State Development and Construction Corporation – 2016

The audit of financial statements of the State Development and Construction Corporation ("the Corporation") for the year ended 31 December 2016 comprising the statement of financial position as at 31 December 2016 and the statement of comprehensive income, 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(2) of the State Industrial Corporation 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 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 Auditors' 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). Those Standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Corporation's preparation and fair presentation of the financial statements 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 Corporation's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. Sub-sections (3) and (4) of Section 13 of the Finance Act, No.38 of 1971 give discretionary powers to the Auditor General to determine the scope and extent of the audit.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

1.4 Basis for Qualified Opinion

My opinion is qualified based on the matters described in paragraph 2.2 of this report.

2. Financial Statements

2.1 Qualified Opinion

In my opinion, except for the effects of the matters described in paragraph 2.2 of this report, the financial statements give a true and fair view of the financial position of State Development and Construction Corporation as at 31 December 2016 and its financial performance and cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

2.2 Comments on Financial Statements

2.2.1 Compliance with Sri Lanka Accounting Standards (LKAS/SLFRS)

The following observations are made.

(a) **LKAS 01 – Presentation of Financial Statements:**

(i) Mobilization advances and debtors having debit balance of Rs.3,149,324 and credit balance of Rs.31,814,851 respectively had been set off against the credit balances and debit balances as at 31 December 2016 respectively in contrary to the provisions in the Standard. Therefore, both current liabilities and current assets shown in the statement of financial position as at 31 December 2016 had been understated by those amounts.

(ii) Debit balances aggregating Rs.25,680,456 was included in the accrued expenses shown in the financial statements for the year under review. As a result accrued expenses had been understated by similar amount.

(iii) Short term investment made in fixed deposits totaling Rs.62,595,583 had been categorized as non-current assets instead of showing as current assets.

(iv) Abnormal credit balances aggregating Rs. 6,781,500 were observed in three items of accounts such as balances of salaries and wages advances, medical insurance and receivable from road development project of Kalavana shown in the financial statements of the year under review and the previous year.

(b) **LKAS 07 – Statement of Cash Flows:** Balances in savings deposits as at 31 December 2016 amounting to Rs.12,376,984 had been categorized as short term investments instead of being classified as cash and cash equivalent in the Statement of Cash Flows.

(c) **LKAS 08 - Accounting Policies, Changes in Accounting Estimates and Errors:** Since failed to review the useful life of non-current assets annually as mentioned in the Standard, 42 items of office equipment, 3 motor vehicles and 58 items of machinery costing Rs.2,318,572, Rs.1,380,000 and Rs.47,350,877 respectively are being continuously used although they were fully depreciated. Accordingly, action had not been taken to revise the error in the estimates. Further, 97 items of machinery and a motor vehicle which cost not furnished to audit are being continuously used although they were fully depreciated.

(d) **SLFRS 10 - Consolidated Financial Statements;** Even though an investment of Rs.9,210,740 had been made by the Corporation in Devcoshowa (Pvt) Ltd as a fully owned Subsidiary to the Corporation, the consolidated financial statements had never been prepared by the Corporation. However, the debtor balances of Rs.34,802,842 relating to the Subsidiary had been shown in the financial statements.

(e) **LKAS 39-Financial Instrument Recognition and Measurement:** Out of trade and other receivable balances of Rs. 2,457,217,632, an amount of Rs. 600,852,821 had not been considered for amortization.

2.2.2 Accounting Deficiencies

The following accounting deficiencies were observed.

(a) An expense of Rs.413,537 incurred on repair and maintenance of machineries and equipment had been erroneously debit to fuel deposit account in 2011. However, action had not been taken to adjust the accounts retrospectively even up to the end of the year under review.

(b) According to the assessment notices received up to 2015, sums of Rs.338,733,800 and Rs. 115,003,889 had to be paid as Value Added Tax (VAT) and surcharges on VAT respectively as at the end of the year under review. However, provisions for surcharges on VAT had not been made in the financial statements for the year under review.

