

## Pradeshiya Sanwardana Bank - 2019

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### 1.1. Opinion

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The audit of the financial statements of the Pradeshiya Sanwardana Bank (“Bank”) for the year ended 31 December 2019 comprising the statement of financial position as at 31 December 2019 and the income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows 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 report to Parliament appear in this report. To carry out this audit I was assisted by a firm of Chartered Accountants in public practice.

In my opinion, the financial statements give a true and fair view of the financial position of the Bank as at 31 December 2019, and of its financial performance and its cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

### 1.2. Basis for Opinion

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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 opinion.

### Key Audit Matters

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Key audit matters are those matters that, in my professional judgment, were of most significance in my audit of the financial statements of the current period. These matters were addressed in the context of my audit of the financial statements as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters. For each matter below, my description of how my audit addressed the matter is provided in that context.

<b>Key audit matter</b>	<b>How my audit addressed the key audit matter</b>
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Impairment allowance for loans and receivables from other customers	To assess the reasonableness of the impairment charges, my audit procedures (among others) included the following:
Impairment allowance for loans and receivables from other customers was considered as a key audit matter. The materiality of the reported amounts for loans and receivables from other customers (and impairment allowance thereof), involvement of complex manual calculations, the subjectivity associated with management’s	<ul style="list-style-type: none"><li>• I evaluated design effectiveness of controls over estimation of impairment of loans and advances, which included assessing the level of oversight, review and approval of significant judgements, estimates and assumptions in relation to the impairment by the Board Audit Committee and management.</li></ul>

impairment estimation and application of Financial Reporting Standard 9: Financial Instruments (SLFRS 9) underpinned basis for considering it as a Key Audit Matter.

As at 31 December 2019, 68 percentage of its total assets of the Bank consisted of loans and receivables from other customers amounting to Rs.136,206 Million (Note 20), net of impairment allowance of Rs.7,667 Million.

Significant estimates and assumptions used by the management in such calculations and the basis for impairment allowance are disclosed in Note 3.1.1.7

- Test-checked the underlying calculations and data.
- In addition to the above, following key procedures were also performed:

For a sample of loans and advances individually assessed for impairment:

- I assessed the main criteria used by the management for determining whether an impairment event had occurred;
- Where impairment indicators existed, I assessed the reasonableness of management's estimated future recoveries including the expected future cash flows, discount rates and the valuation of collateral held. I also compared the actual recoveries against previously estimated amounts of future recoveries, on a sample basis

For loans and advances collectively assessed for impairment:

- I checked the completeness and accuracy of the underlying information and calculations thereon by agreeing details to the relevant source documents, information in IT systems and re-performing the calculations.
  - I also considered the reasonableness of macroeconomic and other factors used by management in their judgmental overlays for various types of loan portfolios, by comparing them with publicly available data and information sources.
- I assessed the adequacy of the related financial statement disclosures as set out in notes 3.1.1.7, 14, 20 and 46.

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

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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 determines 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 Bank'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 intends to liquidate the Bank or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Bank's financial reporting process.

As per Section 16(1) of the National Audit Act No. 19 of 2018, the Bank 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 Bank.

### **1.4. Auditor's Responsibilities for the Audit of Financial Statements**

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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 Bank'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 Bank’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 Bank 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 Bank, and whether such systems, procedures, books, records and other documents are in effective operation;
- Whether the Bank has complied with applicable written law, or other general or special directions issued by the governing body of the Bank ;
- Whether the Bank has performed according to its powers, functions and duties; and
- Whether the resources of the Bank had been procured and utilized economically, efficiently and effectively within the time frames and in compliance with the applicable laws.

## 1.5. Financial Statements

### 1.5.1. Internal Control over the preparation of financial statements

Audit Issue	Management Comment	Recommendation
(i) Unavailability of updated manual for finance department, lack of formal documented policy over information used for financial reporting, extensive manual process in preparation of financial statements, necessity of a system driven solution for additional calculations arising due to adoption of	In view of frequent changes in the financial reporting environment, it has become impractical to create an updated policy manual for all the possible circumstances. Instead, methodologies are available for un routine developments. Extensive manual process in preparation of financial statement is inevitable at present due to certain limitations of Core	Take necessary actions to strengthen the financial reporting closure process of the bank.

SLFRS, unavailability of Banking system. the documented list of Creating list of owners for GL owners in relation to GL accounts is not practical since accounts and financial officials of 276 branches pass statements and disclosures entries to the GL accounts. and entries posted directly Adjustments to financial to the financial statements statements are done and without adjusting to the GL incorporation to GL is done were observed regarding the subsequently since passing financial statement closure backdated entries is not possible process of the bank. due to limitations in the Core Banking system.

