

## Transactions Report of the National Livestock Development Board - 2022 and 2023

---

The audit of the operational activities of the National Livestock Development Board for the years ended 31 December 2023 and 2022 were carried out under my direction in pursuance of provisions in Article 154(1) of the Constitution of the Democratic Socialist Republic of Sri Lanka. This report contains my observations on the operations of the board, which I consider should report to Parliament in accordance with Article 154(6) of the Constitution of the Democratic Socialist Republic of Sri Lanka.

### 1.2 Responsibilities of Management and those charged with governance for the financial statements

In terms of subsection 16(1) of the National Audit Act, No. 19 of 2018, a board is required to maintain proper books and records of its income, expenditure, assets and liabilities to enable it to prepare its annual and interim financial statements.

In terms of Section 16(2) of the said Act, the Chief Accounting Officer shall submit to the Auditor General the annual financial statements of every audited body, together with the annual performance reports of such bodies, within such period as may be prescribed by the rules.

In terms of section 38 (1) (d) of the said Act, it is necessary to ensure that annual reports and other financial statements are prepared within the required time and in addition, the Chief Accounting Officer must ensure that the annual reports relating to the audited entity are presented to Parliament.

### 1.3 Presentation of Financial Statements

#### Audit Observation

As per paragraph 6.6 of the Operations Manual submitted with the Public Enterprises Circular 01/2021 dated 16 November 2021, the financial statements and draft annual reports should be submitted to the Auditor General within 60 days of the end of the accounting year, although the financial statements and draft annual reports for the years 2022 and 2023 had not been submitted to the Auditor General by 20 November 2024.

#### Comments of the Recommendation management

No answer was given. Financial statements and draft annual reports should be prepared and submitted to the Auditor General within the prescribed period.

## 2. Financial Review

### 2.1. Profit and loss situation of farms

#### Audit Observation

Out of the 32 farms under the board, two farms are operated as training centers and also consist of a milk distribution/processing

#### Comments of the Recommendation management

center. The following observations are made regarding the profit and loss situation of farms.

- |     |   |   |  |
|-----|---|---|--|
| (a) | Among the farms, Martin, Polonnaruwa, Ridiyagama, Rosita and Welikanda farms were in a state of continuous loss from the year 2020 to the year 2023. Accordingly, the cumulative loss incurred by the farms including the year 2023 was Rs.1,280,023,484 and the Board had not taken the necessary actions to find out the reasons for the loss and restore the farms that were continuously making losses to a profitable state. | A corporate plan with a five-year plan has already been prepared to mitigate this situation and action is being taken in accordance with that plan. | Necessary actions should be taken to restore loss-making farms to a profitable state by finding out the reasons for the losses.    |
| (b) | Although the Gal Pokuna, Kottukachchiya, Oyamaduwa and Weerawila farms had reported a profitable situation in 2022, they had reported a loss-making situation in 2023. The cumulative loss of those farms in 2023 was Rs. 44,584,319. Furthermore, there was a significant level of variation between those profit and loss situations, ranging from 101 percent to 1162 percent.   | A corporate plan with a five-year plan has already been prepared to mitigate this situation and action is being taken in accordance with that plan. | The reasons for these profit and loss fluctuations should be investigated and necessary action should be taken.                    |
| (c) | Welisara Farm's dairy project of the board had reported a loss of Rs. 9,692,514 in 2022, and the actual loss in 2023 was Rs. 9,105,012.   | The loss for the year 2023 is Rs. 9,105,012.39, so the loss for the year 2023 has decreased compared to the year 2022.                              | Necessary actions should be taken to identify farms that are continuously making losses and to restore them to a profitable state. |

## 2.2. Ratio Analysis

### Audit Observation

The following observations are made regarding the accounting ratios calculated for the five years from 2017 to 2021 as per the financial statements submitted by the Board.

