid for VAT during the construction period and the value added tax paid to the contractor for the said construction had been recovered from them, but from the balance to be recovered, the uncollected due was Rs.85, 409,990 and without taking proper action to recover it even at 31 December 2021, it had been continuously shown as receivable under other current assets in the company's financial statements.

Management Comments

The statement that the value added tax paid to the contractors for the said construction will be recovered from them by 31 December 2021 is incorrect and necessary facilities have been provided to be obtained from the Inland Revenue Department as a company approved by the Board of Investment.

Recommendation

Action should be taken to analyze and settle the long-outstanding balances.

1.6.2 Accounts Payables

Audit Observation

Action had not been taken by the company to settle the outstanding balances of Rs.626,050 to the contractors and retention money amounting to Rs.1,359,937 in the company's financial statements which were coming since more than 5 years.

Management Comments

Only the manner in which the liability arose is presented.

Recommendation

The actions should be taken by the company to settle these long outstanding balances. Also an action should be taken to write off the non-liable balances to the income subject to the required approvals.

1.7 Related Parties and Related Party Transactions not disclosed

Audit Observation

As the company did not have the necessary human resources to carry out a consultancy work, the company was bound by a consultancy service agreement with the parent company to provide consultancy services to prepare 44 development plans which is a proposed task of the Urban Development Authority, which is the parent company. For that 63 Assistant Planning Officer Posts were recruited by this company on a temporary basis in the year 2017 and released to the service of the parent company from 2017 to 2018 and their salary was reimbursed by the parent company and those employees who are not in the approved cadre of the parent company, had been recruited by the parent company on permanent services in the year 2019. But, the company had been obtained RS.17,980,072 as management service income from the parent company from the year 2013 to 31 December 2021 without performing any work apart from the above recruitment.

Management Comments

Efforts initiated in 2014 to get the approval of the cadre structure of the Urban Development Authority had been delayed for a long time. Based on the service requirements of the Urban Development Authority, planning officers and other officers have been recruited following proper procedures to carry out its main functions. Also, the cost incurred for that have been reimbursed to the Urban Investment and Development Pvt Ltd Company by the Urban Development Authority upon the approval of the Management Board of the parent company and the approval of the Board of Directors of the subsidiary company.

Recommendation

Should not engage in informal transactions.

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

Reference to Laws Rules, Regulations -----	Non – Compliance -----	Management Comments -----	Recommendation -----
(a) Paragraph 3.1 of the Public Enterprises Circular No PED/12	Although it is the statutory responsibility of the Board of Directors to provide leadership for the affairs of the company as well as Management and Monitoring of Operations, two officers on the Board of Directors of the company had been received Rs.825,000 as allowances during the year under review for performing their duties as the head of the financial division and legal and administrative advisor of the company in addition to their board duties.	All the monitoring activities of the company are done by the Board of Directors. Also 2 executive grade directors provide advice and guidance for all matters related to administration and finance. An allowance is been paid to them with the approval of the Board of Directors. No duty list has been prepared for these two directors.	Approved cadre should be prepared and officers should be appointed for that.
(b) Paragraph 9.2 and 9.3.1 of the Public Enterprise Circular No PED/12 dated 02 June 2003 and Management Service Circular No 30 dated 22 September 2006.	An approved cadre should be prepared and Registered in the Public Enterprises Department of the Treasury in accordance with the Paragraph 9.2 of the Public Enterprises Good Governance Guideline, PED/12 and a recruitment and promotion procedure of the company should be prepared according to 9.3.1 and should be approved by the relevant Ministry and Public Enterprise Department and according to the Management Service Circular it had not been approved by the Department of Management Services also.	Up to now there is no recruitment and promotion procedure. As the work of the company is carried out by a limited staff of 11 people, no promotion procedure has been prepared for this purpose and if the scope of the organization expands in the future, I would like to inform you that relevant action will be taken. The employees already employed to the company have been recruited in accordance with the approved recruitment procedure of the Urban Development Authority. In addition, the staff who have been recruited to this company have also been recruited with the approval of the Board of Directors of the company.	Should be act in accordance with the circular manner.

1.9 Non-compliance with Tax Regulations

Audit Observation	Management Comments	Recommendation
In the year 2017, the company had been requested from the Inland Revenue Department to offset the Rs.2,668,338 of unaccounted Economic Service Charges payable for the year of assessment 2013/14 and 2014/15 from the Receivable Value Added Tax. Eventhough a decision was not given by the Department to the company, the value of the Economic Service Charges to be paid had been accounted in the statement of financial position through a Journal entry as Economic Service Charges receivable under other current assets in the statement of financial position from the year 2016.	The amount of Rs.2,668,338 mentioned as receivable Economic Service Charges in the query has been offset against the income tax payable in the year 2020. However, it has not been accounted due to a mistake and the relevant accounting adjustment will be made in the 2022 financial statements.	The company should be act in accordance with the provisions of the Income Tax Act.

