

## **Tea Research Board - 2022**

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### **1. Financial Statements**

#### **1.1 Qualified Opinion**

The audit of the financial statements of the Tea Research Board for the year ended 31 December 2022 comprising the statement of financial position as at 31 December 2022 and the statement of financial performance, 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, Tea Research Board Act No. 52 of 1993 and Finance Act No. 38 of 1971. My comments and observations which I consider should be report to Parliament appear in this report.

In my opinion, except for the effects of the matters described in Paragraph 1.5 of this report, the accompanying financial statements give a true and fair view of the financial position of the Board as at 31 December 2022, and of its financial performance and its cash flows for the year then ended in accordance with Sri Lanka Public Sector Accounting Standards.

#### **1.2 Basis for Qualified Opinion**

My opinion is qualified on the matters described in 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 qualified 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 Public Sector 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 Board'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 Board or to cease operations, or has no realistic alternative but to do so.

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

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

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

## **1.5 Audit Observations on the preparation of Financial Statements**

### **1.5.1 Non-compliance with Sri Lanka Public Sector Accounting Standards**

<b>Non-compliance with reference to relevant standard</b>	<b>Comments of the Management</b>	<b>Recommendation</b>
(a) Although the machinery and equipment cost at Rs.210,645,678 for which were fully depreciated and still being used out of the machinery and equipment cost at Rs.410,563,413 at the end of the year under review, actions had not been taken to restate its useful life in terms of Paragraph 65 of Sri Lanka Public Sector Accounting Standard 07.	A request has been made from the Valuation Department for revaluation of depreciated machinery and arrangements will be made to complete the related activities quickly.	The useful life of assets that are fully depreciated but further being used should be restated and accounted for.
(b) Although the revenue associated with the transaction shall be recognized with reference to the stage of completion of the transaction at the reporting date in terms of Paragraph 19 of Sri Lanka Public Sector Accounting Standards 10, though the estimated analytical fees amounted to Rs.2,822,425 for the soil samples received for laboratory tests from plantation owners and plantation companies were recognized as an	In identifying the analytical fee income, actions were taken in previous years in terms of Paragraph 19 of Sri Lanka Public Sector Accounting Standard No. 10 and analytical fees for which the transaction was not completed has been recognized as an income in the year 2022 by a mistake.	The lab test revenue receivable should be written off from the accounts.

income in the year under review, since the money had not been received or tests had been carried out for it so far, the income of the year had been overstated by that amount.

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| <p>(c) When an uncertainty arises about the collectability of an amount already included in revenue, the uncollectable amount, or the amount in respect of which recovery has ceased to be probable, is recognized as an expense in terms of Paragraph 21 of Sri Lanka Public Sector Accounting Standards 10, it had not been so done in relation to analysis fees that have been accounted for in the years 2020 and 2021 amounted to Rs.328,920 for which no analysis activities had been done so far.</p> <p>(d) A number of 5,654 High shade trees such as mahogany, jackfruit and eucalyptus existed at the Regional Offices of Thalawakelle, Ratnapura, Hanthana, Passara and Kottawa had not been recognized as biological assets and valued and accounted for in accordance with Paragraphs 13 and 16 of Sri Lanka Public Sector Accounting Standards 18 .</p> | <p>Actions will be taken to settle the analysis fee receivable amounted to Rs.328,920 in the year 2023. Further, instructions have been given to get the money along with the relevant samples and to carry out the analysis activities.</p> <p>Recognizing of biological assets has been completed in June 2023 and accordingly, arrangements will be made to complete the assessment activities promptly.</p> | <p>Analysis fee balance receivable should be written off from the accounts.</p> <p>The value of biological assets should be assessed and accounted for in terms of Sri Lanka Public Sector Accounting Standards.</p> |
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### **1.5.2 Accounting Deficiencies**

