

Janatha Estate Development Board - 2019

The audit on the operating activities of the Janatha Estate Development Board for the year ending 31st December 2019 was conducted in accordance with the provisions of the National Audit Act No. 19 of 2018 which should be read in conjunction with Article 154 (1) of the Constitution of the Democratic Socialist Republic of Sri Lanka. This report includes my views and observations which I intend to present to Parliament in accordance with Article 154 (6) of the Constitution of the Democratic Socialist Republic of Sri Lanka.

1.2 The Responsibility of the Management and Controlling Parties in the submission of the financial statements

Each audited entity must maintain proper books and records on its own income, expenditure, assets, and liabilities so as to be able to prepare annual and periodic financial statements on that entity, pursuant to Section 16 (1) of the National Audit Act No. 19 of 2018. According to Section 16(2) of the Act, the Chief Financial Officer should submit annual financial statements relating to each audited entity, along with the annual performance report of those entities within a period as specified by the rules, to the Auditor General. It should be ensured that the annual reports and other financial statements have to be prepared within the required period pursuant to ensure Section 38(1) (d) of the Act and also in addition the chief accounting officer should to submit the annual reports relating to the audited Entity to the parliament.

However, the financial statements approved by the Board of Governors for the year 2019, which are to be furnished to the Auditor General within 60 days, pursuant to the Treasury Circular No. PED/12 dated 02nd June 2003, had not been furnished for audit even at the date of this report.

2 Financial Statements

2.1 Presentation of Financial Statements

Even though the financial statements and draft annual report should be furnished to the Auditor General within 60 days from the close of year of accounts in terms of section 6.5.1 of the Public Enterprises Circular No. PED/12 dated 02nd June 2003 and Treasury Circular No.01/2004 dated 24th February 2004, the financial statements and the draft annual reports for the years 2018, 2019 and 2020 had not been furnished for the audit even by the date of this report.

2.2 Maintenance Books and Registers

Even though the activities of the board have been continuously maintained, the books and registers relating to the year under review had not been completed.

2.3 Existence of Assets and Liabilities

Following are the details of assets, liabilities, income and expenditure stated in the financial statements as at 31st December 2017, finally prepared by the board.

Assets	Value
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	Rs.
Non-Current Assets	2,218,946,781
Current Assets	<u>773,294,188</u>
Total Assets	<u>2,992,240,969</u>

Liabilities

Current Liabilities	2,322,337,501
Non-Current Liabilities	<u>709,858,954</u>
Total Liabilities	3,032,196,455
Net Asset/ Ownership	<u>(39,955,486)</u>
Total Liabilities	<u>2,992,240,969</u>
The Total Income	1,181,361,157
The Total expenditure	<u>1,562,383,680</u>
Deficit	<u>(381,022,523)</u>

2.4 Non -compliance with laws, rules, regulations and management decisions

The following non -compliances were observed.

Reference to law, rules, regulations	Non compliance	Comments of the management	Recommendation
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(a) Public Enterprises Circular No.PED/12 dated 2 nd June 2003 - paragraph 9.4	Although an employee of an institution should not be released to a Ministry or any other institution or should not be paid for such released officers without a cabinet approval, an officer who was suspended and reassigned on the recommendation of the Political Revenge Committee relating to the board and had been appointed as” Manager-Marketing” of Elkaduwa plantation company in 2017, and also the board had paid	This officer has been reassigned to the JEDB, on the recommendation of the Political Revenge Committee. The management had to work that officer under the Elkaduwa Plantation Company, which operated under the Line Ministry, in connection with the trade union protests against the employment of the employee at the JEDB head office. This was done to prevent the creation of further industrial dispute within the Institution. Subsequently due to JEDB and Elkaduwa plantation company came under two	An officer should not be released to a ministry or any other institution or the salaries for such released officers should not be paid without the cabinet approval.

as salaries of Rs.1, 798,260 to the officer from 2019 up to the end of August 2020.

Ministries, after the existing government came to power, the management of JEDB had been taken action to recall the particular officer to the service from the date 02-09- 2020. Further, the institution had to take such an alternative course of action as the decision taken by the Cabinet had to be implemented.