(c) It was observed that credit balances totaling Rs.2,244,496 had been included in the retention money receivable as at 31 December 2016. As a result retention money receivable as at 31 December 2016 had been understated by similar amount. In the meantime, credit balances totaling Rs.2,137,819 had been included in the Mobilization Advance balances paid to the constructors. Hence, the Mobilization Advance receivables had been understated by same amount.

(d) Stock worth Rs.7,204,960 had not been verified and brought to accounts and as such the stock balance as at 31 December 2016 and the profit for the year under review had been understated by this amount. Meanwhile, 4020 items of stock had not been valued and brought to accounts.

(e) Provision for slow moving stocks had been overstated by Rs.1,102,861 due to computation error. As a result, as at 31 December 2016 and the profit for the year under review had been understated in financial statements by similar amount.

(f) Stocks adjustment account balance of Rs.1,733,048 had been shown in the financial statements after adjusting the debit and credit balances of Rs.5,078,452 and Rs.6,811,500 respectively. However those credit and debit balances represent the differences between physically verified balances and book balances of the stocks in separate sites without being taking proper actions.

(g) The physically verified stocks balance had been understated by Rs.804,637 due to counting error occurred in stocks taking process.

2.2.3 Unexplained Differences

Differences totaling Rs.26,507,208 were observed between the due from customers and due to customers shown in the computation made by the Corporation and the calculation executed by the audit. However, reasons for the differences were not furnished to audit.

2.2.4 Un-reconciled Differences

The following un-reconciled differences are made.

(i) Differences aggregating of Rs.238,353,818 were observed between the amounts shown in the financial statements and the corresponding amounts shown in the related schedules and records in respect of salaries paid to sub contract labours, value of buildings and VAT payable for the year under review.

(ii) According to the assessment made by the Department of Inland Revenue on 25 July 2016, the penalty charges was Rs.115,003,889. However, according to the schedule submitted to audit it was shown as Rs. 24,194,701. Hence, an un-reconciled difference of Rs.90,809,188 was observed in audit.

(iii) According to the confirmation made by the project No. 908, the receivable balance from this project was Rs.49,651,891. However, as per the financial statements it was Rs.48,121,079. As such a difference of Rs,1,530,812 was observed in audit.

(iv) According to the final bill payment of project No,937, the excess amount received was Rs.2,097,337. However, a difference of Rs.623,055 was observed due to showing this as Rs.2,720,392 in the financial statements.

2.2.5 Lack of Evidence for Audit

The following evidence as indicated against the each items shown below had not been made available for audit.

	Items of Account	Value (Rs.)	Evidence not made available
(i)	Loans and Advances	2,590,737	Detailed Schedules
(ii)	Purchase & Sundry Advances	3,800,926	Detailed Schedules and Age Analysis
(iii)	Withholding Tax	128,336,127	Copies of the Withholding Tax Certificates
(iv)	Security Deposits of Employees	849,602	Detailed Schedules
(v)	VAT Balances Carried Forward	6,548,121	Schedules and Age Analysis (since 2012)
(vi)	Loan Balance of Construction Guarantee Fund	35,050,000	Loan Agreement

2.3 Accounts Receivable and Payable

The following observations are made.

(a) It was observed that out of purchase advance balances of Rs.58,848,696, a sum of Rs.20,163,814 had remained unsettled for over 03 years. Further, out of the construction advances of Rs.7,851,432, an amount of Rs.7,851,081 or 99 per cent had remained in the accounts for over 05 years without being settled.

(b) Mobilization advances received from clients amounting to Rs. 11,328,297 and Rs.6,180,496 had remained outstanding in the accounts for a period ranging from four to six years and over six years respectively as at 31 December 2016 without being taking prompt actions to settle them.

(c) Retention money receivable relating 30 completed projects as at 31 December 2016 amounting to Rs.71,163,364 had remained outstanding for a period ranging from five to seven years without being recovered. Further, retention money receivable in respect of 22 projects totaling Rs.36,357,062 had remained outstanding for over a period of seven years.