1.10 Information Technology (IT) General Controls

Audit Observation	Management Comments	Recommendation
(a) An accounting system valued at Rs.2,00,000 had been established and Rs. 652,000 had been paid on 3 instances since 2016 for maintenance and services. But by 31 December 2021, it has been observed that 40 out of 70 agreed features such as statement of comprehensive Income and statement of financial Position, Debtor/Creditor age analysis, Debtor/Creditor reconciliation statements, calculation of annual depreciation, VAT reports, Bank reconciliation etc. cannot be obtained through the accounting system.	All the functions are further available through the accounting information software system and bank reconciliation reports preparation functions are properly executed through the accounting software. Also, I would like to inform you that I will immediately work with the related software company to correct and get the reports as required by updating the information in the other reporting system mentioned below.	The software should be introduced according to the requirements of the company.
(b) It was observed in the audit that the Trial Balance, Bank Statements and Schedules submitted to the audit were not correct, although computer systems should be introduced to achieve results such as speeding up the processes of an organization, reducing errors in writing etc.	Comments had not been given	System and Software should be kept up to date.

2. Financial Review

2.1 Financial Result

The operating result of the year under review amounted to a profit of Rs.451.8 million and the corresponding operating result in the preceding year amounted to a profit of Rs.362.9 million. Accordingly, an improvement amounting to Rs.88.9 million of the financial result was observed. The reasons for the improvement are decrease of administrative expenses by Rs.11.2 million and finance income by Rs.65.1 million had been mainly attributed.

2.2 Trend Analysis of major Income and Expenditure items

- (a) Compared to the preceding year, the company's revenue had been increased by Rs.654.8 million to Rs.671.8 million and this was mainly due to the increase of rent income by 2.6 per cent.
- (b) Institutional and administrative expense had been decreased by 7.3 percent compared to the preceding year. Decrease of security services expense by 100 percent had been mainly attributed for the decrease of administrative expense.
- (c) The company's financial expense had been decreased by 44 percent compared to the preceding year. This was due to the fact that interest expense had been decreased by Rs.142.9 million to Rs.76 million by 46 percent compared to the previous year.

2.3 Ratio Analysis

- (a) Compared to the preceding year Net Profit Ratio of the company had been increased by 25 percent. This was mainly due to the decrease in the finance expense by 44 percent.
- (b) The Current Ratio of the company for the preceding year was 9.28:1 and this was increased to 14.4:1 in the year under review.

3. Operational Review

3.1 Management Inefficiencies

Audit Observation

Although it was decided in the board meeting held on 24 March 2014 that no payment be made to science Land Information Limited until the Accounting software is installed and working properly and until the completion of the training of the company's staff on the use of the software. But a report was signed by two directors approving the payment at the Board of Directors meeting held on 01 December 2014, without obtaining a formal certificate that the relevant accounting software has been installed correctly and the staff has been trained on the use of accounting software, from the officials who use the software and from a party with subject knowledge that the tasks have been completed.

Management Comments

Comments had not been given

Recommendation

Payment should be made only after completing the requirement in procurement.

3.2 Procurement Management

----- Audit Observation -----	----- Management Comments -----	----- Recommendation -----
(a) According to the section 4.2 of the Government Procurement Guideline and Paragraph 7.3 of Public Enterprise Department Circular No PED/12 Dated 2 June 2003, the company had not been prepared a procurement plan since 2015.	The company is controlled by a limited number and there is no major purchase of current assets. However, we have submitted a procurement plan including small purchases and service contracts related to our company.	Plans should be prepared regarding to purchases.
(b) Without calling formal Quotations at least from 05 institutions the approval of the Board of Directors has been obtained to procure the accounting software through a supplier of the then Ministry of Defense and Urban Development and the accounting system was established in the year 2014 at a cost of Rs.2, 000,000. Also according to paragraph 2.6.1(a) ii and paragraph 2.8 of the Procurement Guideline, a Technical Evaluation Committee was not appointed to review and approve the requirement specification and the accounting system had been prepared in accordance with the specification submitted by the supplier company. Also, as per the paragraph 8.9.3 company had not been entered in to a formal agreement as per the approved standard form of contract by including the date of commencement and completion of the contract, charging for delays and etc.	In the year 2013, UNIDEP Company was under the Ministry of Defense and Urban Development and Science Land Information Technology Private Limited had become the main supplier of the software supply and introduction that ministry and according to the decisions of the Board of Directors meeting, we introduced the accounting information software system of our company and implementation done. I am also attaching the letter of awarding the tender on behalf of the concerned company, the document containing the software requirements and proposals and the letter stating that the software system has been completed by UNIDEP and the software company.	According to the requirement of the institutions the specification should be prepared and approved by the technical evaluation committee and the purchases should be done following the Procurement Guideline.
(c) According to 5.4.6 (a) of the procurement Guideline a retention should be made from the amount payable for the contracts, but in establishing the accounting system, the entire amount of Rs. 2,000,000 had been paid on 18 December 2014.	Comments had not been given	Procurement Guideline should be followed.
(d) According to Paragraphs 4.2 of the Government Procurement Guideline and Paragraph 5.4.8 and 5.4.10 (b) of the Public Enterprise Department Circular No PED/12	Comments had not been given	It should be done according to circulars.

