Lanka Sathosa Limited - 2021

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1. Financial Statements

1.1 Disclaimer of Opinion

The audit of the financial statements of the Lanka Sathosa Limited (“Company”) for the year ended 31 December 2021 comprising the statement of financial position as at 31 December 2021 and the profit and loss statement, statement of changes in equity and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, 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 provisions of the National Audit Act, No. 19 of 2018. My comments and observations which I consider should be reported to Parliament, appear in this report.

I do not express an opinion on the financial statements of the Company. Because of the significance of the matters discussed in the Basis for Disclaimer of Opinion section of my report, I have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

1.2 Basis for Disclaimer of Opinion

I do not express an opinion based on the matters described in the paragraph 1.5 of this report.

I conducted my audit in accordance with Sri Lanka Auditing Standards (SLAuSs). My responsibilities, under those standards are further described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of my report. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my disclaimer of opinion.

1.3 Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with Sri Lanka Accounting Standards, and for such internal control as management determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intend to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company’s financial reporting process.

As per Section 16(1) of the National Audit Act No. 19 of 2018, the Company is required to maintain proper books and records of all its income, expenditure, assets and liabilities, to enable annual and periodic financial statements to be prepared of the Company

1.4 Auditor's Responsibilities for the Audit of the Financial Statements

My objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Sri Lanka Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Sri Lanka Auditing Standards, I exercise professional judgment and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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 Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.

- Conclude on the appropriateness of the management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

The scope of the audit also extended to examine as far as possible, and as far as necessary the following;

- Whether the organization, systems, procedures, books, records and other documents have been properly and adequately designed from the point of view of the presentation of information to enable a continuous evaluation of the activities of the Company, and whether such systems, procedures, books, records and other documents are in effective operation;

- Whether the Company has complied with applicable written law, or other general or special directions issued by the governing body of the Company;

- Whether the Company has performed according to its powers, functions and duties; and

- Whether the resources of the Company had been procured and utilized economically, efficiently and effectively within the time frames and in compliance with the applicable laws.

1.5 Audit Observation on the Preparation of Financial Statements

1.5.1 Non-Compliance with Sri Lanka Accounting Standards

	Non-Compliance with Reference to the Relevant Standard	Comments of the Management	Recommendation
(a)	Although inventory should be measured at the lower of cost and net realizable value according to the paragraph 09 of Sri Lanka Accounting Standards 2, the total stock amounting to Rs.4,903,716 was accounted for at cost in the year under review. Also, the age analysis of these stocks had not been submitted to the audit.	The net realizable value of the inventory sold is not less than the cost and the inventory is valued at cost. At present, necessary activities are being carried out so that the expiry stocks can be identified through the system itself.	Action should be taken in accordance with the Sri Lanka Accounting Standards.
(b)	According to paragraph 51 of Sri Lanka Accounting Standards 16, the residual value and useful life of an asset should be reviewed at least at the end of each financial year, and if the expected status differ from the above estimates, the changes should be accounted as a change in an accounting estimate in accordance with Sri Lanka Accounting Standard 08. However, action had not been taken as per the standard regarding the fully depreciated amount of Rs.227,380,845.	An asset revaluation had been done in 2019, and another asset revaluation will be done in the next year. The written-down value of Rs.227,380,845 in nameplates and fixtures, computer accessories, equipment, wooden furniture and fixtures, motor vehicles, communication equipment, and computer hardware had been fully depreciated as at 31 December 2021 and there was no impact on the financial statements.	Do
(c)	Although the accounting policy for government grants and the amount of grants should be disclosed in the financial statements as per paragraph 39 of Sri Lanka Accounting Standard 20, Rs.2,295,745,706 received from the treasury for the payment of the loan taken for the importation of rice in the year under review, had not been disclosed in the notes to the accounts.	The value of reimbursements of the loan installments in the financial statements will be disclosed in the financial statements of the year 2022 in accordance with Standard No. 20.	Action should be taken in accordance with the Sri Lanka Accounting Standards.

