Ceylon Electricity Board – 2017

The audit of the financial statements of the Ceylon Electricity Board (“ the CEB”) for the year ended 31 December 2017 comprising the statement of financial position as at 31 December 2017 and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended and 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 49(4) of the Ceylon Electricity Board Act, No.17 of 1969 as amended by Act, No.31 of 1969.

1.2 **Board’s Responsibility for the Financial Statements**

The Board of Directors (“Board”) is responsible for the preparation and fair presentation of these financial statements in accordance with Sri Lanka Accounting Standards (LKAS/SLFRS) and for such internal control as Board 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). 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 risk 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 CEB’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 CEB’s internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Board, 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 qualified 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. **Audit Opinion**

In my opinion, except for the effects of the matters described in paragraph 2.2 of this report, the financial statements of the CEB give a true and fair view of the financial position as at 31 December 2017, 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 **Adherents with Sri Lanka Accounting Standards (SLAS/SLFRS)**

The following observations are made.

(a) ***LKAS 1 – Presentation of financial statements***

A favourable balance of cash and cash equivalent amounting to Rs.1,463,311,000 had been set off against the adverse balances aggregating Rs.7,217,169,000 and the net amount of Rs.5,753,858,000 had been shown under current assets as a negative figure contrary to the provisions in the Standard.

(b) **LKAS 2- *Inventories and* LKAS 16 – *Property, Plant and Equipment***

The CEB is applying the standard cost method for valuing of labour, material and overhead costs of its capital and maintenance jobs, instead of applying the actual costs as per the provisions in the above Standards**.** As a result, the favourable material price variance and labour and overhead rate variances aggregating Rs.5,918,929,637 and unfavourable stores price variance of Rs.1,053,069,877 arisen thereon had been brought to the financial statements.

As a result of that, the operating results, assets, liabilities and equity of the CEB have been significantly affected due to high financial involvement in relation to the capital jobs. However, the impact to the financial statements thereon could not be ascertained in audit due to non-availability of required information relating to those capital jobs.

(c) **LKAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors**

(i) The spare parts worth Rs.31,604,054 and Rs.1,618,736,079 had been accounted under operational expenses and capital expenses respectively as per the instruction given by the Additional General Manager (Generation) without taking a firm policy decision by the Board of Directors of the CEB. Hence, the reasonability of the basis applied for such classification could not be accepted in audit. Further, the basis applied for the classification had not been disclosed in the financial statements.

(ii) The useful lifetime of fully depreciated non-current assets which are being continuously utilized by the CEB had not been reviewed as mentioned in the accounting policies. For instance, fully depreciated four power stations costing Rs.23,932,093,328 are being still used for power generation without revaluing.

(d) **LKAS 39 - Financial Instruments Recognition and Measurement**

Staff debtors aggregating Rs.7,457,082,610 had not been shown in the financial statements at its fair value as per the requirements of the Standard.

2.2.2 **<u>Accounting Deficiencies</u>**

The following accounting deficiencies were observed.

(a) Recoverability of investments made by the Pension Fund and Employee Provident Fund of the CEB amounting to Rs.403,717,966 and Rs.2,312,756,993 respectively and interest thereon amounting to Rs.51,399,687 were in doubt due to non-existence of those financial instruments. However, neither adjustment nor provision had been made in the financial statements in this regard.

(b) The balance of the Property, Plant and Equipment (PPE) as at 31 December 2017 and the loss of PPE in the year under review shown in the financial statements had been overstated by Rs.14,605,980 and Rs.2,086,567 respectively due to accounting of two vehicles belong to the Ministry of Power and Renewable Energy as the assets of the CEB.

(c) Nine vehicles owned to an outside party costing Rs.810,516 had been remained in the accounts of the CEB as at 31 December 2017 and these vehicles were misplaced since several years ago. Nevertheless, the CEB had not made required adjustments in the accounts even up to the end of the year under review.

