

**1. Financial Statement**

**1.1 Opinion**

The audit of the financial statements of the Sri Lanka Thriposha Limited for the year ended 31 December 2023 comprising the statement of financial position as at 31 December 2023 and the statement of Statement of profit or loss, 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, the financial statements give a true and fair view of the financial position of the Sri Lanka Thriposha Limited as at 31 December 2023, 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 Opinion**

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 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 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 Scope of Audit (Auditor's Responsibilities for the Audit of 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 Non-compliance with Laws, Rules, Regulations and Management Decisions

Reference to laws, rules, regulations	Non-compliance	Comments of the Management	Recommendation
(a) Section 10.1 of Chapter viii and Sections 7.2 and 7.3 of Chapter xii of the Code of Establishment of the Democratic Socialist Republic of Sri Lanka	A staff officer assigned to work on a Saturday, Sunday or public holiday in connection with urgent duties should work for not less than 08 hours a day to receive an equal amount of 1/20 of the combined monthly salary for each day of such work. Officers without working for 08 hours Rs. 1,615,088 holiday allowance had been taken during the year under review. According to the data obtained from the fingerprint machine, some officers had not reported for duty on the respective holidays, but this allowance had been taken for those days as well. Furthermore, although only one allowance/privilege should be applied for one job, in addition to this allowance, the company had given a lieu leave or lieu leave allowance for each working holiday and had paid Rs.477,019 for it.	That the provisions of the Establishment Code are not applicable as the Sri Lanka Thriposha Company is a company incorporated under the Companies Act and is a government business supervised by the Department of Public Enterprises. The Shop and Office Workers Act No. 19 of 1954 and the Industrial Disputes Act No. 43 of 1950 which is the 131st authority signed by the Labor Commissioner based thereon shall apply under Section 12(1) of employees and managers on behalf of the Sri Lanka Thriposha Company. That the terms of settlement of disputes, as per clause 24 thereof, "The new company agrees to deal with the system hitherto followed for days of non-service in the organization." that it is stated as, accordingly, that the authority is hereby vested to deal with the days of non-working in the company, accordingly, in relation to the agreements	Institutions should act according to the terms of the Establishment Code and formal approval should be obtained from the relevant institutions to act outside of it.

in the above dispute settlement terms sheet, C.T.C. That the management of the Services Company and then the Sri Lanka Thriposha Company have agreed to work according to the previous system for overtime and holiday allowances under the days of non-working in the company.

- (b) Guidelines on Corporate Governance for state owned enterprises and Operations Manual for State Owned Enterprises issued by the Department of Public Enterprises on 16 November 2021

- i Paragraph 3.2(v) of the Operations Manual Although the approval of the Director General of the Public Enterprises Department should be obtained for the payment of incentives, As a targeted offer from suposha marketing without such consent in the year under review Rs. 12,687,147 had been paid as an incentive. The Code of Administrative Rules prepared by the Sri Lanka Thriposha Company has been forwarded to the Department of Public Enterprises on the approval of the Board of Directors, and the operational manual prepared to cover all aspects of the company in the year 2023 has also been forwarded to the Department of Public Enterprises as per the approval of the Board of Directors. Since the approval for the Code of Administrative Rules and Operation Manual has not been obtained so far, the provisions of the Guidelines on corporate governance for State owned enterprises should be followed.

- |     |   |   |  |  |
|-----|---|---|--|--|
| ii  | Paragraph 3.3 of the Operations Manual                            | Although a strategic human resource plan should be prepared that includes the employee requirement and organizational chart of each department, the company had not done accordingly.   | That the preparation of a strategic human resource plan which includes the employee requirement and organization chart of each department is currently being done.   | Guidelines on corporate governance for state owned enterprises should be followed.           |
| iii | Paragraph 3.6 of the Operations Manual                            | The company should introduce an effective performance evaluation system based on the strategic plan, action plans, and although the effectiveness of each employee should be evaluated by the immediate officer, it was revealed that there was no effective performance evaluation for tertiary level and senior level officers. | That the productivity of each employee of the company has been evaluated by the-Immediate officer  | Guidelines on corporate governance for State owned enterprises should be followed.           |
| (c) | Public Administration Circular No. 30/2008 dated 31 December 2008 | Although this circular cannot be applied to the employees of the company, Rs.5,339,402 had been paid as distressed loan to the employees of the company as per this circular in the year under review.  | That a meeting was held between a group of officials from the Department of Public Enterprises and the Chairman and officers of Sri Lanka Thripasha Company on 21.06.2023, and based on the agreements made there, the loan schemes and other offers implemented by the company were included in the company's operating manual, based on the approvals of the board of directors. That the approval of the Board of Directors was obtained and forwarded to the Department of Public Enterprises. | A formal loan scheme should be prepared and formal approval should be obtained for the same. |

