

Ceylon Fishery Harbours Corporation – 2015

The audit of financial statements of the Ceylon Fishery Harbours Corporation for the year ended 31 December 2015 comprising the statement of financial position as at 31 December 2015 and the statement of comprehensive income and expenditure, statement of changes in equity and cash flow statement for the year then ended and a summary of significant accounting policies and other explanatory information, was carried out under my direction in pursuance of provisions in Article 154(1) of the Constitution of the Democratic Socialist Republic of Sri Lanka read in conjunction with Section 13(1) of the Finance Act, No. 38 of 1971 and Section 29 of the State Industrial Corporations Act, No. 49 of 1957. My comments and observations which I consider should be published with the Annual Report of the Corporation in terms of Section 14(2)(c) of the Finance Act appear in this report.

1.2 Management's Responsibility for the Financial Statements

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

1.3 Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Sri Lanka Auditing Standards consistent with International Auditing Standards of Supreme Audit Institutions (ISSAI 1000-1810).

1.4 Basis for Disclaimer of Opinion

As a result of the matters described in paragraph 2.2 of this report I am unable to determine whether any adjustments might have been found necessary in respect of the recorded or unrecorded items and elements making up the statement of financial position, statement of comprehensive income and expenditure and statement of changes in equity and cash flow statement.

2. Financial Statements

2.1 Disclaimer of Opinion

Because of the significance of the matters described in paragraph 2.2 of this report, I have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, I do not express an opinion on these financial statements.

2.2 Comments on Financial Statements

2.2.1 Sri Lanka Public Sector Accounting Standards

The following non-compliances were observed during the course of audit.

(a) Sri Lanka Public Sector Accounting Standard 02

- (i) The profit from the sale of non-current assets relating to the year under review amounting to Rs.243,945 had not been taken into consideration in the preparation of the cash flow statement. As such the balancing of the cash flow statement became a problematic issue in the audit.
- (ii) The interest amounting to Rs.992,010 received in the year under review for the distress loans granted to the officers had been shown under the cash flow from operating activities in the cash flow statement instead of being shown under the cash flow from investment activities.
- (iii) Even though the receipt of Government Capital Grants amounting to Rs.110,000,000 should be shown under the financial activities in the cash flow statement, it had been shown under the investment activities.

(b) Sri Lanka Public Sector Accounting Standard 07

- (i) Even though the depreciable value of an asset should be distributed systematically throughout its useful life with effect from the date on which it was brought ready for usable status, the Corporation had adopted a policy of for charging full depreciation in the year of purchase of the asset and not depreciating in the year of its sale.
- (ii) When there are no considerable changes in the fair value of an asset it is sufficient for the asset to be revalued once in 3 years or 05 years. Nevertheless, the Corporation had not revalued the assets after the year 2007.

2.2.2 Accounting Policies

The following observations are made.

- (a) The accounting policy followed by the Corporation for the accounting of the Government Grants had not been disclosed in the financial statements.
- (b) Even though a provision of Rs.10,171,194 had been made for doubtful debts in the year under review, the basis of provision made had not been disclosed in the financial statements.
- (c) The computers had been brought to account under office equipment without considering the useful life thereof. As such the 10 per cent depreciation provision relating to the office equipment had been applied to the computers as well.

- (d) Even though the Corporation had earned a lease income of Rs.57,028,377 in the year under review by leasing out the assets such as cold rooms, ice plants, lands, slipways, etc., those investment assets had been shown under the property, plant and equipment instead of adopting a policy for accounting of the cost or the fair value of those investment assets.

2.2.3 Accounting Deficiencies

The cheques valued at Rs.421,458 returned due to the rejection to accept the gratuity paid to an employee who had left the service during the preceding year had been credited to the Gratuity Provision Account. Further the deficit for the year under review had been overstated by that amount due to making provision as at the end of the year for that employee.

2.2.4 Unexplained Differences

The following observations are made.

- (a) Differences of Rs.83,040 and Rs.338,418 existed between the financial statements and the Ledger Accounts relating to the Gratuity Provision Account and the Gratuity Payment Account for the year under review respectively.
- (b) A difference of Rs.13,367,774 existed between the Bank balance of 07 Accounts according to the financial statements for the year under review and the balances shown in the revised cash books.