(d)	Although company had identified Rs.618,991,224 as impairment loss in previous years, negotiations had been carried out with debtors amounting to Rs. 267,600,500. An annual review had not been carried out regarding the remaining impairment value of Rs.351,390,724, in accordance with paragraph 114 of Sri Lanka Accounting Standard 36.	Investigations are still being carried out in relation to Rs.36,453,533 due from the Sports Ministry and related reports regarding the activities carried out in the year 2021 regarding the recovery of the advance paid to Liverpool Navigation (Pvt) Ltd are attached herewith.	Action should be taken in accordance with the Sri Lanka Accounting Standards.

1.5.2 Accounting Deficiencies

	Audit Observation	Comments of the Management	Recommendation
(a)	The depreciation value accounted as at 31 December 2021 was Rs.500,766,342 and according to the calculations of the audit, it was Rs.447,194,902, so the depreciation value was underestimated by Rs.53,571,440.	The reason for this difference can be the adjustment of depreciation of the improvements made in the asset during the year. In calculating the depreciation through the system, the depreciation is calculated from the date when the improvements were made in a fixed manner and in manual calculations, this is added to the cost of the relevant asset. Therefore, This type of differences has occurred because the depreciation has been adjusted to A.G. time.	It should be calculated correctly.
(b)	According to the financial statements, the cost in respect of 7 items of property, plant and equipment is Rs.3,661,079,971, and according to the fixed assets register it was Rs.2,917,207,117, Thereby a difference of Rs.743,872,854 was observed.	This has happened in the year 2013 and there is no difference in the fixed assets register and ledger values of the year under review.	Action should be taken to include correct values by checking comparatively and physically.
(c)	Although fixed deposit interest receivable amounting to Rs.25,099,313 in respect of the year under review should have been shown as income receivable, it was shown in the financial statements as fixed deposits.	Fixed deposit interest income will be shown separately as an income receivable in the financial statements of 2022.	Investment income should be properly accounted.
(d)	The difference in property, plant, and equipment amounting to Rs.9,164,830 due to the total of Rs.108,881,167 being shown as Rs.118,046,003 in the cash flow	This will be taken into account while preparing the accounts for the year 2022.	Action should be taken to present the cash flow statement correctly.

statement, Rs.31,212,686 loss on the removal of computer software was not presented under operating activities in the cash flow statement. This difference had been adjusted by showing Rs.40,377,522 payable for the purchase of fixed assets as cash outflow without adjustment to working capital.

1.5.3 Unreconciled Control Accounts or Records

	Subject	Amount as per Financial Statements Rs.	Amount as per Corresponding Records Rs.	Difference Rs.	Comments of the Management	Recommendation
(a)	Trade Receivable Account.	369,608,694	474,081,072	104,472,378	Most of the figures shown under receivable balances are receivable balances related to government and government institutions and there is no problem of debt collection.	Balance comparisons should be done and arrangements should be made to indicate the correct balance and relevant information should be submitted.
(b)	Receivable from Corporate Wholesale Establishment	10,083,353	89,228,613 (Confirmed as per C.W.E.)	79,145,260	As per the balance confirmation letter, re-comparison is being done regarding the difference of Rs.79,145,260.	Accurate information should be accounted.
(c)	Payable to Corporate Wholesale Establishment	1,826,860,899	2,250,219,375 (Confirmed as per C.W.E.)	423,358,476	As per the balance confirmation letter, re-comparison is being done regarding the difference of Rs.423,353,476 .	Comparisons should be made to show the right balance.
(d)	Trade Payable Account.	8,751,603,336	8,786,261,100	34,657,764	We received a report from Ewis regarding this change, and necessary steps are being taken to correct the change.	Comparisons should be made to show the right balance.
(e)	Loan payable balances	9,830,760,719	10,367,560,020	536,799,301	The loan interest was converted into a term loan (Term Loan) and	The outstanding loan balances should match with the bank

	the Treasury agreed to pay the loan and interest amount and therefore the loan interest was accumulated for long term loans without accounting separately.	confirmations.	