- (d) Paragraph ii of Management Services Circular No. 03/2018 dated 18 July 2018
- Although the authority to decide on salaries and allowances has not been given to the Board of Directors and all allowances made as additional payments must be approved by the Treasury Operations Department, the marketing manager who was recruited for the Suposha product introduced by the company in 2017 was given an additional amount of Rs.10,000. An allowance was paid from the Suposha account on the approval of the Board of Directors and for that in the year under review Rs.120,000 was paid without the approval of the Treasury Operations Department.
- do-
- Necessary formal approvals should be obtained for this.
- (e) No. DMS/E4/13/08/413/1 and Management Services Circular No. 30 dated 28 March 2013
- According to the recruitment procedures approved for the company, the company had not acted with the confirmation of the post for all service categories, the efficiency bar examinations for promotion between grades and obtaining the second official language proficiency of the relevant level at the relevant time. Accordingly, the confirmation of the relevant appointments and promotions had been done without fulfilling the aforementioned prerequisites.
- Note that a tripartite agreement was made with the Labor Commissioner during the takeover of the Sri Lanka Thriposha Company to the government, that there was no system for appointing employees in relation to that agreement, and that there is no examination department in this institution, promotion and efficiency bar and second official language trends at the relevant level, even though it has been done, there is no system related to it, so the related activities are currently being carried out.
- Actions should be taken according to the circular provisions.

- |     |   |  |  |   |
|-----|---|--|--|---|
| (f) | Public Enterprises Circular No. 02/2022 dated 18 January 2022                             | A telephone allowance of Rs.1,000 had been paid to tertiary level officers of the company (JM 1-1) who are not entitled to telephone allowances from 14 March 2019 and a monthly telephone allowance of Rs.1,000 had been paid on the basis of the approval of the Board of Directors for 07 officers working in the positions of MA 1-1 and MA 2-1 from 15 July 2019. | Based on the agreement made in the meeting held on 21.06.2023 between a group of officials of the Department of Public Enterprises and the Chairman and officers of Sri Lanka Thripasha Company, the loan schemes and other offers implemented by the company which was included in the company's operation manual and approved by the board of directors and forwarded to the Department of Public Enterprises. | Actions should be taken according to the circular provisions. |
| (g) | Public Enterprises Circular No. 01/2015 (ii) dated 14 January 2022                        | In the year under review, Rs.1,200,000 had been paid for 05 officers in the MM salary scale who could not eligible fuel allowance.   | - do -   | Actions should be taken according to the circular provisions. |
| (h) | Circular No. 2016/02(I) dated 21 October 2016 issued by Department of Management Services | Two senior level officers holding HM1-1 service category of the company had been given salary increments under HM1-2 service category from the year 2020 without approval.   | According to Management Service Circular No. 02/2016, salary increments have been given for HM 1-1 service category, and according to the audit recommendation, salary increments will be given in HM category in future according to Management Service Circular No. 02/2016(I).  | Actions should be taken according to the circular provisions. |

## 2. Financial Review

### 2.1 Financial Results

The operating result of the year under review amounted to a profit of Rs.555,406,517 and the corresponding loss in the preceding year amounted to Rs.48,310,073 thus observing an improvement of Rs. 603,716,590 in the financial result. The increase of revenue had mainly attributed to the said improvement.