(d) A debit balance of Rs.1,473,735,676 (stock shortage) and a credit balance of Rs.16,654,669 (stock excess) had remained in the Stock Adjustment Account for more than one year without being cleared.

(e) Expenditure on foreign purchases such as commission, clearing charges etc. aggregating Rs.746,546,369 had remained in Goods-in-transits Account of the Lakvijaya Power Station since 2013 without absorbing to the relevant expense or asset accounts.

(f) As per the decision No. 10/2434/423/034 of the Cabinet of Ministers, the CEB should repay the loan and interest thereon for the loan amount of Rs.159,184,187,965 obtained for the construction of Lakwijaya Power Plant to the General Treasury. However, the CEB had not paid or made provisions in its accounts for the above payments although the Department of External Resources of the General Treasury had paid an amount of Rs.3,398,152,185 during the year under review and Rs.18,567,893,780 up to 31 December 2016 as interest for the said loan to the lending bank. Therefore, loss and retained earnings for the year under review had been understated by Rs.3,398,152,185 and Rs.18,567,893,780 respectively.

(g) The expenses incurred by the CEB on behalf of Employee Provident Fund maintains by the CEB amounting to Rs.35,220,599 had been treated as expenses of the CEB without being treated as receivable and as such, the loss for the year under review had been overstated by similar amount.

(h) A loan of USD 5,412,000 equivalent to Rs.820,969,500 received as per the decision No.15/0228/613/012 dated 19 March 2015 taken by the Cabinet of Ministers and interest of Rs.5,602,295 thereon had not been brought to the financial statements. Therefore, the liabilities and loss of the year under review had been understated by Rs.820,969,500 and Rs.5,602,295 respectively

(i) The jobs carried out by the CEB for supply, maintain and repair of power generators, lifts and air conditioners of the government institutions prior to the year 2013 had been valued at cost and accounted them accordingly instead of account based on their invoice values. As a result, the receivables and retained earnings shown in the financial statements had been understated by Rs.66,987,761.

2.2.3 <u>Un-reconciled Differences</u>

The following observations are made.

(a) A difference of Rs.786,222,430 was observed between the balance of Rs.49,468,844,000 shown as payable to the Ceylon Petroleum Corporation in the financial statements of the CEB as at 31 December 2017 and the corresponding balance of Rs.50,255,066,432 shown as receivable in the financial statements of the Ceylon Petroleum Corporation as at that date.

The Chairman of the CEB states in this regard as follows.

"As per the decision taken at the meeting chaired by the Secretary to the Treasury on 30 September 2013, it was decided to pay interest on overdue invoice value (beyond the credit period) with effect from 20 April 2013. However, the delayed interest payment of Rs.753,610,829 was relevant to fuel purchase before 20 April 2013 by the CEB. Therefore, it is not required to carry out reconciliation for this difference since the CEB does not liable."

However, this dispute had not been cleared even as at 31 December 2017 though it has been reiterated in audit reports since 2013 continuously.

(b) Un-reconciled differences aggregating Rs.331,154,817 was observed between the balances of bulk trade debtors as at 31 December 2017 shown in the billing system of the Distribution Divisions 01, 02, 03 and 04 and the corresponding amount shown in the financial statements of the year under review due to omission of some balances in billing system and as well as in the financial statements.

2.2.4 <u>Accounts Receivable and Payable</u>

The following observations are made.

(a) Out of trade debtor balance of Rs.18,203,663,608 as at 31 December 2017, a balance of Rs.3,826,334,673 relating to both ordinary and bulk supplies had remained outstanding for over one year and of them Rs.1,929,746,044 had remained unrecovered for more than five years. Further, an amount of Rs.423,764,624 is remained as unidentified since 2012.

(b) A sum of Rs.46,548,248 due from the Lanka Electricity Company (Private) Limited (LECO) had remained outstanding for more than five years without taking any recovery action.

(c) The following other receivable balances aggregating Rs. 2,505,397,073 had remained unrecovered for more than five years as at 31 December 2017 even it was continuously reiterated in my previous audit reports.