(b) Paragraph 7 of the circular No.SP/RD/02/10 dated 03 February 2010 on State Land Administration of the secretary to the president

Although, when it is leasing, sale and disposal of state lands by a deed, the value/charging the leasing charges should be done on the basis of a valuation of a government valuer, no report has been obtained from the Government valuer when leasing the Paravila rubber land at Kumarawatta estate, Monaragala

Although the secretary to the President has confirmed in the Circular SP/RD/02/10 issued on 03.02.2010 that government valuation should be obtained when selling or leasing government resources, the government assessment has not been obtained due to the financial crisis in the institution. Further, applications should be called for the allotted of these lands and the Government valuation should be obtained after identifying the suitable investor and amount of land for that investor. Accordingly, since it takes a very long time to apply for the assessment and obtain the report, steps have been taken to enter in to the lease agreements, being based on a tax value approved by the Board of Directors. However, the agreement that the terms and conditions pertaining to the revision of taxes on government assessment in a manner not prejudicial to the Janatha State Development Board are

when it is leasing, sale and disposal of state lands by a deed, the value/charging the leasing charges should be done on the basis of valuation of a government valuer

included in the lease agreements.

3. Operational Review

3.1 Performance

3.1.1. Function and review

Audit observation	Comments of the management	Recommendation
<p>(a)The board had commenced rubber cultivation on a land of 15 hectares in the Parawilla section of the estate in Monaragala Kumarawatta in the year 2015 and had been spent a cost of Rs.8, 346,368 from 2015 to October 2019. However, according to Agreement No. 158 between the Board and the relevant lessee, the Board is expected to obtain a total rent income of Rs. 11,423,415 for a period of 30 years by leasing the land. Accordingly, the board had not taken actions to enter into an agreement to obtain a return commensurate with the expenditure incurred for the relevant cultivation by leasing this land.</p>	<p>According to the letter sent by the then chairman on 18- 09- 2019, it appears that this part of the land has been considered as a barren land and according to the tax amount has been calculated without considering the rubber cultivation. The board of directors has been instructed to cancel this agreement as it has been signed on the lease rates applicable to barren lands, irrespective of the existing number of rubber trees or the income that can be derived from it, and it is difficult to cancel this lease agreement as the financial provision does not have to repay the advance of Rs.1.25 million paid by the lease at the time of such cancellation. If not, the rent amount should be amended accordingly and entered into the new agreement after obtaining and valuation report appropriate to their project report for the entire land, including the rubber plantation.</p>	<p>After obtaining valuation report for the entire land, including this rubber plantation, the lease amount should be amended and entered into A new agreement.</p>
<p>(b). The most important agricultural activity for successful tea cultivation is the maintenance of tea nurseries. The main objective of managing the tea nurseries is to produce tea varieties recommended for the area within a specified period of time, at a minimum cost, to produce healthy and</p>	<p>It is informed that it was estimated to commence the tea nurseries with 1,350,000 tea plants of our 14 estates in 2021, hence existing management has understood that establishing the tea nursery is a main agriculture practice for the successful tea plantation. Through this, it can be utilized for the development activities of this year such as replanting and restoring.</p>	<p>It should be maintained the tea nurseries at a minimum cost with well grown and healthy tea varieties which recommended for the particular area for maintaining successful tea cultivation.</p>

strong tea plants at minimal cost while maintaining a low percentage of infertile or dead plants. However, it was observed that tea nurseries are not been established and maintained in the estates of the board at present and due to this, the plants required for planting have to be obtained with incurring cost by from outside parties.

(c).According to the performance reports issued by the board from the year 2017 to the year 2019, It had taken a minus contribution per one kilogram of tea when comparing the cost of production of one kilogram of finished tea and the average sales value of 16 estates and also it was observed that minus contribution had been increased respectively in the range of from Rs.100 to Rs.594 in the year 2017, in the range of from Rs.53 to Rs.487 in the year 2018, and the minus contribution has increased up to the range of Rs.573 to Rs.2,109 in the year 2019. Accordingly, it was observed a situation that the cost of production could not be covered by the income from the sale of one kilogram of tea continuously.

(d). It was observed that harvest of all the estates of the board was remained in very low from the year 2009 up to the year under review, although the average monthly harvest of tea was 1600 kilograms per hectare according to the plantation crop statistics of the Ministry of

The production cost per one kilo of finished tea for the year 2019, should be corrected as per your report. (The data on monthly production cost of the Year 2019 is mentioned in the report) and it is informed that the cost of production has been increased due to not increasing the harvest of the year under review. Due to non-supplying of fertilizers and other agricultural equipment according to the prescribed procedures, selling price has decreased as poor quality of the tea leaves and due to improper maintenance of machinery in the tea factories, the finished tea has received a low selling price and the tea factories such as Hoap, Lewalan and Lookadura are being undergoing maintenance. In the years of 2020/2021. A growth in sales price will be expected.