1.5.4 Going Concern of the Organization

Audit Observation	Comments of the Management	Recommendation
At the end of the year under review, the deficit of the company was Rs.840,281,278 and the current liabilities exceeded the current assets by Rs.6,684,218,633, due to which the company's ability to meet its liabilities from its assets and its ability to continue operating remained uncertain without providing treasury provisions. According to the financial statements of the reviewed year, short term and long term liabilities other than the treasury grants receivable amounted to Rs.22,751,797,451 and from these liabilities, the treasury only provides for the annual loan installments and interest of the loan amount obtained for rice importation.	Measures taken The company's going concern measures will be disclosed in the 2022 financial statements.	Action should be taken by the company to continue the operations of the company.

1.5.5 Lack of Documentary Evidence for Audit

	Subject	Amount Rs.	Evidence not made Available	Comments of the Management	Recommendation
(a)	Motor Vehicle	18,821,440	Schedules	Comments had not been given	Relevant supporting documents should be submitted to confirm the balances shown in the financial statements.
(b)	Communication equipment	3,642,602	Do		
	Assets taken over from Co-Operate				

(c)	Wholesale Establishment	22,798,843	Do		
(d)	Debtors and other receivable balances	687,776,959	Age Analysis	By the year 2022, a large number of debtor balances have been settled and balance settlement activities are still being carried out.	Action should be taken to submit an age analysis to the audit.

1.6 Unauthorized Transactions

	Description of the Unauthorized Transaction	Comments of the Management	Recommendation
(a)	Rs.29,328,808 was paid as employee medical insurance premiums without the approval of the Board of Directors and the approval of the Treasury in the year under review,	Taking into account the facts mentioned by the audit department, the approval for employee medical insurance will be taken in the future.	Board approval and Treasury approval should be obtained.
(b)	Rs.16,626,065 which had been accounted for as capital grants receivable had not been received in the year under review and had been written off from the accounts without obtaining the relevant approval.	Rs.16,626,065 which was accounted as capital grant receivable is an amount allocated from the national budget to cover capital expenditure. This was stated as receivable, but as the amount was not received by the Ministry at the end of the year under review, it was written off from the accounts. As this is not a write off for general receivables, no board approval is required for this.	Relevant approval should be obtained.

1.7 Accounts Payable

Audit Observation	Comments of the Management	Recommendation
Action had not been taken to settle the arrears of Rs.17,912,034 for 12 buildings acquired from the Department of Food Commission for the years 2020 and 2021.	Comments had not been given.	Arrangements should be made to settle the arrears of rent.

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

	Reference to Laws, Rules Regulations etc.	Non-compliance	Comments of the Management Comment	Recommendation
(a)	Public Enterprises Circular No. PED/12 and dated 02 June 2003.			
	i. Paragraph 7.4.5	Stock verification had not been conducted for trade stock and consumable stock amounting to Rs.4,903,716,133 and Rs.41,944,485 respectively as at 31 December 2021.	As a physical verification has been conducted during the computerization of the stores in the year 2021, it is practically impossible to carry out a stock calculation for all the stores at the end of the year.	Action should be taken as per circular.
	ii. Paragraph 9.8.2	Although the approval of the Treasury should be obtained for the payment of incentives, the relevant approval was not obtained for the incentives of Rs.40,430,262 paid in the year under review.	Board approval is granted for each incentive paid.	Action should be taken as per circular.
	iii Paragraph 9.7	Although salaries and allowances should be paid according to an approved recruitment procedure, the performance allowance paid to the Chief Executive Officer and 7 Deputy General Managers in the year 2021 was Rs.5,290,000 without Treasury approval.	The management department has been referred for approval for the posts of Chief Executive Officer and Deputy General Manager.	Action should be taken as per circular.
(b)	Public Enterprise Circular No. 1/2015 dated 25 May 2015	In the year under review, the company had paid Rs.1,775,000 for 14 officers with Rs.12,500 per month for the officers who were not entitled to use official vehicles without obtaining treasury approval.	A letter had been directed to Director General of the Department of Management explaining facts to approve the transport allowance.	Action should be taken as per circular.