Name of Debtor	**Amount Rs.**	**Description**
General Treasury	225,000,000	Recovering cost of street lightening & maintenance.
Wood Group Gas Turbine Ltd.	8,264,352	Payments made for constructing an access road to the West Coast Power Plant.
Ministry of Power and Energy	6,142,277	Payments made for the opening ceremony of Kerawalapitiya Combined Power Plant.
Sri Lanka Sustainable Energy Authority	897,025,999	Tariff adjustment paid by the CEB to the Mini Hydro Developers.
AES Kelanithissa (Private) Ltd.	1,368,964,445	Amount to be recovered on payment of price differences.
	2,505,397,073	

(d) Treasury Bonds which were agreed to be issued against the special levy of Rs.5 billion charged by the General Treasury in 2016 and shown as other debtors in the financial statements had not been received by the Board even as at the end of the year 2017.

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

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

(a) Ceylon Electricity Board Act, No. 17 of 1969

(i) **Section 47 (1)(b)** – The CEB may establish and maintain a Sinking Fund with the General Treasury in respect of the repayment of loans taken by the CEB. Although a balance in this Fund was shown in the financial statements, it had not been updated since the year 2000. The balance in that Reserve Account as at 31 December 2017 was Rs.17, 447 million.

(ii) **Section 47(2)(a) -** The CEB may establish and maintain a Depreciation Reserve with the General Treasury in order to cover the depreciation of the movable and immovable property of the CEB. However, in contrary to that requirement, the CEB had established a Depreciation Reserve in its financial statements by transferring Rs.1 million per annum up to 31 December 2000 and thereafter no movement had been taken place. A sum of Rs.23 million being accumulated on that date had been carried forwarded in the financial statements continuously without any review.

(iii) **Section 47(2)(b) -** The CEB may establish and maintain a General Reserve with the General Treasury for the purpose of financing to its capital works from revenue by ensuring the financial stability of the CEB, and for such other purposes as the CEB may from time to time determine. However, in contrary to that requirement, the CEB had established an Other Capital Reserve in its financial statements and it had not been updated since the year 2000. The balance of that Reserve Account as at 31 December 2017 was Rs.165.45 million.

(iv) **Section 46 and Section 11(a) and (b) of Part II of the Finance Act, No. 38 of 1971 -** The CEB had invested only Rs.7, 246 million as at 31 December 2017 in the Insurance Escrow Fund although it was stated that a contribution of 0.1 per cent of the total value of the gross fixed assets as at the end of each year since 1989 should be transferred to that Fund.

(b) The CEB had not paid interest for consumer deposits as specified in Section 28(3) of Sri Lanka Electricity Act, No.20 of 2009 and according to the computation made by audit based on the rate reported by the Public Utility Commission of Sri Lanka for the year 2017, the interest to be paid thereon was Rs.1,163 million and un paid accumulated interest as at 31 December 2017 was Rs.1,963 million.

(c) An amount of Rs.7,088 million relating to Insurance Reserve Fund as at 31 December 2017 had not been invested as per the self-insurance policy of the CEB. Further, a proper financial management was not in operation in the CEB in order to implement such statutory requirements.

3. Financial Review

3.1 Financial Results

According to the financial statements presented, the operations of the CEB during the year under review had resulted in a pre-tax net loss of Rs.45,729 million as compared with the corresponding pre-tax net loss of Rs.13,191 million for the preceding year, thus indicating a further deterioration of Rs.32,538 million in the financial results of the year under review. Increase in cost of coal by 86 per cent due to price hike and impose of Value Added Tax (VAT) on importation of coal were the main reasons attributed for this deterioration.

However, the value addition of the CEB for the year under review after taking into account the personnel emoluments, tax expenditure and depreciation aggregating Rs.63,741 million was Rs.26,210 million and it had decreased by Rs.21,243 million or 44 per cent as compared with the previous year.