Though it is mentioned the harvest per hectare is 1600 kilograms, according to the statistics of the plantation sector, the reason for our non-productivity is due to improper use of fertilizers for more than 15 years, improper weeding of the fields (non-maintenance) and changes in the environmental factors. The main reasons for this are that there

The management should effectively manage the production and the cost of tea and increase sales revenue and ensure that the revenue from the sale of one kilogram of tea can cover the production costs incurred for it.

The management should be responsible for maintaining the estates of the board properly and fertilizing appropriately in order to get the monthly average harvest which should be remained in one hectare according to the data of the crop plantation statistics of the Ministry of Plantation

Plantation. In the year 2019 the value of in the estates had been taken a low range from 335 to 733 kilograms.

(e)The actual finished tea stock related to 16 tea estates which belong to the board during the year under review was 1,371,537 kilograms, which is decrease of 64,232 kilograms compared to the previous year and it was observed a decrease of 702,693 kilograms compared to the budgeted harvest.

(f). According to the Heatarage statement of 2019 which was prepared by the Board stated that the total area of land belonging to the 16 tea estates controlled by the board was 10,165 hectares at the end of the year under review. According to the report, out of the total land area, only 4895.79 hectares has been used for tea and other cultivation. **It was observed that, when 1214 hectares of land was allotted for building from the total land, 4054.97 hectares of land is not being used for tea cultivation and it was about 39.89 percent of the total land area and also the board has no plans to utilize this land for cultivation.**

(g)According to the Hectarage statement of 2019 for rubber cultivation which prepared by the board on the extent of land allotted for rubber cultivation, there are 2,177 hectares of land belongs to the board for rubber cultivation but only 742 hectares for rubber cultivation

is no replanting or resupply because of the company is not having working capital.

Due to the financial crisis of the company, the harvest has decreased annually due to non-supplying of fertilizers and other agricultural instrument to the estates and the harvest has increased by about 6% in 2020 as compared to 2019

Due to financial crisis prevailing in the institution for many years, no re cultivation or new cultivation has been done in the estates managed by the Estate Development Board and there was no increase in the area of land due to the reduction of the area and the low harvesting tea cultivation in the years 2017/ 2018 and the steps are being taken to start tea nurseries in each estate to cultivate 10 hectares per estate in the year 2021 and to increase the area under tea cultivation. Furthermore, it is informed that other crops have been started cultivation in the year 2021(cloves, coffee, cinnamon, cardamom.)

Due to the financial crisis that has prevailed for many years, there has been no increased in land areas as rubber has not been re- planted or newly cultivated and it is expected to remove the prevailing rubber cultivation in weak condition and replant by cultivating of 10 hectares per estate in the year 2021.

It is the responsibility of the management to prepare estimates to increase the annual harvest as well as to take the necessary steps to increase the harvest accordingly

Management must ensure to utilize the amount of land belonging to the board efficiently and effectively.

It is the responsibility of the management to prepare plans for the efficient and effective utilization of the land areas of the board and to work towards the culmination of the planning.

and 26 hectares for other crops had been utilized, and 1,408 hectares had not been used for cultivation. Accordingly, 64.6 percent of the total land area had not been used for rubber cultivation. It was observed that the board did not have a plan to utilize this land area for cultivation.

(h) There were only 322 hectares of land which was with quality and in moderation plants out of the 604 hectares of land which belong to the board and earning income by cultivating rubber. It is observed that 282 hectares of land is underutilized due to low harvesting rubber of 282 hectares.

It was about only 47 percent of the total land revenue earning. Accordingly, it is observed that 89 percent of the area where income is earned by cultivating rubber in the Diyaluma estate is low harvesting rubber.

(i) According to the requirements of fertilizer for the year under review, the estimated expenditure of fertilizer is Rs.61,673,682 but the actual expenditure on fertilizer during the year under review was Rs.2,073,745. There is a risk of declining demand for finished tea due to declining quality of seedlings and tea leaves due to non-application of the required amount of fertilizers in a timely manner. In the year 2019, the actual expenditure on fertilizer only for 03 estates, out of 15 estates, was low as 3 percent as a

The significant reduction in productivity due to the 50% of the area has been cultivated from the total hectares under the rubber cultivation and also due to improper fertilization and maintenance of the fields and non-compliance with good agricultural practices. No replanting and maintenance have been done due to non-maintenance of the field and re-cultivation of non-cultivated land due to lack of working capital of the Institution. It has been planned to maintain significantly and re-plant the underdeveloped areas by 2021 with the recent progress.