	2017	2018	2019	2020	2021
Current ratio	0.75	0.59	0.62	0.75	0.99
Quick ratio	0.49	0.38	0.36	0.48	0.55
Gross profit ratio	27.06 %	19.09 %	17.91 %	32.29 %	33.13 %
Net profit ratio	(52.5) %	(10.51) %	(11.58) %	(0.28) %	4.34%
Debtor collection period	32 Days	28 Days	25 Days	25 Days	19 Days

### Comments of the Recommendation management

- |     |  |  |   |
|-----|--|--|---|
| (a) | It was observed that the current ratio and quick ratio of the board remained low from 2017 to 2020 and although they had gone up in 2021, they were not at an optimal level. Accordingly, it is observed that the Board has a working capital problem. | This situation has arisen due to the increase in the price of raw materials used for farm products and the lack of increase in the price of finished goods. However, more attention has been paid to increasing the value added of primary products and it is believed that this situation will be avoided in the future.  | The working capital requirements of the institution should be maintained optimally. |
| (b) | The gross profit ratio and net profit ratio were decreasing from 2017 to 2019 and have shown a positive trend since 2020.  | The prices of the main products of the board mainly coconut, daily chicken eggs and liquid milk, are determined according to the prevailing demand and supply in the country, and gross profit also fluctuates depending on the change in selling prices. To overcome this situation, a corporate plan has been prepared for the next 05 years and plans have been made to increase production based on its added value. | Actions should be taken to increase the profitability of the institution.           |
| (c) | Although there was a significant positive trend in the collection period of debtors, a slow trend was observed in the collection of balances over five years.  | Although a formal internal control system has been established for the sale of goods and provision of services on credit, legal action has already been taken for debtors who are 10-15 years old, and uncollectible debtors and debtors generated due to accounting errors have already been written off from the books. Such significant debtors will not be generated in the future.                                  | Action should be taken to recover arrears debtor balances.                          |

**3. Operational Review**  
**3.1 Performance**  
**3.1.1 Action Plan and Progress**

<b>Audit Observation</b>	<b>Comments of the management</b>	<b>Recommendation</b>
(a) The action plan prepared based on the Corporate Plan in accordance with Public Finance Circular No. 2014/01 and paragraph 5.2 of the Circular dated February 17, 2014, had not included the annual budget, proposed major investments, annual procurement plan including capacity expansion, human resource plan, debt repayment plan and internal audit plan. Furthermore, the expected goals and activities regarding the Milk Project, Delight Project, and the franchised outlets and outlets at the head office operating under the Board	The 2023 Action Plan includes plans other than the Procurement Plan. The procurement plan has been submitted for relevant purpose. Instructions have been given to incorporate all these plans into the action plan in the future.	The action plan should be prepared by including the human resource development plan, internal audit plan, and annual budget.
(b) The 2021-2025 Corporate Plan had established 02 main objectives and an action plan had been prepared including 25 activities to achieve those objectives. In relation to that, the action plan prepared in the year 2022 had not included the targets to be achieved in relation to 05 activities related to main objective 01 and 11 activities related to main objective 02.	In 2015, the Ministry of Rural Economy informed us about the objectives to be included in the action plan through a letter dated 21.10.2015, number RE/7/216. Accordingly, the objectives of the action plan were mentioned and they are not completely aligned with the objectives of the 2021-2025 Corporate Plan.	Action should be taken to include the targets to be achieved for each activity in the plan.
(c) The Board had prepared a Corporate Plan covering the years 2021-2025 and again submitted a revised Corporate Plan covering the years 2023-2027 on 10 May 2023. Based on that Corporate Plan, the following points were observed during the examination of the action plan prepared for the years 2022 and 2023 and its progress.		
(i) The 2021-2025 Corporate Plan had envisaged the development of breeding stock to be released to local livestock farmers under each animal group under the main	In preparing the 2021-2025 Corporate Plan, the government had once again expected to import cattle in accordance with government	The necessary actions must be taken to achieve the targets as planned.

objectives of improving the quality of the herd by using modern breeding techniques and the latest knowledge in livestock management technology to maintain an optimal stocking rate with better livestock management practices. According to the Corporate Plan, a total of 13,564 animals were planned to be released to local farmers for breeding during the year 2022, but in the Action Plan, it was planned as 11,455 animals, which is about 16 percent less, and the total number of animals actually released was 6,761, so the overall progress in achieving the desired goals was at a minimum level of 49 percent according to the Corporate Plan and 59 percent according to the Action Plan. Furthermore, according to the 2023-2027 Corporate Plan, it was planned to release 1388 male cattle and 384 male buffalo in the year 2023, but according to the action plan, no animals were planned to be released under those projects, and the progress of 5 out of the 6 planned projects was at a minimal level of 6 to 40 percent.

policies, and therefore instructions had been given to prepare the Corporate Plan by including that data. Therefore, all the targets related to the cattle project in the 2021-2025 Corporate Plan were set at a high value, but since those plans could not be implemented due to the crisis conditions prevailing in the country since 2019, the targets related to the cattle project in the 2022 Action Plan were set at a lower value compared to the Corporate Plan.