3.2 Analytical Financial Review

3.2.1 Working Capital Management

The Working Capital position of the CEB as at 31 December 2017 was a negative value of Rs.49,189 million whereas it was a negative value of Rs.3,575 million as at the end of the previous year. Hence, the working capital position of the year under review had been deteriorated by 1,276 per cent. The main reason for this deterioration was increase in balance payable to the Ceylon Petroleum Corporation by Rs.37,004 million. Further, the CEB had paid an overdraft interest of Rs.846 million in the year under review and it was an increase of 3,560 per cent as compared with the previous year.

3.2.2 **Debt to Equity**

Equity balance of the CEB as at 31 December 2017 had been decreased by 11 per cent as compared with the corresponding decrease of 4 per cent due to continuous net loss of the CEB. As a result, the Debt to Equity Ratio of the CEB had increased to 62 per cent in the year under review from 53 per cent in the previous year. Further, 33 per cent or Rs.229 billion of the total capital employed by the CEB as at 31 December 2017 had been financed through borrowings.

3.2.3 **Profitability**

The average cost per unit of the year under review was Rs.20.34 as compared with Rs.18.08 in the year 2016 and sold at an average price of Rs.16.26 per unit (previous year average selling price was Rs.16.18 per unit). Accordingly, the gross loss per unit of the year under review was Rs.4.08 and it was 114 per cent increase as compared with the previous year average gross loss of Rs.1.90 per unit. The following table shows the tariff category and the contribution per unit (kWh) of electricity sold in the year under review as compared with the previous year.

Category	**Contribution per unit (kWh)**	
	2017	**2016**
	Rs.	**Rs.**
Domestic	(6.86)	(4.66)
Religious	(13.13)	(10.93)
General Purpose	3.40	5.82
Hotel	(2.61)	(0.34)
Industrial	(5.57)	(3.45)
Government	(2.08)	0.26
Bulk Supplies to LECO	(4.55)	(2.31)
Street Lighting	(20.34)	(18.08)
Contribution per Unit	**(4.08)**	**(1.90)**

Accordingly, the tariff category of General Purpose was only the positive contributor to the total contribution of the year under review. Positive contribution of the government category in previous year had become negative in this year. The tariff on industrial and domestic category were the highest negative contributor to the total contribution of the year under review and the tariff on religious, hotel, government, sales to LECO and street lightening had also shown unfavourable contributions thereto.

4. Operating Review

4.1 Performance

4.1.1 Power Generation and Cost of Generation (Excluding Distribution and Transmission Cost)

The following observations are made.

(i) Although the main objective of the CEB is to supply of power at low cost to the country, the CEB was unable to achieve this objective due to unfavourable conditions in the Power Purchase Agreements, high cost incurred for generation of Thermal Power and less contribution from Wind and Other Non-conventional Renewable Energy Sources.

Further, Significant delays were observed in implementation of the activities included in the Long Term Generation Plan and the Transmission Plan of the CEB. As a result, the CEB had made emergency power purchases (1,240 GWh worth Rs.26,628 million) which was badly affected to the least cost objective of the CEB.

The position of power generation in 2017 as compared with the previous year is given below.

Source	**2017**	**2016**	**Percentage of Contribution to the Total Generation**	
	GWh	**GWh**	**2017**	**2016**
Hydro	4,004	4,220	27	30
Thermal	5,045	4,461	34	31
Coal	5,103	5,047	35	36
Wind	367	345	3	2
Other Non-Conventional Renewable Energy	152	76	1	1
Total	**14,671**	**14,149**	**100**	**100**

(ii) **Delayed Projects**

Although the **c**ompletion period of a Transmission Line and Grid Improvement Project and three Power Generation Projects were extended, these Projects still had not been completed.

(iii) **Direct Cost**

It was revealed that the cost of the coal power generation had significantly increased by Rs.17,301 million during the year under review as compared with the previous year although there was no significant increase in coal power generation in this year. Further, cost of power purchases and fuel cost for the year 2017 had increased by Rs.7,502 million and Rs.7,768 million or 9 per cent and 15 per cent respectively as compared with the previous year while the thermal power generation increased by only 13 per cent in the year under review. The details of direct cost involved in power generation are given below.