(d) Out of liquidated damages receivable totaling Rs.133,727,421 from the clients, an amount of Rs.33,199,091 and Rs.27,857,812 had remained outstanding for a period from four to six years and over six years respectively as at 31 December 2016.

(e) Action had not been taken to recover the outstanding balance of Rs.17,720,754 receivable from 11 completed projects which remained unrecovered for more than two years. Further, a balance Rs.12,121,011 receivable from Kukule Ganga Project had remained outstanding for over five years without taking any recovery action.

(f) The accrued expenses amounting to Rs.226,629,886 had remained outstanding for over three years without being settled.

(g) Interest payable since the year 2009 on loan obtained from Construction Guarantee Fund amounting to Rs.101,533,804 had not been paid even up to the date of this report.

(h) Value Added Tax relating to a road project amounting to Rs. 42,179,312 had been excessively paid to the Department of Inland Revenue during the year 2015. However, no action had been taken to recover that amount even up to the end of the year under review.

(i) Economic Service Charge, Withholding Tax on project and Withholding Tax on interest amounting to Rs.31,135,172, Rs.128,336,127 and Rs.6,698,738 respectively had been shown as receivable instead of being taken as tax credits in computing the tax expenses.

(j) Nation Building tax amounting to Rs.5,321,812 had been shown as NBT payable in the financial statements since 2009 instead of being recovered from clients.

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

The following instances of non-compliance were observed in audit.

	Reference to Laws, Rules Regulations and Management Decisions etc.	Non-compliance
(a)	Section 114 (1) of the Inland Revenue Act, No. 10 of 2006 and Section 8.7 of the Public Enterprises Circular No. PED/12 dated 02 June 2003.	The Corporation had paid a sum of Rs.1,761,268 as Pay As You Earn (PAYE) tax on behalf of salary payments made to its employees without deducting this from the salary of the employees.
(b)	Financial Regulations of the Government of the Democratic Socialist Republic of Sri Lanka	
	Financial Regulation 396	Action had not been taken in respect of 06 unrealized cheques valued at Rs.991,883 over period of 5 years and 07 lapsed cheques valued at Rs.7,496,994.
(c)	Management Audit Circular No. DMA/2009(2) of 01 July 2009	Required details to be included in the Fixed Assets register had not been included.
(d)	General Treasury Circular No. IAI/2002/02 dated 28 November 2002	Separate fixed assets register for Computers, Accessories and Software had not been maintained

(e)	Section 02 of the Economic Service Charges (Amended) Act No: 13 of 2015	Economic Service Charges (ESC) and surcharges thereon amounting to Rs.33,646,598 and Rs.13,454,032 respectively had not been remitted to the Department of Inland Revenue even in the year under review. Further, penalty on ESC amounting to Rs.2,182,836 relating to the year 2014/2015 had not been accounted.

3. Financial Review

3.1 Financial Results

According to the financial statements, the operations of the Corporation during the year review had resulted in a pre-tax net profit of Rs.22,841,652 as compared with the corresponding pre-tax net profit of Rs.50,339,247 for the preceding year, thus indicating a severe deterioration of Rs.27,497,595 in the financial results for the year under review. Increase of interest expenditure on bank overdraft, employee benefit expenses and provision for impairment were the main reasons attributed for this situation.

3.1.1 Value Addition of the Corporation

Although the pre-tax net profit of the year under review was Rs.22,841,652, the value addition of the Corporation for the year under review was Rs.895,895,814 and it was Rs.950,461,143 in the previous year. Hence, the value addition of the corporation had been deteriorated by 5.74 per cent as compared with previous year.

3.2 Analytical Financial Review

3.2.1 Significant Accounting Ratios

According to the information made available, some important ratios of the Corporation for the year under review and the preceding year are given below.

Ratios	2016	2015
	(Percentage)	(Percentage)
Gross Profit Margin	12.78	9.7
Profit mark up	1.08	2.07
Administrative Cost on Turnover	9.48	8.3
Finance Cost on Turnover	4.58	3.6
Current Ratio	1.04	1.04
Acid Test Ratio	0.9	0.9

(i) Although the gross profit margin had increased by 3.08 per cent as compared with previous year, the net profit margin had decreased one per cent due to increase of other expenses and financial expenses.