### 3. Operational Review

#### 3.1 Management Inefficiencies

Audit Observation	Comments of the Management	Recommendation
(a) Thriposhas belonging to the year 2022 had been returned and sent for Rs. 11,701,601 has been identified as being payable to the Ministry of Health, but the relevant amount had not been paid during the year under review.	That the bills receivable amounting to Rs.204,065,974 from the Ministry of Health existed as on 31/12/2023, and that the outstanding balance amounting to Rs.11,701,601 will be settled this year.	Arrangements should be made to settle this amount quickly.
(b) According to the associational constitution of the company, in order to reduce maternal and infant malnutrition in Sri Lanka, Sri Lanka should provide facilities for additional food products and assess the annual triphosha requirement and take necessary actions to provide them. In order to fulfill this requirement, based on the data provided by the Family Health Bureau, an annual production plan was prepared for the annual production of triphosha, but it was not submitted for approval by the board of directors of the company. However, according to the prepared production plan, in order to provide Thriposhas for 795,036 annual beneficiaries, the actual number of production days during the year was 211, although plans had been made to carry out production work on 282 days excluding maintenance and holidays. Accordingly, the number of months in which the production activities had been completed in relation to the monthly Thriposhas requirement was only 03 months. Also, according to the production plan prepared by the company, the amount of raw materials required for the production of Suposha and Calorie Biscuits was not specified, so the required amount of raw materials for those production needs could not be identified. Accordingly,	That the annual production plan is prepared on the basis of Thriposhas beneficiary data, that the annual budget prepared according to the production plan is forwarded to the Ministry of Health / Line Ministry on the approval of the Board of Directors, so no separate approval of the Board of Directors was obtained for the production plan, but from the coming year, the approval of the Board of Directors will also be sought for the production plan, and the annual production plan prepared by the production department will be revised monthly based on the raw material receipt forecasts related to the months under consideration. In the last week of February in the year 2023, it was not possible to use the raw materials for production due to the fact that the raw materials received by the World Food Organization and the purchase of local raw materials were out of stock and the raw materials were not received in accordance with the relevant specifications, also, the amount of triphosha master bags to be produced according to the annual production plan is revised monthly based on the data provided by the offices of the director general of	Actions should be made to achieve Thriposhas production targets and a program should be prepared jointly by the Ministry of Agriculture and the Ministry of Health to obtain quality maize stocks and prevent underutilization of machines by increasing production.



the company's intended purpose was not achieved by using the ingredients estimated for Thriposha's requirement for Suposhah and Calorie Biscuits.

nutrition and health services, that in the production plan prepared by the company, the quantities of raw materials required for Thriposha and Suposhah products are mentioned, from the year 2024, a production plan for Suposha calorie bars will also be prepared based on the forecasts of the relevant sales departments.

- (c) In the year 2023, the total amount of finished products produced by the company was 9,163,067 kg, of which 80 percent or 7,341,728 kg was Thriposha and the remaining 20 percent or 1,821,339 kg was Suposha. that 20 percent of suposha production of the total production, it was revealed which is the primary task assigned to the company by the Ministry of Health, was achieved that there was a non-compliance with the original purpose of establishing the institution, at a level of 62 percent of thriposha requirement.
- Although a sufficient amount of raw materials to meet the annual thriposha requirement can be met based on the annual raw material receipts, it is difficult to reach the planned goals due to the fact that those receipts are not done monthly. In accordance with the specifications of the raw materials obtained with the end of the grants received by the World Food Organization in March 2023 and In accordance with and to meet the working capital requirement of the company and to provide Suposha to the market through the network of dealers, in addition to Thriposha production, Suposha production had to be done at a minimum level.
- Priority should be given to completing the annual thriposha requirement.
- (d) It was revealed that the company is more motivated to produce Suposha than to produce Thriposha, which was the main objective of establishing the company, and this situation is mainly influenced by the fact that the company pays a target allowance of 5 percent to 10 percent of the profit based on the sales revenue of Suposha products. Also, there was no proper approval and system for target allowances.
- That a targeted allowance payment system based on the overall production goals has been referred to the board of directors for approval and according to that approval has been included in the company's operation manual and forwarded to the Public Enterprises Department
- Priority should be given to completing the annual thriposha requirement and the production target allowance should be formalized.
- (e) In order to meet the annual thriposha requirement, the planned raw materials
- In the last week of February in the year 2023, it was not possible to use
- Priority should be given to completing the annual

required for the production, maize , soya milk powder, vitamins and minerals that can be used for production were respectively 8927, 3862, 304, 09 and 90 metric tons and the actual raw materials released for the production during the year. The amount was 7,179, 2,432, 284, 08 and 84 metric tons respectively. According to that, although enough raw materials were received through donations and purchases to meet the annual triphosha requirement, it was revealed that this requirement was not fulfilled and this raw material content was used for the Suposha production of 1,822 metric tons.

the raw materials for production due to the fact that the raw materials received by the World Food Organization and the purchase of local raw materials were out of stock and the raw materials were not received in accordance with the relevant specifications, That it was possible to carry out production activities from June due to the systematic receipt of raw materials, although sufficient quantity of raw materials to meet the annual thriposha requirement could be obtained based on the annual raw material receipts, it was difficult to achieve the planned targets due to the fact that the receipts were not done monthly, With the end of grants received by the World Food Organization in March 2023, Suposha production had to be relatively increased during the month of March to meet the specifications of the raw materials received and to meet the working capital requirement of the company.

triphosha requirement.