dated 02 June 2003 and according to the tender awarding letter submitted on 04 April 2014 although a performance security of 5 percent of the total contract value should be submitted within seven days of receiving the said letter but it was revealed in audit that the Science Land Information Private Ltd had not been submitted a performance security for this contract. Also, it was observed in the Audit that since a performance security has not been submitted for the contract, it has failed to secure the procuring entity such as the company from losses when the performance of the contracts fails.

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| <p>(e) According to section 4.2 of the Government Procurement Guideline, in the Procurement related to the cleaning of of Sethsiripaya Phase II Administrative Building Complex, the appointment of a bid opening committee and the information related to the opening of bids should be recorded in a prescribed form, but it had not been done so.</p> | <p>Comments had not been given</p> | <p>The forms mentioned in the procurement Manuals should be used in Procurement.</p> |
| <p>(f) According to the specification for the cleaning service and as per the requirement of the company, the actual number of employees for the cleaning work was given as 03 supervisors and 50 cleaners, but it was observed that the daily attendance averaged between 25-30. Also the male and female workers required for this cleaning work, and how they should be located had not been specified in the requirement specification.</p> | <p>I here by inform that placement is being done every morning and documents will be prepared and submitted in this regard. Even if 25 – 30 workers come to work, all cleaning activities in the building premises will be completed on a priority basis. In the Attendance Register some employees are illiterate and their signature are not clear and in future steps will be taken to use the finger print machine in addition to the daily attendance register.</p> | <p>Formal agreements should be prepared and act accordingly.</p> |

3.3 Human Resources Management

Audit Observation	Management Comments	Recommendation
(a) N officers of the Urban Development Authority had been released to the company in the years 2012-2020 for the company's work Rs.9, 937,720 had been paid to these officers during the year under review.	Comments had not been given	Should be act in accordance with the circular provisions.
(b) According to the section 9.4 of the Public Enterprise Circular No PED/12 the company's officers should not be released to work in the line ministry or any other institution without the approval of the cabinet, but only on the approval of the Board of Directors, 02 Quantity Surveying Officers in the year 2017 and 09 Assistant Planning Officers in the year 2019 were recruited on contract basis and released to the Urban Development Authority and had been employed till the audited date of 30August 2022. A salary of Rs.7,553,369 had been reimbursed by the Urban Development Authority for the year under review.	Comments had not been given	Should be act in accordance with the circular provisions.
(c) During the year under review an allowance of Rs.627,750 had been paid by the company for 45 to 55 officers in the Finance Department, Human Resource Department ets for performing the duties of the company (Voucher processing, filling Vouchers etc) during the duty hours while working full time in the Urban Development Authority	Comments had not been given	Approved cadre should be approved and full time officers should be recruited.

4. Accountability and Good Governance

4.1 Corporate Plan

Audit Observation

As per 5.2 of state finance circular No. 01/2014 dated 11 February 2014, the Corporate Plan Submitted by the Company was not prepared according to the circular and the action plan including activities expected to be implemented in the coming year had not been prepared.

Management Comments

The Action Plan for the year 2022 has been prepared based on the company's Corporate Plan and submitted to the Auditing Institute.

Recommendation

Before the beginning of the year, Plans should be prepared according to circulars.

4.2 Audit Committee

Audit Observation

According to section 7.4.1 of Department of Public Enterprises Circular No. PED/12 dated 02 June 2003, although the Audit and Management Committee should meet every three months, four times a year, the company had not been held any Audit and Management Committee meeting from the beginning to the audited date.

Management Comments

An audit committee has been appointed for the company in accordance with the recommendations of the auditing Institute and an audit committee meeting has been held on 15 March 2022.

Recommendation

Audit committee meetings should be held as per relevant circular. The National Audit Office was not notified to participate as an observer.