- (ii.) Six types of agricultural products planned in accordance with the Corporate Plan, in relation to the objective of increasing livestock and agricultural production under the second main objective of the 2021-2025 Corporate Plan, were not included in the Action Plan. The progress in achieving the expected targets of the planned products was at a low level, ranging from 38 percent to 58 percent, for the products of cow milk production, poultry farming and commercial chicken sales of commercial chickens decreased due to reduced consumer demand. Quail egg production has decreased due to the inability to obtain breeding stock. Production was limited due to potato shortages, which led to a decrease in targeted production. The necessary actions should be taken to achieve the goals as planned.

production. According to the 2023-2027 Corporate Plan and the 2023 Action Plan, the progress in the sectors of cow milk production, goat milk production, poultry meat production, commercial chicken production and quail egg production remained at a minimal level ranging from 6 percent to 58 percent compared to the target percentage in the Action Plan.

- (iii.) Although 12 activities were planned under the second main objective of the 2021-2025 Compact Plan to increase the sales of livestock, agricultural and processed products through the Board's authorized outlets and supermarkets, only 07 activities were planned according to the action plan and the progress of 04 projects out of those 07 activities was less than 50 percent. Furthermore, according to the 2023-2027 Comprehensive Plan, the production of buffalo milk, ice cream production, pork production and dairy products were planned to be 22, 33, 60 and 31 percent less than the planned levels when preparing the action plan, and when examining the progress according to the action plan, the production of milk toffee, yogurt production, UHT milk production and pork production remained at a minimum level of 17 to 38 percent.
- The targets could not be achieved due to the lack of consumer demand, the fuel crisis and economic difficulties in the country, and the inability to import packaging materials due to import restrictions.
- The necessary actions must be taken to achieve the targets as planned.
- (d) Although it was planned to train 1,600 farmers through 49 farmer training sessions according to the 2022 action plan, training was provided to only 530 farmers, or 33 percent, covering all training sessions.
- Due to the crisis situation in the country in 2022, the number of people attending training programs was limited.
- It is necessary to set goals correctly and take steps to achieve those desired goals.

- (e) According to the Action Plan prepared in 2022 to achieve the policy of improving livestock production, productivity and quality with the aim of empowering our farmers to compete in the local and international markets to satisfy local demand and increase rural income, 110 activities were planned under 12 major projects, of which 46 activities were less than 50 percent progress. There was zero progress on two of the activities, one activity under the Swan Project and the release of animals for breeding.
- Due to the crisis conditions prevailing in the country in 2022, import restrictions, and the rising value of the dollar, it was not possible to procure the animal feed, medicines, breeding materials, fertilizers, etc. required to continue the livestock industry in a timely manner with the proper standards and quality. Furthermore, due to the economic crisis, consumer demand for dairy and meat-related products was limited, so high value-added products had to be produced according to consumer demand.
- It is necessary to set goals correctly and work to achieve those desired goals.

### 3.2. Management Inefficiencies

Audit Observation	Comments of the management	Recommendation
(a) As per the Cabinet Decision No. Amp/20/0890/217/052 dated 18 June 2020 regarding the Poultry Development Company Limited, which was submitted on 12 March 2020, it was ordered to dissolve the Sri Lanka Poultry Development Company Limited in which the National Livestock Development Board currently holds 100 percent shares, to take over all the assets and liabilities of that company, to absorb the staff of the only farm owned by that company, the Mawaththa Farm, into the National Livestock Development Board in a manner that protects their rights, and to maintain the Mawaththa Farm as a farm belonging to the National Livestock Development Board, but the dissolution of the company and the taking over of all the assets and liabilities had not been carried out until 20 November 2024.	The employees of Poultry Development Company Private Limited have been engaged in the service of the National Livestock Development Board since 01.01.2022 and have been assigned to positions in the Board from the date they meet the qualifications as per the recruitment procedure of the board. The approval of the Department of Management Services has been received for this. The dissolution of this company by the creditors has been delayed due to a technical error on the part of the company secretaries while submitting the documents to the Companies Registrar Department for the dissolution of this company with the consent of the Board of	The liquidation of the company should be completed expeditiously.

Directors. The liquidation of the company will be completed after the payment of Rs.13,569,510 to Gold Coin Private Company.