However, stated deficiencies are taken in to account as essential for future rectifications.

- (ii) Unavailability of board approved documented impairment policy, unavailability of Central Liability Report, No review process in the Individual significant Loans working and further improvements in the impairment computation were observed. Developing an impairment policy would be done before end of this year. Central Liability Report was developed by IT Department and available in the MIS Module. The responsibility for review process of individually significant loans is assigned to branch officials and superiors. Further, the results are annually reviewed by internal auditors as well. Take necessary actions for further improvements required in impairment computation.

**1.5.2. Unreconciled Control Accounts or Records**

----- <b>Audit Issue</b> -----	----- <b>Management Comment</b> -----	----- <b>Recommendation</b> -----
Suspense GL No.240100105 represents transactions among the branches of bank and these balances need to be nullified at a period end. However, unreconciled balance of Rs.2,299,910 was observed under other assets in the financial statements.	Noted for future compliance. However, it is impractical to maintain NIL balance at the end of month due to nature of such transactions.	Take necessary actions to reconcile these suspense accounts.

## 1.6. Accounts Receivable and Payable

### 1.6.1 Receivables

<b>Audit Issue</b>	<b>Management Comment</b>	<b>Recommendation</b>
Gross NPL ratio of the bank had been continuously increased from 2.85 percent of the year 2016 to 9.6 percent of year 2019. However, the average NPL of Licensed Specialized Banks and Banking sector as at 31 December 2019 was 5.5 percent and 4.7 percent respectively.	Steps have been taken to decrease the non-performing loans of 2019. However, budgeted targets have not been achieved due to the external factors, such as the Easter Sunday bomb attack.	Take necessary actions to recover the Non Performing Loans without any further delay adhering with the CBSL directions.

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

<b>Reference to Laws, Rules Regulations etc.</b>	<b>Non-compliance</b>	<b>Management Comment</b>	<b>Recommendation</b>
Procurement Guideline reference 2.1.1 and Public Finance circular PF/429 (i)	Bank has used their own developed procurement manual without obtaining approvals from Director General of Public Finance.	As per the clause 2.1.1 of the Government Procurement Guideline 2006, request had been made by the bank to the National Procurement Commission through the Secretary, Ministry of Public Enterprise Development on 27 April 2016. The bank has coming under the Ministry of Public Enterprise Development up to 27 of October 2018 and approval has been sought from Secretary General of National Procurement Commission by the Secretary of Ministry of Public Enterprise Development.	Take necessary steps to adhere with the cited direction.

## 1.8. Non-compliance with Tax Regulations

Audit Issue	Management Comment	Recommendation
Contrary to the section 114 of Inland Revenue Act, No. 10 of 2006 and section 83 of Inland Revenue Act, No. 24 of 2017 (effective from 01.04.2018), Public Finance Circular No. PF/PE/06 of 31 January 2000 and Public Enterprises Circular No. PED 03/2016 of 29 April 2016, the Bank had paid Pay As You Earn (PAYE) tax amounting to Rs.140,099,752 for the year 2019 out of its own funds on behalf of its employees instead of being deducted from the salaries of the respective employees. Further, Attorney General had expressed his opinion to deduct PAYE tax from the employees' earnings in compliance with the PED Circular No.PED/03/2016.	Under the provisions of collective agreement with Ceylon Bank Employees' Union, the bank had paid the PAYE tax liability of the employees like other state own banks, following the same practice. Further, this is not a prohibited practice by the Inland Revenue Act and there are certain provisions in this regard in the RDB Act. No. 41 of 2008.	Take necessary steps to adhere with the cited direction.

## 2. Financial Review

### 2.1. Financial Result

The operating result of the year under review amounted to a profit of Rs. 1,222,160,409 and the corresponding profit in the preceding year amounted to Rs. 2,103,081,891. Therefore, a deterioration amounting to Rs. 880,921,482 or 41.8 percent of the financial result was observed. The main reasons for the deterioration are increase of interest expenses and impairment charges.

## 2.2. Trend Analysis of major Income and Expenditure items

Analysis of major income and expenditure items of the year under review compared with the preceding year is as follows.