(c)	Letters No. DMS/1744 dated 22 February 2017 and No. DMS/1741 dated 16 May 2017 from the Department of Management Services	A monthly allowance of Rs.250,000 was paid to the Chief Executive Officer without the approval of the Management Services Department, and a monthly allowance of Rs.150,000 was paid to the Deputy General Managers without the approval of the Board of Directors. In the year under review, the amount paid in excess without approval was Rs.5,795,000.	It had been forwarded for approval of Director General of Management Services Department on 10 September 2019.	The letter from the Department of Management Services should be followed.
(d)	Public Enterprise Circular No. PED 03/2021 dated 15 December 2021 and Public Enterprise Circular No. 03/2018 dated 7 December 2018	Although the annual bonus payable to the company's staff was Rs.5000, an amount of Rs.97,526,998 was paid to 3267 employees at Rs.30,000 each without the approval of the Treasury. Accordingly Rs.81,191,998 was overpaid.	Every bonus paid has been approved by the Board of Directors and all the money spent for this is the money taken from within the company.	Action should be taken as per circular.

2. Financial Review

2.1 Financial Results

The operating result of the year under review was a deficit of Rs.840,281,278 and the corresponding deficit of the previous year was Rs.1,387,666,643. Accordingly, an increase of Rs.547,385,365 was observed in the financial result. This growth was mainly due to the growth of Rs. 22,433,501,047 in the five main incomes other than alcohol sales income, and the decrease of Rs. 99,994,213 in the interest expense.

2.2 Ratio Analysis

The ratio analysis of the company for the last two years and the year under review was as follows.

Year	**2019**	**2020**	**2021**
Gross Profit Ratio	11%	10.6%	11.6%
Net Profit Ratio	(12%)	(3.9%)	(2.07%)
Current Asset Ratio	0.52	0.6	0.5
Quick Assets Ratio	0.16	0.23	0.13
Debt Ratio	1373.39%	1600.17%	674.94%

According to the above ratio analysis, a net loss had been recorded in the previous years and in the year under review. The net loss ratio which was 12 percent in 2019 has reduced to 3.9 percent in 2020 and further reduced to 2.07 percent in the year under review. In the previous years, current liabilities exceeded current assets, and in the year under review, the current asset ratio further deteriorated to 1:0.5 and the quick asset ratio to 1:0.13. This situation had major impact on the working capital weakness of the company. The debt ratio had increased from 1373.39 percent in 2019 to 1600.17 percent in 2020. The ratio had decreased to 674.94 percent in the year under review.

3. Operational Review

3.1 Management inefficiencies

	Audit observation	Comments of the Management	Recommendation
(a)	Rs.2,005,533 had been spent on fuel from July 2020 to April 2022 for the generator due to the non-supply of electricity to Orugudawatta No. 08 and 09 warehouses, which were rented for Rs.611,000 per month in July 2020.	Comments had not been given.	Action should be taken to obtain the relevant services according to the agreement.
(b)	The Integrated Enterprise Resource Planning system, which was in operation until 26 January 2021, was transferred to a new system. However, without a completion report for the previous system, Rs. 83,233,830 had been paid to the contractor. For that, Rs.52,021,124 had been depreciated till the year under review. However, a loss of Rs.11,395,108 had been incurred even after being covered by the performance bond due to not taking proper management decisions to remove the old system. Due to the termination of the previous contract without notice, the contractor filed a case against the company, demanding compensation amounting to Rs.114,941,955.	Comments had not been given.	Proper management decisions should be made.
(c)	Although the cost of Rs.361,921,862 buildings had been constructed on 03 lands located in the areas of Kilinochchi, Welisara, and Kamburupitiya in the years 2014 and 2015, but even at the end of the year under review, the ownership had not been taken over.	**Kilinochchiya** The necessary arrangements have been made to take over the land of 131.49 perches to the Ministry of Cooperatives and Internal Affairs. **Welisara** The Co-operate Wholesale Establishment owns and pays rent only. **Kamburupitiya** This land belonging to the Kamburupitiya local council and agreed to be leased for 2014-2034.	The ownership should be taken over before the relevant construction is carried out.