2.2.5 Lack of Evidence for Audit

The evidence indicated against the following items of account had not been furnished for audit.

| Item | Value | Evidence not made available |
|----------------------------|-------------|-------------------------------------|
| ----- | ----- | ----- |
| | Rs. | |
| Machinery | 255,966,576 | Detailed Schedules |
| Equipment | 99,705,372 | |
| Pump Receipts | 2,215,769 | |
| Deferred Liabilities | 1,653,400 | |
| Balances for Write off | 81,769,596 | |
| Value Added Tax | 33,933,412 | |
| Sundry Debtors | 1,745,385 | Age Analysis |
| Debtors | 9,851,476 | |
| Withholding Tax Receivable | 914,980 | Age Analysis and Detailed Schedules |
| Withholding Tax | 1,611,054 | |
| Revenue Expenditure | 2,459,127 | |

2.3 Accounts Receivable and Payable

The following observations are made.

- (a) The advances paid for purchases amounting to Rs.36,867,510 as at the last date of the year under review included balances older than 10 years, older than 05 years and old between 01 year to 05 years amounting to Rs.24,492,699 , Rs.5,860,711 and Rs.6,514,100 respectively on which no action had been taken for settlement.
- (b) The debtors balance of Rs.313,325,719 as at the last date of the year under review included balances older than 5 years, older than 3 years and old between 01 year and 3 years amounting to Rs.124,167,764, Rs.35,385,439 and Rs.125,247,632 respectively.
- (c) An unidentified account balance of Rs.81,769,596 and advances, creditors and deposits totalling Rs.111,954,599 existing over period exceeding 05 years had not been settled even during the year under review.
- (d) Action had not been taken even during the year under review for the settlement of the Economic Service Charge Tax amounting to Rs.10,512,971 existing over a period of 04 years.
- (e) The other deposits amounting to Rs.4,509,025 shown under the current assets remained without being settled over a period exceeding 05 years.
- (f) Action had not been taken for the recovery of a loan balance of Rs.808,019 existing in the employees' distress loan balance from the year 2013.

2.4 Non-compliance with Laws, Rules, Regulations and Management Decisions

Instances of non-compliance with the following laws, rules, regulations and management decisions were observed.

| Reference to Laws, Rules, Regulations and Management Decisions | Non-compliance |
|-----------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| (a) Financial Regulations of the Democratic Socialist Republic of Sri Lanka | |
| (i) Financial Regulation 104 | A preliminary inquiry had not been conducted to determine the value of the damage caused to a bus of the Corporation due to an accident on 28 October 2015, the reasons thereto and the parties responsible thereto. |

- | | | |
|-------------------------------------------------|--------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| (ii) | Financial Regulation 137(5) | A sum of Rs.470,470 had been paid in the year under review to a private institution for 600 T shirts without confirmation that the goods had been received. |
| (iii) | Financial Regulation 757 (2) | The Reports of the Board of Survey for the year under review had not been furnished for audit. |
| (b) Treasury Circulars ----- | | |
| (i) | Circular No. 842 of 19 December 1978 | An updated Register had not been maintained for the fixed assets valued at Rs.4,929,662,403. |
| (ii) | Circular No. IAI/2002/02 of 28 November 2002 | A Register had not been maintained for computers and accessories valued at Rs.99,705,372. |
| (c) Public Administration Circulars ----- | | |
| | Circular No. 28/2011 dated 12 December 2011 | An allowance amounting to Rs.1,076,129 had been paid in the year under review on the approval of the Board of Directors to 07 Engineers of the Corporation who are not entitled to the allowance of Rs.15,000 entitled only to the Engineers who belong to the Sri Lanka Engineers' Service. |
| (d) Public Enterprises Circulars ----- | | |
| (i) | Paragraph 9.3.1 VII of the Public Enterprises Circular No. PED/12 of 02 June 2003 | Even though the acting allowance can be paid only for a maximum period of 3 months contrary to such limit, acting salary totalling Rs.214,848 had been paid by the Corporation as acting salary during the year under review to 6 officers. |
| (ii) | Circular No. PED 1 /2015 dated 25 May 2015 | According to an audit test check, it was observed that transport allowance totalling Rs.110,000 to 22 officers at Rs.5,000 per officer and Rs.19,500 to 13 officers at Rs.1,500 per officer had been paid for September of the year under review to those who are not entitled to receive transport allowance. |
| (e) | Circular No. PE/2015/04 dated 29 June 2015 of the Commissioner of Elections | Even though the recruitment, promotion and transfer of officers and employees should not be done during the period of Parliamentary Elections, contrary to that 20 appointments of clerks had been made by the Corporation during the period of General Elections 2015. |