Although the application of fertilizers has been Limited, due to financial crisis of the company who has prepared annual estimates for the year under review, the fertilizer has been distributed to the estates such as Bohil, Kolapathana and Mahawatta estates on the basis of installment payments by Insight Company Private Limited. It is expected to apply the Fertilizer suitably in the year 2021.

It is the responsibility of the management to maintain the crops properly and to utilize the land effectively.

The suitable timely maintenance of the cultivation using fertilizers should be done in order to get the proper harvest from the cultivations.

percentage of budgeted expenditure.

3.2 Unauthorized Transactions

Audit Observation -----	Comments of the Management -----	Recommendation -----
<p>(a). Six officers for holding the post of Accountant, Manager of Human Recourse Manager of Legal, Manager(forest), Internal Auditor belonging to the MM 1-1 salary category, the monthly transport allowance of Rs.50, 000 and including a allowance for quantity of liter of fuel as determined for each post, the amount of Rs.4,603,760 had been paid in the year 2019. Although it was stated that this payment was made under Section 5 and 8 of the state agricultural board Act No.11 of 1972, specific information has not been included in those sections regarding the payment of such allowances.</p>	<p>It has been reported regarding the transport allowances and fuel allowance for the 06 officers mentioned in the above letter. According to the circulars issued by the Department of Management Services regarding the fuel and transport allowances, MM 1- 1 grade officers are not entitled to the transport allowance. However, in accordance with the provisions of the Agricultural Act No.11 of 1972 established by the State plantation Board, the board of directors of the institution has taken action to grant the transport allowance to those officers of this institution due to following reasons. Under the sub-sections 5.b, 5.e, 8.8(1) (b), 8.1(b) Of the said acts, the board of directors of this institution has the power to make such decisions. Prior to approving the staffing plan which was approved by the board of directors of Janatha Estate Development Board on 03.08.2011, has been approved those allowances on the basis of service requirement, officers who were recruited first and recruited then to minimize the salary anomalies of managers</p>	<p>It should not be acted to override the existing rules and regulations.</p>
<p>(b)Production consultant recruited on contract basis has been paid the transport allowance of Rs.476,667 including Rs.50,000 per month and a fuel allowance of Rs.410,400 had been paid including that</p>	<p>The recruitment of such employees was mainly due to the inability of the employees equipped to performed existing duties/ duties related to the proposed project properly and the lack of the employees in the institution to employing in this</p>	<p>Management should ensure to act in compliance with the recruitment process.</p>

particular officer and other two officers recruited on a contract basis for the post of Manager plantation and the production consultant in the year under review. Although it was stated that this payment was made under Section 5 and 8 of the State Agricultural board Act No.11 of 1972, specific Information has not been included in those sections regarding the payments of such allowances.

regard and also, they have acted In accordance with the authorities vested in the board of directors of the institution according to the provisions of the State Agricultural Act No.11 of 1972. Further determining of their salaries and wages has also been done in accordance with those authorities.

3.3 Management inefficiencies

Audit observation	Comments by the management	Recommendation
<p>(a)The board had to bear a cost of approximately Rs.22 million for salaries, allowances and benefits in the year 2017 and 2018 for the officers/ employees of the Accounts Division of the head office, in addition to this it had to bear the cost of maintaining offices as well. However, due to the failure of the Accounts Division in preparing the financial statements on time and submitting them to the Auditor General, a private accounting firm had been entrusted with the task of paying a fee of Rs1,000,000.Though the financial statements for the years 2017 and 2018 should be prepared and submitted for audit on 28 February 2018 and 28 February 2019 respectively, after a period of one to two years beyond the that period, for the preparation of financial statements for each year had</p>	<p>Preparation of accounts has been offered to Ranwaththa and Company, according to the decision 2019/05/Accounts/BP.37 of the board of directors dated 12th July 2019. This accounting firm has been selected, based on the decision taken by the administration therein as none of the board of directors has made objections on this. However so far, this company has prepared the accounts of 2017 and submitted them to us. Currently the financial statements of 2017 have been submitted for audit.</p>	<p>The inefficiencies in the accounting sector is needed to identified and the remedies should be applied.</p>

been submitted to the private accounting firms on the 1st of October 2019. It is also observed as untimely decision making and the inefficiency of the management.