Description	Variance Increase/ (Decrease) (Rs.Million)	Variance Percentage	Reason for the Variance
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Interest Income on loans and advances	719	3.4	Increase of Gross loans and receivables by 5 per cent.
Interest income on placements with banks	240.9	48.7	Rs.6,350 million placements with banks have been received with the merger of Lankaputhra Development Bank
Interest expense	944.3	7.3	Interest expenses on due to banks and customer deposits have been increased by 30.8 percent and 4.5 per cent respectively
Impairment charges	998.9	70.9	Increase in Non Performing Loans of RDB and Non Performing Loans of Lankaputhra Development Bank

## 2.3. Ratio Analysis

According to the information made available, some of the important ratios of the bank for the year under review and the preceding year as follows.

	<b>Sector Ratios (Licensed Specialized Banks)</b>		
	<b>Percentage</b>	<b>2019 Percentage</b>	<b>2018 Percentage</b>
<b><u>Profitability Ratios</u></b>			
Net Profit Ratio (PAT)	3.52	1.81	4.12
Net Interest Margin	3.95	6.85	7.07
Net Interest Income on Interest Income	29.91	47.25	47.88
Non Interest Income to Total Income	2.95	4.18	4.62
Interest Cost to Interest Income	70.09	52.75	52.12
Staff Cost to Operating Expenses	55.4	74.55	75.01
Return on Average Assets (PAT)	0.42	0.26	0.62
Return on Equity	6.80	3.33	7.30
Earning Per Share		0.91	2.76



### Asset Quality

Non Performing Advance Ratio	5.5	9.6	5.4
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#### **Minimum Requirement**

### Capital Adequacy Ratios

Common Equity Tier I Capital Ratio	7	10.90	11.58
Total Tier I Capital Ratio	8.5	10.90	11.58
Total Capital Ratio	12.5	16.27	13.61

### Liquidity Ratios

Statutory Liquidity Assets Ratio	20	32.38	24.27
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## 3. Operational Review

### 3.1. Management Inefficiencies

<u>Audit Issue</u>	<u>Management Comment</u>	<u>Recommendation</u>
(i) Microfinance Course conducted in Philippines targeted to provide best practices and expertise of Rizal Commercial Banking Corporation and its microfinance arm RIZAL Micro Bank". Therefore, above program is applicable to employees in credit division of the bank. However, DGM (HR) had been selected for the above program and the selection method was not available to the audit.	Since this program had been designed as one and half day program, Board Human Resources & Remuneration Committee decided to nominate Executive Director and the term of Executive Director had been ceased and therefore, recommended Head of HRD & Administration, to be nominated to this program. Head of HRD & Administration was participated to this short term program while attending to the training feedback session organized by APRACA Centre in Philippines as he is responsible of arranging foreign exposure visit for the benefit of the bank.	Since the Program targeted to cover the areas related to microfinance, bank would have recommended an officer in credit division to obtain maximum benefit from the training.

- (ii) The Chairman of RDB had participated for the International Study Visit Program on European Innovations in Agri and Rural Finance and Agricultural Insurance in Netherlands. Chairman performs in the bank as nonexecutive capacity and the period of involvement is limited. The earlier chairman had also participated to the above program and now he is not in the service. Therefore, the benefit can be obtained to the bank from the above program is limited.
- When this invitation was received then GM/CEO has proposed to nominate Chairman and informed Head of HRD & Administration to submit a Board Paper. Thereafter, Board decided to nominate Chairman for this program. The Chairman shared the review/ report of the said training program among the Board of Directors and the Corporate Management at the Board Meeting held on 07 June 2019. Accordingly although the Chairman performs in the Bank in non-executive capacity the knowledge gained by the program was shared with the Board of Directors and the Corporate Management of the Bank to be used in strengthening the Enterprise Sri Lanka program which was implemented during that time.
- Since the Chairman performs in the bank as nonexecutive capacity and the period of involvement is limited, take necessary actions to select suitable employees for such programs for the effective use of money.

### 3.2. Transactions of Contentious Nature

----- Audit Issue -----	----- Management Comment -----	----- Recommendation -----
(i) The Chairman served for the period from 01 May 2018 to 31 August 2018, has used 1,358.10 fuel liters exceeding the approved limits and apartment at a cost of Rs.319,150. Since no Board of Directors was constituted during that period, Board had declined granting approval and instructed to recover the above mentioned dues. However, bank had not recovered above mentioned dues as at the audited date.	A letter has been sent by the bank to former Chairman, on 01 July 2020 requesting to repay Rs. 319,150. Response has not been received from former chairman up to date and further action will be applied to recover the said amount as soon as possible.	Take necessary actions to recover the cost as per the board decision without further delay.