(f) For the construction of the proposed SILO system, Rs.192,091,525 had been provided by the World Food Program (WFP) in the year 2021, and the money had been invested in a fixed deposit. As on 02 January 2023, its maturity value was Rs. 207,815,400 and it had been cashed on January 20 and an amount of Rs. 125,000,000 was reinvested on 27 January 2023. However, it was observed that these funds had been spent for other purposes without fulfilling the purpose of providing these funds. Also, no interest was received for this amount for a period of 18 days and another 07 days were spent for reinvestment.

That approval was received from the Board of Directors letter dated 08/2022 to encash the relevant fixed deposit, even though recommendations had been given to encash the fixed deposit before the maturity due to the presence of capital expenditure and bills due for the production of Thriposha, until 01/02/2023 ( Maturity Date) that the Company has been managed, as per the Board's letter dated 08/2022 approved on 20/10/2022, the fixed deposit has been encashed on 20/01/2023 and the deposits required for capital provision have been deposited in the current account on 01/2023 In the board meeting held on 26/02/2023, Rs.

This amount should be spent for the intended purpose and investment decisions should be made so that the organization gets maximum benefits.

125 million again for the fixed deposit investment, a board paper was sent, after that the fixed deposit was opened on 27/01/2023, That will be done an investment of Rs. 100 million in the year 2024 for future capital requirements including the SILO project.

### 3.2 Operational Inefficiencies

Audit Observation	Comments of the Management	Recommendation
<p>According to the articles of association of Thriposha Company, the composition of the Board of Directors consists of 07 members and it was observed that it has been appointed to represent the relevant sectors. However, although the Director General of Health Services was appointed to represent the Ministry of Health, it was observed that he did not attend 8 of the 12 board meetings held in 2022 and he did not attend any of the 10 board meetings held in 2023..</p>	<p>Sri Lanka Thriposha Company has submitted letters of invitation to the Director General of Health Services who has been appointed as the representative for the Ministry of Health to participate in the Board of Directors meetings, but in view of his non-participation, a letter has been sent to the Director General of Health Services on 02.10.2023 to implement the decisions of the Board of Directors.</p>	<p>Efforts should be made to increase the participation of the Director General of Health Services in board meetings.</p>

### 3.3 Transactions of Contentious Nature

Audit Observation	Comments of the Management	Recommendation
<p>(a) The company had distributed raw material cost of Rs. 3,555.6 million, direct cost of Rs. 602.3 million and salaries of Rs. 50.7 million including administrative expenses on the percentage of Thriposha and Suposha products (80 percent and 20 percent) and sales and distribution expenses. Due to the distribution between Thriposha and Suposha products at the rate of 49 and 51 percent, administrative</p>	<p>That expenses specifically identifiable with the production of Triphosa and Suposha are identified separately and all other expenses are apportioned on the basis of the percentage of Triphosa and Suposha production.</p>	<p>The expenses and incomes that can be identified with Thriposha and Suposha production should be identified separately in relation to Thriposha and Suposha production and thus all the expenses and incomes that cannot be specifically identified should be distributed on the percentage of Thriposha and Suposha</p>

expenses at the rate of 92 and 8 percent, and financial expenses at the rate of 65 and 35 percent without an acceptable method, the accuracy of the Thriposha product cost was calculated using the method adopted to calculate the cost of Thriposha products was not confirmed.

products and the profit and loss related to Thriposha and Suposha production should be determined.

- (b) Based on the approval of the Board of Directors, on the basis of deposit interest income and income from sale of waste, incentive payment of Rs. 15,390,730 had been paid for the employees of the company during the year under review and the wastage from the Thriposha production process are thus sold as wastage and the proceeds were to be credited to the Ministry of Health but were used to pay this incentive. Also, a formal system for payment of incentives had not been prepared and approved. Although this incentive was named as an allowance based on attendance and performance, it was only considered regarding attendance, and no system was prepared to evaluate the performance. Furthermore, the validity of these payments made on the basis of attendance was problematic as the existing rules and regulations of the company were not followed regarding the arrival and departure of senior level officers of the company.
- The Code of Administrative Rules prepared by the Sri Lanka Thriposha Company has been forwarded to the Department of Public Enterprises on the approval of the Board of Directors, and the operational manual prepared to cover all aspects of the company in the year 2023 has also been referred to the Department of Public Enterprises as per the approval of the Board of Directors. That this was done, that this is an allowance given annually as per the approval of the Board of Directors, that the agreement of the Department of Public Enterprises to give it has been stated by the Director General of the Department as per PE/COM/SLTL/EST and letter dated 28/11/2012, Also, according to circular PED 04/2023, a guideline has been given to the employees of public enterprises to pay bonuses based on the profit of the company, according to which, even after giving incentives based on attendance/performance, it has been mentioned how bonuses should be given based on the profit of the previous year. That, in the financial year 2022, as the company recorded a loss due to stock damage, no payment of bonus was made, and in addition, approval was received for payment of bonus on saved leave as per circular PED 08/2022.
- A formal system should be prepared and formal approval should be obtained for that.