(b)The board had incurred a loss of Rs.800,000 when selecting private accounting firm for the purpose of preparing the arrears financial statements for the years 2017 and 2018, as it has been selected the bid of Rs1,000,000 rejecting the lowest bid of Rs.200,000. The reason for selecting the highest bid was not explained, and it was observed that only one out of three members of the committee had signed the report of the Technical Evaluation Committee.

Furthermore, according to the bid file, the bids submitted by GMS Association are Rs.1,500,000 for both years. The company that ranks second in terms of prices has been selected. The tender opening committee has mistaken it as Rs.1,500,000 and it should be corrected as for 2 years. This company has been selected, according to the basis of the methodological comparisons of the SBN Association company and Ranwaththa company. I acknowledge that the Committee report was signed by only one committee member.

Should be complying in accordance with the Government Procurement Guidelines.

3.4. Operational Inefficiencies

----- Audit observation -----	----- Comments of the management -----	----- Recommendation -----
<p>(a)According to the valuation reports submitted by the Colombo Municipal Council in respect of seven properties of the board, the outstanding rate tax value is Rs.33,728,663 as at 31st December 2019. Furthermore, among the total leasing charges of Rs.41,003,896 is received annually from the leased premises out of these properties and it was observed that the annual rate tax value to be paid was Rs.5,647, 488. Accordingly, although a sufficient amount was collected as leasing charges, it was observed that the board had</p>	<p>The board agrees to your observation note. Though the payments for the due years have not been made on time due to the ongoing financial crisis of the Janatha Estate Development Board. An amount of Rs. 8,264,758.80 has been paid under the rate tax number 55/ 39 on the 30-10-2019. Although the amount of Rs.41,003,896 is depicted as the annual leasing charge, there are some deficiencies and the leasing charges have not been paid properly by the lessee. However, according to the answers 1 and 2, the payments</p>	<p>The actions should be taken to pay the rate tax charges properly to the relevant local authorities according to the assessment reports.</p>

failed to pay the rate tax charges to the relevant local authorities. have not been made due to the severe financial crisis in the institution. Though it is kindly informed that the proper actions will be taken to pay the annual assessing value in quarters.

(b)Although the tea factory at Kandaloya estate in Nawalapitiya has been inactive since 2003, the machinist of the factory has not been attached to another tea factory. Though the inactive factory does not require a post of machinist, this employee has been attached to this particular tea factory. It was observed that the uneconomical salary of Rs.4,162,439 has been paid for him from the year 2003 up to the year 2019. It was also observed that, even today the same employee has been attached to the inactive factory.

It is informed that Mr.I.M.Janadasa who was working as the Assistant Tea Factory Machinist, has been employed for field duties of Kandaloya estate and other office work.

This employee must be attached to another factory to perform the duties.

3.5 Lack of evidence for Audit.

Audit observation	Comments of the management	Recommendation
<p>The board had taken action to procure private accounting firm to prepare the financial statements on the 1st October 2019, after the deadline for the legal preparation and submission of financial statements for the years 2017 and 2018, when examining the procurement activities, it was observed that the bidders have not been invited to take part in the opening of bidding as per section 6.3.3(b) of the Procurement Guidelines. Furthermore, the evidence for</p>	<p>The selection of bidders has been done by the board in accordance with the procurement guidelines, the bids have been summoned after finding out the professional accounting Institutes, from the Rainbow pages of the Yellow Pages.</p> <p>The decision had been announced by the chairman before the closing time of the tender-documents on 24th June 2019. The reason for this was, not receiving adequate quantity of bids up to then. The supply division has not informed the bidders about the postponement of 04 days and it will</p>	<p>It should be taken an action in accordance with the Government Procurement Guidelines.</p>

the opening of bids in public has not been submitted to the audit in accordance with the section 6.3.3 of the Procurement Guidelines. **take steps to rectify such deficiencies in the future.** Opening the bids in public is not essential feature and the bidders have not come to the firm on 24/ 06/ 2020.

3.6 Non performing or underutilized assets.

----- Audit observation -----	----- Comments of the management -----	----- Recommendation -----
There are 15 factories and 02 rubber factories belong to the Janatha State Development board and it was observed that 08 tea factories with the daily production capacity of 77,000 kilograms, are inactive and two rubber factories with a daily production capacity of 3000 liters are inactive.	Information on the capacity of Tea and Rubber factories are mentioned in this annexure.	The management must ensure that the maximum capacity of the factory is utilized.