- (b) As per the Cabinet Decision No. 15/0940/631/018-1 dated 16 July 2015, it has been notified that all resources, assets, shares and management belonging to Mahaweli Livestock Enterprises Limited shall be acquired by the National Livestock Development Board subject to the relevant legal processes. As at 31 December 2021, the National Livestock Development Board had acquired only 27 percent of the company's shareholding, while the remaining shares were held by the Mahaweli Authority with 45 percent, Netherlands Financing with 23 percent and farmers in the Mahaweli region with 5 percent. These shares had not been acquired by the Livestock Development Board as at 20 November 2024.
- The Mahaweli Authority owns 45% of the shares of the Mahaweli Livestock Enterprise Limited and the Mahaweli Authority also owns all the land in the company. Although 17 written requests have been submitted to the Mahaweli Authority to transfer the land ownership to the National Livestock Development Board and transfer the shareholding, the Authority has not taken any action regarding the transfer.
- Action should be taken to take over as per the decision of the Cabinet of Ministers.
- (c) The total outstanding balance of debtors as at 31 December 2022 was Rs.248,918,006, of which the outstanding balance over 5 years was Rs.78,885,206. Furthermore, the outstanding balance for which legal action was taken for recovery was Rs. 20,539,520. The amount due from the farm for which this legal action was taken was Rs.14,717,977 and the amount due from the head office was Rs.5,821,543. Furthermore, the total outstanding debt balance as at 31 December 2023 had increased to Rs.304,390,309, while the outstanding debt balance over 5 years was Rs. 74,389,748, and the recovery of those debt balances remained uncertain.
- Staff debtors of Rs. 247,730 and trade and other debtors of Rs. 5,361,518, which were identified as irrecoverable from these debtors, have been written off from the books, and legal action has already been taken against some of the remaining debtors. The legal proceedings regarding the amount of Rs.11,947,220 incurred during the implementation of the Kantale Maize Project, which is included in this, have been concluded and it has been stated that it cannot be recovered. Accordingly, I will refer the matter to the upcoming audit committees and take necessary action.
- Action should be taken to recover arrears loan balances.



- |     |  |  |   |
|-----|--|--|---|
| (d) | The total outstanding payable balance as at 31 December 2023 was Rs.473,078,089 and the outstanding creditor value over 5 years was Rs. 60,276,429 and Rs.50,545,073 as at the end of 2022 and 2023 respectively. Of these outstanding balances, 99 percent were balances payable to the head office and farms and these balances had not been settled as at 31 December 2023. | It has been possible to reduce the outstanding creditor balance of Rs. 60,276,429 in 2022 to Rs. 50,545,824 by 2023. Due to the financial difficulties of the Board, this has been delayed and actions will be taken to settle this amount in the future.  | Action should be taken to settle the outstanding balance.         |
| (e) | Although action had been taken up to 31 December 2021 to recover the amount of Rs.3,689,824 due from the Plantation Human Development Trust since 2011, it had not been possible to recover it.  | The Legal Department was contacted to take legal action to recover this money, and the Attorney General's Department has informed in writing that according to the Cabinet decision, a public institution does not have the ability to take legal action against another public institution. . Discussions were held with the relevant authorities and a solution was found. Accordingly, this matter has been referred to the Line Ministry.  | Actions should be taken to recover outstanding loan balances.     |
| (f) | Insurance compensation of Rs.19,253,926 due for imported cattle that died since 2013 had failed to be recovered as at 15 October 2024.   | The Insurance Regulatory Commission has informed that it cannot intervene in this matter as there has been no solution despite correspondence being exchanged regarding this issue for a long period of 9 years. The insurance company has informed in its letter dated 15 December 2014 that there is no insurance amount to be paid to the National Livestock Development Board and the insurance company has not changed that position. Therefore, the value of Rs. 19,253,926/- shown in the accounting records without the consent of the insurance | Action should be taken to recover the insurance compensation due. |

company as the insurance compensation receivable should be adjusted in the accounts.

- (g) As at 31 December 2023, a total of 31 cases were pending, including 02 cases related to employee issues, 03 cases related to the acquisition of the Board's lands, and 26 cases related to other matters by and against the Board, and the Board incurred a total expenditure of Rs. 570,670 in legal expenses during the years 2022 and 2023.
- These cases are still under investigation.
- Action should be taken to resolve the cases expeditiously.