- (ii) Former chairman appointed with effect from 01 October 2018, Take necessary actions to adhere with cited directions.
- (a) had been allocated official vehicle with a driver, another vehicle with a driver to the Chairman's office and another two pool vehicles were given when one of above two vehicles sent to service or repair. Chairman has utilized 8,436.10 liters of fuel for 12 months period from October 2018 to September 2019 at a cost of Rs.1,115,289. Since monthly fuel limit entitled for the chairman is 170 liters as per the Section 3.1 of PED 1/2015 dated 25 May 2015, above chairman had utilized 6,396.10 liters exceeding the limits of the above circular. Approval of Board of Directors had been granted for fuel allowance and allocated vehicles of Chairman and it is implied that the approval of the Secretary of the Line Ministry was obtained since the Deputy Secretary to the Treasury was present at the meeting. The Board of Directors at the meeting held on 26 November 2019, approved 225 Litres of fuel monthly for the Chairman for his travelling from residence to the Bank on a reimbursement basis. For all other official travelling, the bank shall provide the required quota of fuel.
- (b) As per the Section 2 of the Circular No. PED 2/ 2015, all communication bills of eligible officers including official and residential telephone are paid up to the maximum limit per month. However, the office telephone bills are taken out from the above limit and paid as bank expenses for the Chairman and other officials who are entitled the similar facilities. Further, it is observed that telephone bills of other person had been paid on behalf of the chairman. Related bills have been paid according to the Circular No. PED 2/ 2015.

- (iii) As per the request of Chairman on 15 May 2019, legal opinion had been obtained for Rs.490,000 from President's Counsel in relation to agreement of Saviya loan scheme. However, a copy of the opinion of the Attorney General had been already received through Ministry of Buddasasana and Wayamba Development on 10 April 2019 and a legal consultant is also available in the bank. Due to not submitting all necessary documents to the President's Counsel, given opinion was subjected to certain observations and calculated assumptions. Therefore, it is questionable to the audit obtaining additional legal opinion at a high cost.
- On perusing this opinion, since there were adverse remarks made against the Bank and its officers, the Chairman was of the view that a legal opinion should be obtained in order to identify the errors made by the Bank and its officers and the methodology to remedy this situation. The legal consultant of the Bank was on approved overseas leave from 19 April 2019 for a period of one month. In his absence a meeting was summoned by the Deputy Solicitor General and at this meeting too, the bank officers were blamed regarding this matter.
- Take necessary actions for the effective use of funds.

### 3.3. Human Resources Management

Audit Issue	Management Comment	Recommendation
<b>(i) Salary revisions of the Bank</b>		
(a) Salaries of the Bank have been revised on every three years based on the collective agreement signed between the bank and the Ceylon Bank Employee Union. Personnel expenses of the bank have been increased by 97.5 percent as at 31 December 2019 as compared with 2014 year end with the two salary revisions taken place on 2015 and 2018.	Many rounds of discussions were conducted with Ceylon Bank Employee Union on the proposal of salary and finally reached the agreement on the salary revision subject to the approval of the Board of Directors and the line ministry.	Take necessary actions to effectively use the bank funds while increasing the efficiency of employees.
(b) Approval from the Board and Ministry of Public Enterprise and Kandy City Development had been received for the increase of gross salaries of Officers in	Salary revision was made based on the agreed percentage increase of gross salary ranging from 14.5 percent to 36.0 percent	

Grade I to Labourer 9-I and Special Grade I to Special Grade IV ranging from 14.5 percent to 36 percent and from 39.5 percent to 50 percent respectively in the salary revision with effect from 01 January 2018. As a result, initial salary steps of Officers in Grade I to Labourer 9-I and Special Grade I to Special Grade IV had been increased ranging from 34.8 percent to 48.9 percent and 50.4 percent to 57.4 percent respectively. However, bank had not considered the impact on expenses based on basic salary such as overtime expenses and PAYE tax expenses.

- (c) Salary structure of the bank equal to other state banks have been implemented during the year 2019 with the approval of the Board and accordingly basic salary of employees have been increased ranging from 3.5 percent to 13.4 percent. Increment rates of employees also have been increased ranging from 2.9 percent to 52.9 percent and the increment rate of General Manager had been increased by 265.6 percent with the revising of salary scales during 2019.
- (d) As per the details mentioned in Board Papers, salary revisions of other state banks have been considered in deciding the salary revision of Regional Development Bank. However, applied salary revisions of those banks cannot be compared directly with RDB since asset base, profit levels, number of employees and number of branches are not similar. It was

which was in par with other state banks whereas salary scales of Regional Development Bank relating to all grades were revised equal with State Banks. Total salary cost including EPF & ETF expenses were taken into consideration when analyzing the salary increase. OT expenses cannot be considered as fixed expenses and it varies depend on the employee claim.