Description	2017		2016	
	Rs. million	**Percentage**	**Rs. million**	**Percentage**
Fuel	57,842	27	50,074	28
Power Purchase	89,254	42	81,752	46
Coal	37,505	18	20,204	11
Operation and Maintenance	11,727	6	12,083	7
Depreciation	14,476	7	14,797	8
Total Direct Cost	**210,804**	**100**	**178,910**	**100**

4.2 Management Activities

The following observations are made.

(a) Two transformers purchased for Rs.18,254,550 in 2005 with a useful economic lifetime of 35 years had been decommissioned within 5 years and 7 years respectively due to inability to withstand the short circuit conditions identified in procurement process. Subsequently, it was decided to dispose them with the Board approval. However, no action had been taken to investigate and identify the persons responsible for this transaction.

(b) Three thousand insulators (Pin 33KV) procured at a cost of Rs.7,221,707 on 11 September 2014 had not been utilized due to inferior quality issue and it was remained idle without replacing at the stores up to 30 September 2018. It was further observed that the validity period of the performance bond obtained in this connection had been lapsed on 26 February 2016.

(c) A special investigation had been carried out by the Internal Audit Branch in respect of stock shortage of Rs.52,550,929 identified in 2014 under project of Uthuruwasanthaya in April 2017. However, no action had been taken against the officers those who responsible for this shortage even up to 30 September 2018. Further, a court case (Case No B/1164/15) had been filed in Magestrict Court, Trincomalee by the Criminal Investigation Department in 2015 in this regard. However, information relating to present position of the court case was not made available for audit.

(d) The prompt actions had not been taken by the Board up to 16 August 2018 against the person who liable for stock shortages of Rs.3,674,861 which had been occurred during the period of 20 November 2006 to 20 February 2012, in Asset Management Division (Power plant) even the formal investigation was over. Further, the same employee had committed a fraud in another office and his duty has been terminated after recovering Rs.99, 155 as the value of the fraud.

(e) An officer who liable for the stock shortage of Rs.3,789,893 had been allowed to be retired on 15 October 2011 without being recovered the loss as recommended by the committee appointed for investigate. Further, the above material amount has remained in the books of account without being taken any remedial action.

(f) The staff loans such as distress, transport, festival advance and special advance to the value of Rs.4, 860,885 had remained outstanding without being taking any recovery action.

4.3 **Operating Inefficiencies**

A sum of Rs.2,051,605,881 representing 11 per cent of the total consumable stock of Rs.17,936,845,512 had been shown in financial statements as slow moving, non-moving and damaged stock as at 31 December 2017. Maintaining this much of non-moving and slow moving stock may cause the increase in damages, cost of holding and fraud etc.

4.4 **Irregular Transactions**

The following observations are made.

(a) The Cabinet of Ministers has taken decisions on 13 December 2007 at the time of salary revision and on 20 May 2015 at the time of consideration of Collective Agreement, to shift the Pay As You Earn (PAYE) tax liability to employees. However, the CEB had paid the PAYE tax of Rs.3,294,348,130 from its owned fund without deducting it from the salaries of the respective employees during the period of 2010 to 2017 in contravening to the above decisions taken by the Cabinet of Ministers. An amount of Rs.676,508,227 was paid as PAYE tax during the year under review and shown as expenditure of the CEB in the financial statements.

Further, the value of non-cash benefits specified by the Commissioner General of Inland Revenue in the Gazette Notification No.1706/18 dated 20 May 2001 should be considered when calculating the PAYE tax of each employee. However, the CEB had not taken into account the non-cash benefits such as provision of quarters, apartments and motor vehicles for private use etc. for this purpose.

(b) Various staff allowances had been paid from time to time to the staff of the CEB on the approval of the Board in contrary to the decision taken by the Cabinet of Ministers on 14 November 2007 and the provisions in the Management Services Circular No. 39 of 26 May 2009. At the audit test checks, it was revealed that such allowances totaling Rs.1,930 million and Rs.1,222 million had been paid in the year 2017 and 2016 respectively as such staff allowances.