3. Financial Review

3.1 Financial Results

According to the financial statements presented, the financial result of the Corporation for the year under review had been a deficit of Rs.128,779,340 as compared with the corresponding deficit of Rs.136,861,294 for the preceding year, thus indicating an improvement of Rs.8,081,954 in the financial result for the year under review. Despite the decrease of operating income by a sum of Rs.41,970,918 and the increase of the administrative expenditure and the staff cost by Rs.54,931,047 and Rs.15,466,149 respectively, the increase of the recurrent grant received from the Treasury by Rs.120,950,000 had been the main reason for the above improvement.

An analysis of the financial results of the year under review and 04 preceding years revealed continuous financial deficits from the year 2011 to the year under review. Nevertheless, when the depreciation on the non-current assets and the employees' remunerations are considered, the contribution of Rs.242,400,504 of the Corporation in the year 2011 had continuously improved and amounted to Rs.657,616,399 in the year under review.

3.2 Analytical Financial Review

The contribution of the Government grants to the total income of the Corporation during the 5 preceding years had increased from 46.70 per cent to 99.80 per cent and the contribution of the self-generated income had decreased from 53.29 per cent to 0.14 per cent.

4. Operating Review

4.1 Performance

The amended major objectives of the Ceylon Fishery Harbours Corporation in accordance with Section 2 of the State Industrial Corporations Act, No. 49 of 1957 and the Notification published in the Gazette Extraordinary of the Democratic Socialist Republic of Sri Lanka dated 06 March 1997 are given below.

- Planning, designing, establishing construction facilities, implementing, control, maintenance and management of Fishery Harbours, Anchorages, Marine Structures and other Coastal Facilities and determination and recovery of charges for the services supplied therefrom to the fishermen and other persons.
- The supply of repair and maintenance facilities for fathering craft.
- Establishing, operating and maintenance of cold rooms, ice plants and other cold room facilities.
- The supply of water, fuel, lubricants, electricity, ice and cold room facilities and the supply of other services ancillary to the fisheries industry and the fishermen.

- The supply of security service arrangements for the Fishery Harbours, Anchorages, Marine Structures and for other organisations under the Ministry of Fisheries and Aquatic Resources Development and the recovery of charges, rent and other payments for those.
- Carrying out the operation, control and supervision of the Identified Economic Zone of Sri Lanka.

The following observations are made in this connection.

- (a) Even though the supply of repair and maintenance facilities for the fishery craft is one of the objectives of the establishment of the Corporation action for the achievement of that objective had not been taken by the Corporation.
- (b) The following observations are made in connection with the progress of the achievement of the activities included in the Action Plan of the Corporation for the year under review as appearing in the Performance Report.
 - (i) Even though provision of Rs.10 million had been made for the painting of the buildings of the Head Office, partitioning of the office and the rehabilitation of the existing infrastructure facilities scheduled for completion by 31 December of the year under review, the financial and physical performance as at 31 December 2015 had been 4 per cent and 10 per cent respectively.
 - (ii) Even though financial provision of Rs.14 million had been made for the maintenance of a nautical structure and the landing stages of harbours, the financial and physical performance as at the end of the year under review had been 21 per cent and 25 per cent respectively. The Procurement Process thereof had not been completed even by the end of the year under review.
 - (iii) Even though provision of Rs.500,000 had been made for a Hydrographic Survey, the financial and physical performance by the end of the year under review had been 1 per cent and 15 per cent respectively. Further, the Hydrographic Survey activities had not been adequately executed during the year under review.
- (c) Out of 21 Fishery Harbours operated under the Corporation, 17 Harbours had incurred operating losses amounting to Rs.156,235,669 during the year under review. Out of those 13 had incurred losses even during the preceding year. The operating profits of 3 Fishery Harbours at Galle, Dickowita and Beruwala had decrease in the year under review as compared with the preceding year by 95 per cent, 27 per cent and 76 per cent respectively. The Harbours at Mirissa, Modara and Kudawella which had made profits in the preceding year, had incurred losses during the year under review and the deterioration of the profit had been 154 per cent, 136 per cent and 299 per cent respectively. The attention of the management had not been paid to study the reasons for incurring losses by the Harbour and bring them to profit making position or for reducing the losses and identifying the courses of action for increasing the profits of the Harbours of which profits are decreasing and take necessary courses of action in that connection.