### 3.3. Operational Inefficiencies

Audit Observation	Comments of the management	Recommendation
<p>(a) According to the annual reports of the Department of Population and Statistics and the Central Bank, the total milk production in the country in 2022 and 2023 was 506,449,602 liters and 504,153,360 liters respectively, while coconut production was 3,391 million nuts and 3,170 million nuts. Of this, the milk production of the National Livestock Development Board for 2022 and 2023 was 7,062,151 liters and 5,552,862 liters respectively, while coconut production was 18 million nuts and 14 million nuts. Accordingly, the Board's contribution was 1.39 percent and 1.10 percent of milk production in 2022 and 2023, respectively, and remained at a very low level of 0.52 percent and 0.44 percent of coconut production. Furthermore, there is a high demand in the market for packaged liquid milk and although other competitive institutions have identified and acted on those market needs, the National Livestock Development Board, although the country's leading milk producer, has not focused on taking advantage of such opportunities and increasing its market share in a manner</p>	<p>Sri Lanka's annual milk production is about 400 million liters of milk and our board's annual milk production is about 7 million liters. Accordingly, its contribution to the country's milk production is about 1.75%. It is not practical to increase the Board's milk production to a large percentage of the country's production. That is, even if milk production is doubled, it will be only 3.5% of the country's production. However, steps are being taken to further increase production as much as possible, using the available resources to the maximum extent possible, within limited financial capabilities. Coconut production decreased in 2022-2023 due to damage caused by mites and whiteflies, as well as a shortage of chemical fertilizers. Production was limited as the packaging</p>	<p>Necessary actions should be taken to further development the products.</p>

that is appropriate to the current times. materials required for packaged liquid milk were difficult to import due to import restrictions in the country.

- |     |   |  |   |
|-----|---|--|---|
| (b) | Although the Board had identified the establishment and maintenance of sales outlets to provide good quality farm products at reasonable prices as a key activity of the Board, 05 outlets that operational were closed during the years 2022 and 2023 and only one new outlet was opened at a hospital in Kandana area.  | The income of these outlets was very low and the operation of these outlets continued to be at a loss. Therefore, those outlets were closed in 2022 and 2023. It is also kindly informed that the Werahera outlet has currently been leased to an external party on a monthly basis, and a new outlet has been opened at the hospital in Kadana area in response to a request made by that hospital. | A proper study of the market segment should be conducted and actions should be taken to open outlets.                               |
| (c) | Although it was stated in a performance report prepared by the Board to be submitted to the Committee on Public Enterprises that the Board had started an animal feed production plant at the Wirawila Farm in 2020 as a solution to the high cost of concentrated animal feed, the said production plant is not operational at present and the Board had spent Rs.1,387,848,584 and Rs.1,388,644,393 respectively on animal feed for the years 2022 and 2023 on purchasing feed from external parties. | No answers were given.   | Necessary action should be taken to procure the necessary animal feed at the lowest cost so that production costs can be minimized. |

**3.4. Idle and underutilized assets**  
**Audit Observation**

- | <b>(a)</b> | <b>Audit Observation</b>   | <b>Comments of the management</b>   | <b>Recommendation</b>   |
|------------|--|---|---|
| (a)        | Four farms of the Livestock Development Board have four machines that can produce 3.75 tons of cattle feed per day. Although they can produce 900 metric tons of cattle feed per month (3.75*30 days*8 hours) or 10,800 metric tons per year, it was revealed that these machines have been idle for a period of 01 to 14 years. | Since these machines are low-capacity and old equipment, their efficiency is relatively low, which increases the unit cost of production when producing animal feed using these machines. It directly affects the profits of the relevant projects, and old machinery is being used | If it is not economically viable to utilize and utilize idle machines effectively, attention should be paid to systematically disposing of them |

systematically and efficient and purchasing machines are being purchased more efficient in the future and used for food machines. production.

- (b) Four farms under the National Livestock Development Board have four poultry feed processing machines. In addition, Mahaweli Livestock Business Company Limited has 1 poultry feed mill and mixer, and Sri Lanka Poultry Management Development (Private) Company Limited has 2 poultry feed mills and mixers. This has the capacity to produce 2,580 metric tons of poultry feed per month (10.75\*30 days\*8 hours) per year, which is 30,960 metric tons. However, as at 31 December 2021, it was observed that those 8 machines had been idle for a period of 1 to 14 years.
- Since these machines are low-capacity and old equipment, their efficiency is relatively low, which increases the unit cost of production when producing animal feed using these machines. It directly affects the profits of the relevant projects, and old machinery is being used systematically and efficient machines are being purchased in the future and used for food production.
- If it is not economically viable to utilize idle machines effectively and utilize them, attention should be paid to systematically disposing of them and purchasing more efficient machines.