(ii) The administrative cost had decreased by 1.18 per cent as compared with previous year as result of non-provision for VAT surcharge and decrease of sub-contracts expenses and depreciation for other assets.

4. Operating Review

4.1 Performance

The main objectives of the Corporation as per the amendment made to Section 03 of the Industrial Corporation Act No. 49 of 1957 are as follows:

(a) The investigation, investment, planning, designing, construction operation and management of building, civil engineering, other engineering projects or other ventures in Sri Lanka or abroad, owned by any party, either independently or in collaboration with any local or foreign company and the acquisition and holding of shares, in such company.

(b) Execution or supervision of any of the above projects in Sri Lanka or abroad; either independently or in collaboration with any local or foreign firm or company, and the acquisition and holding of shares, in such company.

(c) Planning, designing and fabrication of mechanical and electrical installations for the purposes referred to in paragraphs (a) and (b).

(d) Manufacture and sale in Sri Lanka or abroad of concrete, reinforce concrete and pre-stressed concrete product required for engineering undertakings.

(e) The extraction of construction raw materials and manufacture, sale, import and export of construction materials, machinery and equipment required for engineering projects/ undertakings.

(f) Carrying out of research into Construction materials, methods and techniques utilized for the purposes referred to in paragraphs (a), (b), (c) and (d).

(g) Provide training opportunities to managerial/engineering/technical personnel to enhance knowledge and modern technological and business skills in construction engineering and managerial fields required for the purposes referred to in paragraph (a), (b), (c) and (d).

However, no action and strategies had been taken or identified to perform the objectives set out in (f) and (g) above and further allocation had not been provide to accomplish the objective No. (f).

The following observations are also made in this regard.

(i) According to the budgeted estimate and the progress report of the Corporation, The following targets set out to be achieved in the year under review had not been achieved as expected.

Description	**Target** **Rs. Million**	**Actual Achievement** **Rs. Million**	**Variance {favourable/ (adverse)}** **Rs. Million**
Turnover - permanent work sites			
- Rathmalana,	200	117	(83)
- Weragantota	125	82	(43)
- Bopitiya	125	43	(82)
- Madawachiya	50	28	(22)
Production - permanent work sites			
- Rathmalana,	122	126	4
- Weragantota	138	83	(55)
- Bopitiya	78	50	(28)
- Madawachiya	Not available	Not available	-

(ii) According to the monthly progress reports, the orders worth Rs.15,215,600 received to Rathmalana concrete yard in the year 2014 had not been performed even up to the end of year under review and a gross loss of Rs.9,842,302 was incurred by the Polonnaruwa Asphalt site during the year under review. However, no operation had been carried out during the year under review by this site.

(iii) The turnover and net profit of the Amitirigala Asphoalt site for the year under review were Rs.58.36 million and Rs.7.29 million respectively. However, these were 44 per cent and 51 per cent decrease as compared with previous year.

4.2 Weaknesses in Financial Management

The following observations are made.

(a) The Corporation had obtained an aggregated overdraft facility of Rs.752 million as at the end of the year under review due to absence of proper debt recovery mechanism and working capital management. However, as per the notification No: PED/COP/15(56)/GEN/VOL–I dated 01 July 2013 issued by the Department of Public Enterprises, the approved overdraft facility was Rs.580 million. Further, these over draft facilities had not been used for the operational activities of the Corporation during the year under review due to fully utilized in previous year. Nevertheless, an interest amounting to Rs.79.61 million had been paid in respect of those bank overdrafts during the year under review.

(b) Notwithstanding the existence of bank overdraft of Rs.752,460,186 as at 31 December of the year under review, fixed deposits and saving deposits totaling Rs.74,972,567 had also been maintained by the Corporation. The return on these investments during the year under review was only Rs.5,950,510.

(c) Although according to the bank confirmations there were no balances in four current accounts as at 31 December 2016, the balances aggregating Rs.498,133 had been shown in the financial statements for the year under review relating to those current accounts.