- (d) Even though the Corporate Plan furnished by the Corporation envisaged earning profits in the years from 2011 to 2015, losses had been incurred during that period. The attention of the Board of Directors and the higher management had not been paid to take prompt effective action to ensure that the expected objectives are achieved as specified in Section 5.1.1 of the Public Enterprises Circular No, PED/12 of 02 June 2003.

4.2 Management Activities

The following observations are made.

- (a) According to the agreement entered into on 23 February of the year under review with a private Company for the leasing of the Vessel Sayuri belonging to the Corporation on hire basis, a sum of Rs.5,200,000 should have been recovered from the lessee company at Rs.200,000 per day for the 28 days for which the lessee Company held the vessel in the year under review. Nevertheless, a sum of Rs.1,600,000 only had been recovered. Further, action had not been taken even by October 2016 for the recovery from the private company a sum of Rs.5,009,960 inclusive of a sum of Rs.1,409,960 paid contrary to the terms of the agreement for fuel, water, employees' salaries, overtime and allowances.
- (b) Even though a deficiency of Rs.4,063,630 existed between the physical stocks of fuel of 16 Fishery Harbours as at the end of the year under review and the book value, the management had not taken action to identify the difference and for recovery from the parties concerned.
- (c) The Management had not taken action for the recovery of a sum of Rs.1,848,280 receivable for the period from October 2013 to February 2014 from the private party which had obtained on lease basis the ice plant installed at the Dickowita Fishery Harbour.
- (d) A provision of Rs.30 million had been under the Programme for Development of the Mirissa Fisheries Harbour as a Green Harbour planned for completion within the two years 2014 and 2015. Even though a sum of Rs.1.36 million had been spent on the construction of the Fish Auction Hall vested in the Ceylon Fishery Harbours Corporation, it had not been developed as a Green Harbour even up to the end of the year under review.
- (e) Even though provision of Rs.8 million had been made for the purchase of new motor vehicles under the lease basis for the Head Office of the Corporation, instead of purchase of new motor vehicles, a sum of Rs.9 million had been spent in the year under review for the repair and maintenance of the old motor vehicles of the Corporation.
- (f) Even though an Internal Audit Report had pointed out that a clerk serving in the Supplies Division in the year 2007 had misappropriated Government money, that officer had been transferred out therefrom instead of conducting a formal disciplinary inquiry. Subsequently, in the year 2014 she had been attached again to the Supplies Division.

- (g) Contrary to Section 8.10 of the Public Enterprises Circular No. PED/12 of 02 June 2003, Bank overdraft facilities amounting to Rs.39 million, which exceeded the approved limit of Rs.25 million, had been obtained.
- (h) Surcharges of Rs.6,432,561 and Rs.41,177 had been paid by the Corporation during the year under review to the Employees' Provident Fund and the Employees' Trust Fund respectively due to the failure to remit the contributions to those Funds on the due dates.
- (i) Penalty interest totalling Rs.1,454,809 had been paid due to the delay in the payment of installments on lease during the year under review.

4.3 Operating Activities

The following observations are made.