- (c) 162 employees who have not taken approved/ not approved leave without pay had been paid two salary increments each during the year under review with the approval of the Chairman of the Company as an employee incentive. Accordingly, an amount of Rs. 67,690 was paid in excess monthly as salary increment. This precedent was also followed in the 2024 salary increments and thus two salary increments had been paid each.
- In 2021 / 2022 / 2023, due to the commitment made to increase the production activities of Thriposha Company, two salary increments were given with the approval of the head of the company, the financial (profit before tax) and production achieved by the company in the financial year 2023, that the president, the head of the company, has given approval to pay two salary increments for the year 2024 based on performance.
- For this, formal procedures should be prepared and necessary formal approvals should be obtained.
- (d) Although the company had prepared the code of administrative rules in the year 2016 and obtained the approval of the board of directors, the approval of the Department of Public Enterprises had not been received so far. However, the company had followed certain unapproved rules and regulations contained therein.
- The officials of the said department said that the operational manual covering all aspects of the company, including the code of administrative rules, was forwarded to the Department of Public Enterprises with the approval of the board of directors in December 2023.
- The operations manual should not be implemented until the relevant formal approval is received.

**3.4 Human Resource Management**  
**Audit Observation**

**Comments of the Management**

**Recommendation**

- (a) As per letter No. DMS/E4/13/08/413/1 dated 28 March 2013 issued by the Department of Management Services, the National salary and Cadre Commission has approved the recruitment procedure recommended by the National Pay and Cadre Commission as per the provisions of Management Service Circular No. 30 for all posts approved on 02 December 2010 on behalf of the Company, and although the recommended recruitment procedure had been approved by the Cadre Commission, the recruitment procedures for three new posts
- That based on the service requirement of the Sri Lanka Thriposha Company, some new essential positions have been added to the staff and some revisions have been made in the number of existing positions and the approval of the Management Services Department has been obtained, furthermore, the audit has shown that the number of posts has been increased for the relevant post without updating the SOR based on the salary level, and that recruitment procedures (SOR) for these posts will also be approved in the future.
- Recruitment procedures for each post should be prepared and approved.

created after that date had not been prepared and approved. It was also revealed that some recruitments had been made without the approved recruitment procedure.

- (b) In the post of Management Assistant (Non-Technical) under the second level, the number of approved officers was 16, but the actual number of officers was 08, but there were 08 vacant posts. Also, the post of Finance Officer, which is a tertiary level position, was vacant on 01 August 2021. No action had been taken to fill these vacancies or to cancel the posts if the posts were no longer required.
- That the vacancy in the post of Finance Officer has been filled, and that this has been implemented from January 2024, in addition, recruitment will be made for the vacancies of Management Assistant (Non-Technical) in the future based on the service requirement.
- Vacancies should be filled or posts should be canceled if the posts are no longer required.

#### 4. Accountability and Good Governance

##### 4.1 Internal Audit

<b>Audit Observation</b>	<b>Comments of the Management</b>	<b>Recommendation</b>
Copies of reports relating to internal audits conducted during the year under review had not been submitted to the Auditor General.	That internal audit queries are submitted to audit and management committee meetings held periodically	The annual internal audit should be planned and executed and copies of internal audit queries or reports issued should be submitted to the Auditor General.

##### 4.2 Audit Committee

<b>Audit Observation</b>	<b>Comments of the Management</b>	<b>Recommendation</b>
According to paragraph 4.2 (h) of the Guidelines for Corporate governance for state owned enterprises issued by the Department of Public Enterprises on 16 November 2021, the audit committee must meet at least once in 03 months, but only 03 audit and management committees had been held during the year under review.	In the financial year 2023, the audit and management committee meetings had been held three times and from this year, at least four meetings will be conducted	Arrangements should be made to hold audit and management committee meetings as scheduled.