### 3.5. Human Resource Management

Audit Observation	Comments of the management	Recommendation
(a) As at 31 December 2022 and 31 December 2023, 02 Deputy General Manager posts and 03 Assistant General Manager posts, which are key senior level posts, remained vacant, while 20 and 22 posts out of 28 Farm Manager posts, which are main tertiary level posts required to properly maintain the farm operations of the Board, remained vacant.	Currently senior officers on the board have been given acting positions for the vacant positions.	Actions should be taken to fill the vacancies.
(b) As at 31 December 2022 and 31 December 2023, the total number of approved employees at the secondary level was 361, of which 154 were approved Management Assistant positions, and there was a surplus of 24 and 02 employees in that category in 2022 and 2023 respectively. Furthermore, 01 driver position and 09 tractor operator positions in the primary sector remained surplus as at 31 December 2023.	Although there was a surplus of Management Assistant posts in 2022 and 2023, the current number of Management Assistants required according to the approved recruitment procedure was 154. Although there was a surplus of one driver in 2023, there is currently a shortage of 05 drivers. Due to the nature of	Action should be taken to accurately identify employee needs and recruit them.

the work in the farm field, there is a shortage of check roller tractor operator positions, although there is a surplus in that position. The duties of the check roll workers are being performed by surplus tractor operators.

- (c) Although the approved total numbers of male employees were 25 under the primary level unskilled workers category, 72 employees were actually employed and 55 of whom were employed as sales assistants.
- Since 2003, the National Livestock Development Board has recruited sales assistants on a check-roll basis for milk outlets operated under the Liquid Milk Promotion Project, and the Department of Management Services has not approved a performance index for them. However, they are employed due to the need for service and as per the budget proposals for the year 2015, the services of these sales assistants have been confirmed by granting permanent appointments to those who have completed more than 180 days of service as stated in Public Administration Circular 25/2014. Accordingly, there is a surplus of 55 sales assistants.

### 3.6. Control of the Vehicles

Audit Observation	Comments of the management	Recommendation
<p>The Board uses 89 vehicles, including 21 vehicles belonging to the Ministry of Social Services, Welfare and Livestock Development, 22 vehicles belonging to the Ministry of Animal Production and Health, 37 vehicles belonging to the Department of Agrarian Development, 01 vehicle belonging to the Emergency Northern Recovery Project, 01 vehicle belonging to the Ministry of Rural Economy, 04 vehicles</p>	<p>Relevant actions have been taken to get the ownership of these vehicles. Arrangements have been made to submit vehicle transfer forms to obtain registered ownership of 37 vehicles belonging to the Department of Agrarian Development. Arrangements have been made to hand over</p>	<p>The takeover process should be completed promptly.</p>

belonging to the Ministry of Agriculture and Livestock Lands and Irrigation, 02 vehicles belonging to the Ministry of Agriculture, 01 vehicle belonging to the Ministry of Livestock Development and Estate Infrastructure, etc., including cabs, motorcycles, tractors, trailers, lorries, jeeps, etc., and no action had been taken to take possession of those vehicles as at 31 December 2023. Repair expenses of Rs. 2,738,868 were incurred in 2022 and Rs.5,058,283 in 2023 for several of those vehicles.

the Nissan petrol jeep bearing registration number HP-2334, out of 21 vehicles belonging to the Ministry of Social Services, Welfare and Livestock Development, to the Transport Division of the Livestock Division of the Line Ministry. Out of the 20 Bajaj CT 100 motorcycles registered in the name of the Ministry, 5 motorcycles have been assessed, their value paid and the registered ownership has been obtained from the Board. One motorcycle (VH-4701) is in a state of disrepair and steps are being taken to take over the remaining 14 motorcycles.

#### **4. Accountability and Good governance**

##### **4.1 Audit and Management Committee**

###### **Audit Observation**

Although it is stated in Section 1.2 (h) of Chapter 4 of the Guidelines for Good Governance issued by the Department of Public Enterprises on 17 November 2021, that an Audit Committee should be convened every 3 months and the recommendations made there at should be sent to the Board of Directors, the Board had held only one Audit Committee meeting for the year 2022.

###### **Comments of the Recommendation management**

Since the Treasury Representative is the Chairman of the Audit Committee, the committee could not be held formally due to his heavy workload and the delay in appointing a new board of directors. Action should be taken in accordance with the provisions of the circular.