- (a) Even though the operations of the Chilaw Fishery Harbour, constructed at a cost of Rs.224 million from the loan aid from the Asian Development Bank and the Coastal Resources Management Project and handed over to the Corporation had been commenced in the year 2009, the primary objective that should be fulfilled by a Fishery Harbour, that is, providing relief to the fishermen had not been done up to October 2016. The loss generated from the operations of the Harbour from the year 2011 to the year under review amounted to Rs.38,800,732. As such the foreign loans and the interest payable on account of this Harbour constructed from loan aid had become a charge on the Government.
- (b) The land 1.421 hectares in extent and the buildings thereon of the Modara Fishery Harbour which earned 73 per cent of the total operating profit of the 05 preceding years, had been leased to a private institution for a period of 25 years from 30 October 2014 at a monthly lease rental of Rs.125,000 disregarding the Government valuation of Rs.1,700,000. As such, a loss of Rs.2,529,915 had been incurred.
- (c) Even though the private institution which had entered into an agreement with the Corporation in June of the year under review for the removal of sand from the Kirinda Harbour, had not deposited the sum of Rs.200,000 in terms of that agreement and had not properly removed the sand from the Kirinda Harbour, the work on the removal of sand from the Hambanthota Harbour had been awarded to the same institution from August of the year under review. The removal of sand therefrom had also been abandoned.

4.4 Lands not formally vested

Constructions work had been done on the lands relating to 15 Harbours out of 21 Fishing Harbours operating under the Corporation and operations are being maintained without the formal vesting of the Lands.

4.5 Assets of the Corporation given to other Government Institutions

Forty five members of the staff of the Corporation had been released to the Ministry and the salaries and wages totalling Rs.8,870,163 had been paid during the year under review without obtaining the reports on arrival for duty.

4.6 Staff Administration

The following observations are made.

- a) An officer who had been dismissed from service on the results of a formal disciplinary inquiry conducted by another Government Institution had been recruited to the post of Human Resources Manager on 04 January 2012.
- b) Overpayment of salaries amounting to Rs.1,091,800 had been paid from January 2012 to the end of the year under review to 02 officers due to placing them on higher salary scales contrary to the Scheme of Recruitment.
- c) An officer recruited for the Project Co-ordinator post on contract basis on 02 August 2010 for a period of one year had been appointed to the post of Deputy Manager within one month contrary to the Scheme of Recruitment. He had been placed on the salary step of Rs.21,255 and confirmed in service on 06 January 2012 without testing his efficiency and suitability during the contract period.
- d) Acting allowance totalling Rs.83,996 at Rs.3,652 per month had been paid for the period from 15 November 2013 to September of the year under review for acting in the post of Electrical Foreman post which had been abolished from the approved cadre of the Corporation.
- e) A sum of Rs.109,000 had been paid as special allowance on the approval of the Board of Directors, to two employees of the Legal Division.
- f) Even though the Legal Division has a staff of 07 including two Legal Officers drawing annual salaries and allowances amounting to Rs.3,005,880 , a sum of Rs.1,108,722 had been spent in the year under review to obtain legal advice from private parties.
- g) Appointments had been granted to 128 persons outside the approved posts and contrary to the Scheme of Recruitment.
- h) Existence of vacancies in 05 major posts of the Corporation from the year 2011 to the year 2014 and 08 other posts from the year 2013 had an adverse impact on the performance of the Corporation.
- i) According to the staff approved by the Department of Management Services the posts of the Legal Officer and Secretary to the Board of Directors for the Ceylon Fishery Harbours Corporation had been made as one post. Nevertheless, the Legal Officer who obtained an acting appointment to the post of Secretary to the Board of Directors on 02 December 2011 had obtained allowances totalling Rs.420,000 for the period January 2012 to December 2015.

4.7 Internal Audit

The following observations are made.

- (a) Even though the Corporation had an Internal Audit Division with two officers and four clerks, an adequate internal audit had not been carried out due to the post of the Chief Internal Auditor remaining vacant from the year 2013.
- (b) Even though the Financial Regulation 134 specifies that the Internal Audit Division should report direct to the Head of Department in order to preserve its independence, it was observed that the Internal Auditor of the Corporation reports to the Board of Director through the General Manager and through that to the Chairman of the Corporation.
- (c) According to the Management Audit Circular No. DMA/2009(02) dated 01 September 2009, the Internal Audit Division should formulate the Internal Audit Procedure relating to the recording of assets and the internal control. But the attention to those matters had not been paid during the years 2014 and 2015. Similarly, a formal record of the assets of the Ceylon Fishery Harbours Corporation had not been prepared even by October 2016.