The increment of the General Manager had been increased in par with State banks as per the approval of the Board of Directors.

As per the approved collective agreement with Ceylon Bank Employee Union, salary scales of employees of RDB relating to all grades were revised equal with state banks with effect from January 2019.

observed that though the bank had incurred Rs.2.17 million cost per employee per year, the profit generated per employee was only Rs.0.18 million for the year 2019. Further, personnel expenses as a percentage of net operating income of the bank was 54 percent for the year 2019 and represented high value among other state banks.

- (e) Salary of Ex General Manager recruited on special remuneration package had been increased from Rs.435,000 to Rs.763,425 based on the 50 percent salary increase with salary increments earned with effective from 01 January 2018. The Board had approved the above decision subject to the approval of the Secretary to the Ministry of Public Enterprise and Kandy City Development. However, such approval from the ministry was not available to the audit.
- The salary of the Ex General Manager was increased with the approval of the Board of Directors

**(ii) Appointment of General Manager**

- (a) Since appointments are prohibited during the election period, request had been made to the election commission by the chairman to carry on the interview as scheduled and to process the recruitment of General Manager. As per the reply, it was informed that election commission does not have objection to hold the interview as scheduled. By considering this letter as an approval for the recruitment, the General Manager had been appointed with effect from 01 November 2019.
- A letter was sent by the Bank requesting approval to proceed with the recruitment of a GM/CEO which includes the entire process starting with holding the interview, selecting a suitable candidate and appointing. The heading of the reply letter sent by the Election Commission states that “the recruitment for the post of GM/CEO of RDB” which gives the idea of recruitment and hence the letter can be considered as the approval for interview as well as recruitment.
- Take necessary actions to adhere with the prevailed regulations.

- (b) As per the succession planning policy communicated through circular no.2017/92 dated 27 February 2017, senior managerial level of the bank defines as Assistant General Manager and above. However, as per the opinion of Attorney General's Department, the Board considered management structure, capital and the number of employees of the institutions present and previous employments. Accordingly, contradictory to the above circular Board had considered Chief Manager position as senior managerial experience after calling applications for the above post.
- Recruitment for the post of GM/CEO was done externally, the internal succession planning policy cannot be applied to the said interview. Further, as per the PSB Act the General Manager should be a person who has ten years experience in banking at senior management level.
- Amendments to the existing circulars of the bank after calling applications for any post may create doubt on the transparency of selection process. Therefore, take necessary actions to maintain transparency in the selection process without changing selection criteria frequently.
- (c) Marks for the senior managerial experience of some applicants have not been given for the interview or some applicants were rejected due to not availability of information in the website or Annual Reports. However, bank could have confirmed the experience of shortlisted applicants from the relevant entities.
- Board informed HR division to collect Annual Report of the lastly served year of the respective institutions in relation to the applicants where there are issues and since the Annual Report and Web Site can be considered as legally verified and a reliable source of information. Further, Annual Reports and websites are owned and created by the respective entities. Accordingly, confirmation of the experience should be done by the HR Department and does not come under the purview of Board Secretary. As per the available details submitted by the HR division, the candidates were shortlisted.

- (d) As per the minute of the Board HR Paper No.2016/03/03 dated 08 August 2016, marking scheme for Assistant General Manager and above grades have been changed as 40 marks for the interview and balance 60 marks for relevant qualifications and experience. However, above marking scheme had been changed by the board as 60 marks for the interview and 40 marks for qualifications after shortlisted of 8 candidates for the interview. Further, selected applicant have been given highest marks for the interview while others only have been given 28.33 marks to 32.83 marks.
- Since the recruitment for the post of GM/CEO was done externally, Board was of the view that the internal marking scheme used for the AGM grade & above cannot be applied to the GM/CEO interview and accordingly the marking scheme was changed considering the overall responsibility of the position of GM/CEO of an institute. Further, interview marks were given based on the performance at the interview, presentation skills etc. and hence different marks were given for each candidate by the interview panel.

#### 4. Accountability and Good Governance

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##### 4.1. Corporate Plan

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Audit Issue	Management Comment	Recommendation
----- Existing corporate plan of the bank had been prepared only for 5 years from 2016 to 2020 and the bank had not updated beyond that.	----- Arrangements have been made for the preparation of corporate plan for the next 03years which will be proposed to roll over every completed year in future.	----- Take necessary actions to prepare corporate plan without further delay.