(d)	In the years 2020 and 2021, licenses were issued to the company for 15 liquor shops. A royalty of Rs.8,800,044 in total and license fees for 7 liquor stores issued in the name of Sathosa Retail Limited and amounting to Rs.5,020,024 were also paid to the Co-operative Wholesale Establishment.	Since it does not maintain an entity called CWE Retail (Pvt) Ltd, the company was able to take over. Royalty payments are currently made only for licences of foreign liquor stores under the Cooperate Wholesale Establishment.	Since the license was issued in the name of the company, there was no need for the company to pay a royalty.
(e)	The company had paid Rs.1,803,346 as fines due to late payment of bank loans and other payments.	The bank has been informed about this issue, and this issue will be resolved in the next year.	It should be done so that the company does not lose.

3.2 Operational Inefficiencies

	Audit Observation	Comments of the Management	Recommendation
(a)	Although Rs.5,760,300 worth of stock of 54,860kg of garlic purchased by the company without auction was confiscated by Sri Lanka Customs, according to the quality inspection reports dated 31 August and 02 September 2021 was not recommended to be sold in bulk and in a very short time. According to the quality inspection report dated 07 September 2021,it was recommended that it should be delivered soon and for wholesale or other operational purpose. Accordingly, although the company's methods or policies for wholesale sales were not prepared, 3 bids were received for wholesale sales. According to the decision of the Executive Committee dated 21 July 2021, all the sales work should be done by the operations department, but the Deputy General Manager (Finance) has done the sales work without formally deciding the price. Further, although the sale of goods should be done through the accounting system, this stock of garlic was sold without issuing bills through the accounting system.	Comments had not been given.	The process should be arranged in such a way that a transaction takes place in a formal manner, the responsible parties should be specified and proper supervision should be maintained.

	Audit Observation	Comments of the Management	Recommendation
(b)	The loss of inventory during the year under review was Rs.157,989,851 and the insurance coverage for this inventory loss was Rs.1,641,050 and Rs.2,004,423 had been covered by the employees, and the net loss was Rs.154,344,377. Although a stock shortage committee had been established to identify the parties responsible for the stock loss, the relevant parties had not been identified till the date of audit.	Investigations on shortages are carried out on the basis of stock decrease values revealed during the relevant period from one stock count to another stock count. Therefore, those periods cannot be identified as occur only in the year 2021.	The parties who were responsible for the wholesale loss should be identified, and the loss should be charged.

3.3 Procurement Management

	Audit Observation	Comments of the Management	Recommendation
(a)	The company had spent Rs.1,728,000 during the year under review for the purchase of 12 laptops in violation of 2.3.2(c), 6.3.3(a), 8.12.3, and 8.9.1(b) of the procurement guidelines. Also, due to the non-execution of the contract on the due date, a late fee of Rs.86,640 had not been recovered.	The requirements and specifications related to this procurement have been referred to by a technical officer. Considering the requirement during this period, the Chairman has given approval to the Chief Executive Officer as well as the Head of the purchasing Department. The goods were accepted as the goods supplied were in accordance with the specifications. Due to the requirement of that period, it was not possible to reach a written agreement I would like to inform you that in case of such delay in the future, actions will be taken to collect the relevant fines.	The provisions of the Procurement Guideline should be followed.
(b)	The requirement of the outlets was not recognized while purchasing the computers and accessories required to establish the E-Wis computer system. 76 computers were purchased for Rs.7,649,900 on the requests made by a manager of the IT department. It was acted against to procurement guidelines 5.4.10 (b), 6.3.3 (a), 8.7.1(b), 8.9.1 (b) and 8.12.1(b) in this procurement. Further, as the selected bidder had supplied	A performance bond was not obtained for this procurement. The bid-opening committee had been appointed by the Chief Executive Officer. An order form has been issued instead of the letter of acceptance. Reasons have not been given for rejected bidders in relation to any procurement so far. During the	Action should be taken as per procurement guideline.