5. Accountability and Good Governance

5.1 Presentation of Financial Statements

Even though the financial statements should be presented to Audit within 60 days after the close of the year of accounts as specified in the Public Enterprises Circular No. PED/12 of 02 June 2003, the financial statements for the year 2015 had been presented to the Auditor General only on 07 September 2016.

5.2 Tabling of Annual Reports

The Annual Reports for the years 2011, 2012 and 2013 had not been tabled in Parliament even by October 2016.

5.3 Unresolved Audit Paragraphs

- (a) (i) Replies to 20 Audit Queries of quantifiable value amounting to Rs.116,134,759 relating to the years of account 2013, 2014 and 2015 sent to the Chairman of the Corporation had not been furnished even by 16 February 2016.
- (ii) An employee appointed by the Corporation as an office aide on temporary basis on 08 May 1996, who had been warned in writing on 06 occasions for neglect of duty and not possessing the required qualifications had been promoted to the post of Clerk Grade I.

- (b) The directives made by the Committee of Public Enterprises at the meeting held on 18 February 2014 had not been implemented.
- (i) Even though advised to present the financial statements without delay to the Audit, such advice had not been complied with even during the year under review.
 - (ii) Even though advised to appoint a Committee to bring the loss making Harbours to profit making status, such advice had not been complied with. The loss making status had been further deteriorating.
 - (iii) Even though directed to obtain valuation reports for the lease of lands and buildings from the Government Valuer, the lands and buildings of the Harbours at Modara and Panadura had been leased out contrary to that directive.
 - (iv) In connection with the payment of an advance of Rs.2,791,215 in the year 2007 for the supply of fuel tanks valued at Rs.5,065,075 and the non-receipt of those fuel tanks by the Corporation up to date, advised to take action against the Supplies Manager. Contrary to such advice, the Supplies Manager had been reinstated in service without conducting a disciplinary inquiry and without recovering the money paid.
 - (v) Even though advised to obtain the Treasury approval for the release of 31 employees to institutions outside the Corporation and terminate the services after the expiry of the contract period, contrary to that 45 officers had been deployed in the services of outside institutions by the end of the year under review.
 - (vi) Even though advised to cease the supply of fuel on credit basis as it is not possible to recover the money receivable for the issue of fuel on credit basis from the outside institutions, and the Officers fuel valued at Rs.70 million had been issued on credit basis to the institutions by the year under review.
 - (vii) Even though advised for the recovery of the anchorage charges amounting to Rs.5,675,373 receivable in connection with the vessel anchored in the Modara Fishery Harbour, recovery had not been made even by October 2016.
 - (viii) Even though advised to remit the contributions to the Employees' Provident Fund and the Employees' Trust Fund on the due dates, such advice had not been complied with even during the year under review.
 - (ix) Even though advised to obtain the special approval of the Department of Management Services for the grant of salary increments contrary to the circulars of the Department of Management Services in the recruitment of new officers and to prepare the Scheme of Recruitment and submit for approval it had not been so done.
 - (x) Even though directed to submit a report on the settlement of advances, that directive had not been implemented even by October 2016.

6. Systems and Controls

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

| Areas of Systems and Controls | Observations |
|-------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| ----- | ----- |
| (a) Financial Control | (i) Existence of non-reconciliations in the Bank Reconciliations and delays prevailing in the preparation of Bank Reconciliations. (ii) Payment of large sums as overdraft interest due to obtaining Bank Overdraft facilities exceeding the limit. |
| (b) Income Control | Collection of income had been at a weak level and the failure to take action over long periods for the recovery of arrears of income. |
| (c) Staff Administration | Failure to obtain the approval for the Scheme of Recruitment. The grant of salary increments and recruitments made without the approval of the Department of Management Services. Irregular appointment of the Director of Human Resources Management. Existence of an excess of employees. |
| (d) Assets Control | Non-maintenance of the Regular of Fixed Assets and the failure to revalue the assets. |
| (e) Motor Vehicles Control | Repairs to damage to motor vehicles by accidents not being proper whilst the cost of repairs being very high. |
| (f) Internal Audit | An adequate internal audit had not been carried out due to the failure to recruit a Chief Internal Auditor and the failure to introduce Internal Control Systems. |