(c) Instead of granting vehicle loans at the rate of interest ranging 10 per cent to 14 per cent as per the Public Enterprises Circular No 130 of 08 March 1998, the CEB had granted these loans at an interest rate of 4.2 per cent. Further, it was observed that the staff loans have been paid without any control even though the CEB faces severe liquidity problems.

4.5 **Transactions of Contentious Nature**

The following observations are made.

(a) Even though the CEB had sold electricity to LECO and purchasing fuel from Ceylon Petroleum Corporation for several years, there were no sales and purchase agreements entered with those two parties in order to ensure the smooth operations between these two Institutions.

(b) The CEB had not paid an interest of Rs.2,171,027,353 to the General Treasury as per the conditions in Sub-loan Agreements and an additional interest ranging from 1 per cent to 2 per cent per annum had to be paid on delaying the above interest payment. Further, the agreements with regard to four sub-loans to the total value of Rs.13,090,107,000 were not made available for audit.

4.6 **Identified Losses**

A sum of Rs.41,829,697 had been deducted by the lending agency in 2017 as commitment charges from the loans given for implementing the foreign funded projects of the CEB due to un-utilization of the funds in timely manner.

4.7 **Human Recourses Management**

The following observations are made.

(a) Scheme of Recruitments and Promotions (SOR) of the CEB had not been updated for a longer period.

(b) Even though the Key post in the HR Division is DGM (Personnel), required qualifications and experience for that post had not been specified in the Scheme of Recruitments and Promotions (SOR) and keeping the posts open to other services, specially, for electrical engineers.

(c) According to the existing SOR, 50 per cent of the total cadre of Human Recourse Officers (HRO) is filled from externally and that percentage is planned to increase year by year gradually up to 85 per cent. However, it was not observed a clear promotion path for those externally recruited employees in the promotion scheme as two engineers covered the functions of the Divisional Head over a longer period of the CEB's history.

(d) Experience required for direct recruitment of Human Resource Manager (HRM) and Human Resource Officer (HRO) is 06 years in the field of HR in an organization having more than 100 employees which inadequate as compared with the staff strength need to be handled in the CEB.

5. **Achievement of Sustainable Development Goals**

"Ensure access to affordable reliable, sustainable and modern energy services" is the 7th goal out of 17 goals in the "Sustainable Development Agenda 2030" introduced by the United Nations and this goal is falling within the scope of the CEB. Hence, the CEB is responsible to ensure the achievement of this goal by 2030 in Sri Lanka. However, the CEB had not yet identified the targets and milestones to achieve this goal.

6. **Accountability and Good Governance**

6.1 **Social Responsibilities**

Environmental Protection License (EPL) had not been issued by the Provincial Environmental Protection Authority since July 2017 for Lakvijaya Power Station.

6.2 **Unresolved Audit Paragraphs**

Thirty two audit paragraphs raised in previous year audit reports had been brought forwarded without being resolved even in the year under review.

7. **Systems and Controls**

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

	Area of systems and control	Observations
(a)	Assets Management	(i) Long delay in completing the capital works in the Distribution Divisions. (ii) Expedite to survey, valuation and protection of lands of the CEB scattered Island wide. (iii) Maintenance of updated database for vehicles.
(b)	Receivables and Payables	Timely recover of debtors and other receivables.
(c)	Human Resources Management	Management of human resources according to the role and the extent for achievement of the objectives of the entity.
(d)	Inventory Control	(i) Maintenance of stock records properly. (ii) Establishment and maintenance of appropriate controls over the coal stock handling to avoid stock shortages and excesses.
(e)	Project Management and Control	(i) Completion of the project within the time frame. (ii) Preparation of engineering estimate realistically.
(f)	Accounting System	Continuously restate the financial statements of the CEB since the year 2013 due to weaknesses in the internal controls remained in the accounting system.