3.7 Staff Administration

----- Audit observation -----	----- Comments of the management -----	----- Recommendation -----
(a)Although the human resources manager and the manager (Legal) of the board should be established at the MM 1-1 salary scale as per the approved carder and recruitment procedure, according to the appointment letters of the officers, dated 1 st April 2017, the chairman of the board established at the 10 th step of the HM1-1 salary scale, by issuing an appointment letter and had paid an illicit salary of Rs.3, 937,668 up to December 2019 from the date of appointment. Although it was stated that this payment was made under Section 5 and	I would like to report that both of them have obtained the highest marks at the relevant interview. The management has taken steps to establish two such qualified and experienced applicants in the practical paying scales of the field as they could not be recruited under the salaries and allowances of the general apprentice. The formal approvals have been granted accordance with the powers conferred (5.b,5. e,8.8(1)(b),8.1(b)), in accordance with the power vested on the board of directors of the Janatha Estate Development Board by the Agricultural Act No. 11 of 1972.	Management should be taken an action according to the recruitment procedure.

8 of the State Agricultural board Act No.11 of 1972, specific information has not been included in those sections regarding the payment of such allowances.

(b) An illegal allowance of Rs.611,329 has been paid during the year under review by appointing a state superintendent for the post of Manager (Forest) since 1st January 2017 which is not included in the approved carder without adhering into the regulations of the subsection of the section 6 of the second chapter of the Establishment Code.

(c) The necessary staff for the Janatha State Development board had been approved by the Department of Management Services though the letter No.DMS/E3/34/4/218/1(V01-1) dated 3rd August 2011. However, officers had been recruited on contract basis for six posts which were not included in the approved carder, and salaries and allowances of Rs.7, 849,074 had been paid to those officers only in the years 2018 and 2019.

Manager-Forest Resources

Although the facts stated in the query are true, the institute has taken steps to recruit an officer to the post of “Manager- Forest” Resources on the basis of the following service requirements as per the powers vested in the Board of Directors

Granting appointments for unapproved posts

Number of employees planned for 2011 has been change as the number of vacancies in the above staffing plan is not included in the number of posts suitable for the organization due to the absence of suitable employees to carry out the essential duties of the organization and other re-organized tasks/special projects in the year 2017 and after preparing a draft and reporting to the Ministry of Public Enterprise Development then, which belongs to the Janatha Estate Development Board, a discussion was held at the National Salaries And Cadres Commission under the chairmanship of the officials of the Line Ministry, the Treasury and the institution and it was decided to before amend the existing staffing plan, It was asked to prepare the recruitment procedures and should be submitted. Accordingly, the recruitment procedures were prepared and forwarded to the Department of Management Services and

Action should be taken to get the relevant post approved as it is a post which is not in the approved carder.

Actions should be taken to preserve only the posts of the staff and the number of employees approved by the Department of Management Services. If other posts are required, the approval should be taken for them.

the actions have been taken to obtain relevant approval by the institution.

(d) A charge sheet containing five charges had been issued on the 29th December 2017 to a junior executive officer who was suspended on 19th December 2017, and related to it a formal disciplinary enquiry was conducted at a cost of Rs. 114,895 and the disciplinary committee that met on the 11th March 2019, had decided, that the officer as the offender of all five charges. However according to the second report of the board of directors held on 26th March 2019, the officer has been re-instated with the arrear's salaries, despite the allegations, the reason for that was not mentioned.

Surpassing the disciplinary directions. Based on an appeal made by the above mentioned officer to the Chairman then, the board of directors of this institution had decided to release her salary and allowances as there was no financial loss to the institution due to her actions. Accordingly, the institution took action to provide her with those reliefs.

Management must ensure to taking actions without surpassing the disciplinary requirements of the inquiries.

4. Accountability and Good Governance

4.1 Submission of Annual Accounts

Audit observation	Comments of the management	Recommendation
<p>Although the financial statements of the board should be submitted for audit within 60 days after the end of the financial year, in accordance with the paragraph 6.5.1 of Public Enterprise Circular No PED 12 dated 02nd June 2003, it was observed that there has been a delay of several years in the submission of financial statements for the last 5 years. The financial statements for the year 2018 and 2019 had not been submitted for audit by 15th February 2021.</p>	<p>The financial statements for the year 2018 and 2019 have been prepared by the 15th February 2021. At the same time the financial statements for the year 2020 have been submitted to the meeting of the board of directors in March 2021. The accounts of the 2017 are to be referred to the National Audit Office.</p>	<p>The actions should be taken by the management to submit the financial statements of the board before 60 days after the ending of the financial year in accordance with the paragraph 6.5.1 of the Public Enterprises Circular No. PED 12.</p>