4.3 Contract Administration

Although the construction of Bridge across the southern edge at Galoya (Contract No RDA/UKSBP2/EP/C200/001) had been expected to be completed on 24 April 2015, the construction works are in progress even up to the date of audit on 27 June 2017. The estimated cost of the project was Rs. 107,097,256 and cost incurred according to the Certification No. 24 was Rs. 66,680,131 up to 24 January 2017. Approval had not been obtained to extend the project period after 23 June 2016. According to the contract agreement, a delay payment of Rs.45,000 per day or maximum 10 per cent of the contract value (Rs.10,709,725) should be paid to the client.

The following observations are also made in this connection.

(i) The internal control system of this project with regard to the utilization of the human and physical resources was at very weak level.

(ii) Various irregularities with regard to utilization of vehicles i.e. utilization of vehicle own to chief engineer of the project as rented out vehicle, recording different mileages for same roots and not maintaining the running charts as requested were observed in audit. Further, according to the statements provided by the workers, it was revealed that the above vehicle was used for the private purpose of the project engineer as well.

(iii) Project Engineer attached to this project had gone abroad without obtaining the prior approvals from relevant authorities.

(iv) The “Kubuk”, “Kotta” and “Kirala” timber with the sizes of 411sqf, 1327sqf and 155sqf respectively had been illegally obtained by the officers of the Corporation in cutting trees at work site without any authority. Further, 73 cubes of sand had been removed from the project site without getting any permission from relevant authority. However, no formal course of actions in this regard had been taken by the management of the Corporation.

4.4 Management Weaknesses

The following observations are made.

(a) Turnover and gross profit of asphalt plant at Amithirigala had been decreased by 44 per cent and 51 per cent respectively as compared with preceding year. However, no action had been taken by the management to enhance its productivity.

(b) According to the financial statements of the Fujima State Corporation (Pvt) Ltd (a Joint Venture Company of the corporation), the amount receivable to the Corporation as at 31 March 2010 was Rs. 41,899,490 and no transactions had been taken place thereafter. However, this amount had not been shown in the financial statements of the Corporation.

(c) Cost of Rs.79,317,024 incurred by the Corporation in respect of 19 projects which undertake to complete had not been recovered from the respective parties due to not followed a proper method.

4.4 Irregular Transactions

Value Added Tax (VAT) amounting to Rs.551,396 was paid to a supplier during the year under review. Subsequently, it was revealed that his registration for VAT had been inactivated by the Department of Inland Revenue.

4.5 Idle and Underutilized Assets

An asphalt plant received from the Ministry of Economic Development valued at Rs.125 million had been located at Polonnaruwa, The production capacity of that plant is 600 Mt asphalt per day. However, this plant and the relevant accessories there to remained idle due to discontinuation of production after 2014. Further, the Corporation had spent a sum of Rs.1,074,339 as wages and security expenses during the year under review.

4.6 Identified Losses

The following observations are made.

(a) A loss of Rs. 127,823,139 had been sustained to the corporation due to exceeding the cost of the contracts than contract value of 08 projects. Further, Losses aggregating Rs. 42,127,854 had been sustained during the year under review from 30 ongoing projects.

(b) Liquidated damage of Rs,4,349,401 was paid to the client with regard to a Road development Project, Kalavana (project No,912).

(c) The project for construction of Stage I of the Market and Shopping Complex in Dehiwala had been terminated after incurring a cost of Rs.167,465 during the year under review.

(d) Stock shortage amounting to Rs.126,377 was observed at main stores in respect of stock book No. 1094.

4.7 Personnel Management

The following observations are made.

(a) The approved cadre as at 31 December of the year under review stood at 489 and the actual cadre stood at 583. Accordingly, there were 94 employees excessively recruited by the Corporation to the various posts.

(b) Employees had been recruited on contract basis from time to time including officers of top management. Accordingly, 02 posts representing senior management had been recruited on contract basis during the year under review. Therefore, it had directly affected to the performance of the Corporation. Further, 123 vacancies in 41 managerial level posts had remained vacant even up to November 2017.