	only 50 out of 76 computer equipment, 13 and 13 respectively were purchased from the second and third lowest bidders without re-quoting. As no written agreement was entered into with any of the bidders, the company was unable to take legal action for breach of contract. There was a financial loss of Rs.513,500 due to purchase at higher prices. Also, action had not been taken to collect a late fee of Rs.713,643 from the suppliers who did not fulfil the contract.	period in which this procurement was carried out, a minimum number of employees reported for duty due to movement restrictions imposed due to the COVID-19 epidemic situation. Furthermore according to the time frame related to this project, it was supposed to be completed by 2021.03.01. It is informed you that there was not enough time to reach an agreement for that, as the computer equipment required for that had to be obtained as soon as possible.	
(c)	A generator had been purchased for Rs.3,364,706 to Ja Ela Mega Outlet on 05 May 2021, in contravention of 2.3.2 (c), 2.5.1 (c), 2.6.1 (a), 4.2.2, 6.2.2, and 8.9.1(a)(b) of the procurement guidelines. Due to the delay in receiving the machine till September 2021, It had to pay Rs.650,000 as rent for the same machine which was previously rented at Rs.150,000 per month. Furthermore, the late fee of Rs.164,235 due to the delay in the supply of the goods had not been not charged.	Comments had not been given.	Action should be taken as per procurement guideline.

3.4 Human Resource Management

	Audit Observation	Comments of the Management	Recommendation
(a)	In the year 2021, 32 new outlets of the company had been opened and the staff had been approved accordingly, but due to the lack of recruitment, there was a shortage of 1,233 staff and an excess of 502 due to recruitment for unapproved positions.	New recruitments were suspended in the year 2020. In the Cabinet decisions dated 2021.11.02 (අමප/21/1835/313/064), it was advised to get the employees needed for the vacancies in the primary service category in the approved staff through the Department of Multipurpose Development Factors. Even though the employees are already deployed, it is practically difficult to deploy them for responsible duties.	Action should be taken to fulfill the staff requirements for essential and responsible duties, or excess staff should be absorbed after getting approval.

	Audit Observation	Comments of the Management	Recommendation
		Due to the non-approval of recruitment procedures for the posts in the MA-3 and MA-4 service categories, it is not possible to give employee promotions for the approved assistant shop manager and manager posts for the outlets. As a result, it was not possible to reduce the excess of employees in the sales assistant category.	
(b)	The post of Deputy General Manager (Marketing) was changed to Head of Online Trading by Board Resolution No. 108 dated 30 July 2021. However, there was no such post in the approved recruitment procedure, and the new post title was also not approved by the Management Services Department. As a result, the unapproved salary paid to an unapproved position was Rs.2,875,000 from 1 November 2021 to 25 September 2022.	A paper has been submitted to the Board of Directors to recruit the applicant for the position of Deputy General Manager (Marketing) under a new position suitable for the duties expected to be assigned to him. By means of that paper, permission has been obtained by referring a paper to the board of directors seeking permission and instructions to recruit the relevant applicant under a new position called Head of Online Trading on a contract basis and to give him a competitive salary for that.	The position should be included in the approved recruitment procedure, and the approval of the Management Services Department should be obtained.

4. Accountability and Good Governance

4.1 Presentation of Financial Statements

Audit Observation	Comments of the Management	Recommendation
According to paragraph 6.5 of Public Enterprise Circular No. PED 12 dated 02 June 2003, the draft annual report and financial statements were to be submitted to the Auditor General within 60 days after the end of the financial year, but the financial statements for the year 2021 were submitted to the Auditor General on 17 February 2023, which was 12 months later.	Due to the Corona pandemic situation, a large number of shops had to be temporarily closed and the activities had to be maintained with a minimum number of employees. Also, due to the transportation difficulties in the year 2021, operations were run with a minimum number of employees and delivery services were not carried out, so the receipt of documents, invoices, GRN, petty cash, daily sales	Action should be taken as per circular.

	reports, etc. was delayed, and data entry into the system was also delayed.Due to this, the submission of financial statements and draft annual report to the Auditor General was delayed.	

4.2 Corporate Plan

Audit Observation	Comments of the Management	Recommendation
Although the company had prepared a corporate plan according to Public Finance Circular No. 01/2014 dated 17 February 2014 for the period 2020–2023, a review of the operating results of the last three years, clearly identified responsibilities of the managers regarding the goals and objectives to be achieved in the year under review, and a plan and performance indicators were not included in this plan.	The corporate plan will be properly prepared in the year 2023.	Plans should be prepared in accordance with circular instructions issued by time to time.