(c) In terms of Management Services Circular No. 28 (ii) dated 01 August 2006 and as per the provisions laid down in paragraph 1.2 of Volume II of the Establishment Code, creation of posts and filling of vacancies shall not be done without the approval of the Department of Management Services. Nevertheless, 17 posts including 10 unapproved posts had been created and 91 employees had been recruited for those posts.

(d) Eight hundred and thirty nine sub contract labours had been employed at the end of the year under review and a sum of Rs.241,415,023 had been spent for their salaries during the year under review. Further, 120 contract employees and 28 casual employees were recruited without obtaining required approvals.

(e) Scheme of Recruitments and Promotions had been prepared and approved only for the managerial and lower level posts. Further, According to the Management Service Circular No, DMS/E3/43/4/268/I dated 17 May 2012 posts in MM 1-2 category had been promoted to HM -1-2 excluding the Post of Chief Internal Auditor and Post of JM 1-1 category had been promoted to MM 1-2 category excluding the Post of Internal Auditor. Reasons for this had not been furnished to audit.

5. Accountability and Good Governance

5.1 Presentation of Financial Statements

In terms of Public enterprises Circular No. PED/12 dated 02 June 2003, the annual financial statements should be furnished to the Auditor General within 60 days from the close of the year of accounts. However, the financial statements pertaining to the year under review had been furnished to the Auditor General only on 13 July 2017 after a delaying 133 days.

5.2 Corporate Plan and Action Plan

The following observations are made.

(a) According to the Public Finance Circular No. PFD/RED/01/04/2014/01 of 12 February 2014, the Corporate Plan for the period covering 2016 – 2020 had not been prepared.

(b) Although, an Action plan for the year under review had been prepaid by the Corporation. The following weaknesses were observed in that Action Plan.

(i) A Human Resources Development Plan and Internal Audit Plan had not been included.

(ii) Only financial target were given to each Division without specifying the commercial activities to be implemented in the financial year.

(iii) Requirement of resources had not been identified in order to accomplish the targets.

5.3 Budgetary Control

Significant variances were observed between the budgeted and the actual income and expenditure, thus indicating that the budget had not been made use of as an effective instrument of management control.

5.4 Procurement Plan

Although a Procurement Plan had been prepared in terms of Guideline 4.2.1 of the Government Procurement Guidelines, it had not been forwarded for the approval of the line Ministry.

5.5 Senior Management Committee

According to Section 7.4.2 of the Public Enterprise Circular No. PED/12 of 02 June 2003, the Senior Management Committee should meet five days prior to the Board Meetings. However, only 04 senior management Committee meetings were held even though 12 Board Meeting had been conducted during the year under review.

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	Observations
(a) Accounting	(i) Failure to adhere with Sri Lanka Accounting Standards. (ii) Non accounting of tax payables and surcharges thereon.
(b) Control over Receivables and Payables	(i) Prevailing long outstanding debtors and other receivables, and payables (ii) Gradually increase of Government debts. (iii) Considerable delays in submission of invoices to relevant clients.
(c) Control over Performance	(i) Failure to achieve all main objectives of the Corporation as planned. (ii) No proper mechanism in place to evaluate the progress of asphalt plants. (iii) Poor performance on ongoing and permanent site as compared to previous year.
(d) Personnel Management	(i) Releasing of human resources to other institutions. (ii) Recruitment of employees exceeding the approved cadre. (iii) Recruiting officers to the senior management post on contract basis.
(e) Assets Management	(i) Idling asphalt plant at Polonnaruwa since 2014. (ii) Failure to acquire the ownership of all lands at the end of the year.
(f) Financial Management	Obtaining bank overdraft facilities to remediate short term financial issues exceeding the approved limits.
(g) Inventory Control	(i) Introduce a proper stock control system. (ii) Reconciling the physically verified stock balances together with the stock balances shown in ledgers of each site. (iii) Adoption of proper quotation calling system especially for purchase of spare parts for machineries and vehicles.