<b>Audit Observation</b>	<b>Comments of the Management</b>	<b>Recommendation</b>
<p>(a) Since the depreciation value of machinery and equipment in the year under review amounted to Rs.382,787 and the opening balance of accumulated depreciation value amounted to Rs.91,712 had been overstated, the net value of machinery and equipment had been understated by Rs.474,499 by the end of the year 2022 .</p>	<p>Actions will be taken to correct the overstated depreciation value in the preparation of final accounts for the year 2023 .</p>	<p>Depreciation should be calculated in accordance with accounting policies brought to accounts accurately.</p>

<p>(b) The depreciation value of 9 types of assets such as buses, equipment and roads which had been capitalized in the year under review cost at Rs.23,873,451 had been over-calculated by Rs.313,122 due to an error in computation.</p>	<p>Actions will be taken to correct the overstated depreciation value in the preparation of final accounts for the year 2023 .</p>	<p>Depreciation should be calculated in accordance with accounting policies brought to accounts accurately.</p>
<p>(c) Three vehicles registered under the Sri Lanka Tea Board had been re-valued for Rs.3,735,000 and included in the financial statements of the Tea Research Board and the ownership of those vehicles had not been taken over to the Tea Research Board. Likewise, there was no even a disclosure had been made about this in the financial statements.</p>	<p>Actions will be taken to send these three vehicles, which are not currently in running condition, for repair and to take over the ownership after obtaining emission reports and obtaining revenue licenses. Arrangements should be made to disclose about the vehicles that have not been transferred to the Tea Research Institute through notes to accounts in future.</p>	<p>The ownership of the vehicles should be taken over immediately and disclosures should be made about those 3 vehicles in notes.</p>

## 1.6 Accounts Receivable and Payable

### 1.6.1 Receivables

Audit Observation	Comments of the Management	Recommendation
<p>(a) A sum of Rs.527,414 receivable to the Tea Small Holdings Development Authority, the Ministry of Plantation Industries and the Tea Board on tea sales had been included in the Sundry Debtors Account of St. Coombs Estate for more than three years and actions had not been taken to recover the said amount even at the end of the year under review.</p>	<p>A committee has been appointed to investigate and report on these balances receivable from government entities and actions are being taken to submit a paper to the next Audit and Management Committee meeting by the said Committee.</p>	<p>The revenue receivable should be recovered promptly.</p>
<p>(b) Although a receivable balance of Rs.937,102 has been carrying forward from the year 2017 due to inability to recover festival advance and other special advances granted to check roll employees of St. Coombs Estate, actions had not been taken to recover or settle it.</p>	<p>A paper will be presented in the next Audit and Management Committee Meeting and necessary instructions will be received and further arrangements will be made.</p>	<p>Actions should be taken to re-recover advances given or to write off.</p>

It was also observed that there are no schedules to identify Rs.912,696 included in the above receivable balance.

### **1.6.2 Payables**

	<b>Audit Observation</b>	<b>Comments of the Management</b>	<b>Recommendation</b>
	<p>The balances of Rs.480,000 and Rs.699,717 respectively which were to be settled by the Board to the Tea Small Holdings Development Authority and the General Treasury over 03 years had not been settled at the end of the year under review and even though the amount of Rs.110,224 which was additionally spent in the year 2018 for the Special Project on Mechanization had been shown in the financial statements as an amount due from the Treasury, actions had not been taken to reimburse it even by the date of audit.</p>	<p>A paper will be presented at the next Audit and Management Committee Meeting and in respect of the balances to be settled to the Tea Small Holdings Development Authority and General Treasury.</p>	<p>Steps should be taken to promptly settle and reimburse payable and receivable balances.</p>
(b)	<p>Actions had not been taken to settle creditor balances totalling Rs.1,906,780 payable to various wholesale suppliers of St. Coombs Estates for years 02 to 10 or make necessary adjustments for the same if it is confirmed that there was no claim at the end of the year under review</p>	<p>Arrangements will be made to settle to credit the creditor balances that have not received requests for payment throughout the past few years to income in the year 2023.</p>	<p>Actions should be taken to settle outstanding balances promptly or if it is confirmed that claims won't be received, to make necessary adjustments for that.</p>

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

	<b>Reference to Laws, Rules and Regulations</b>	<b>Non-compliance</b>	<b>Comments of the Management</b>	<b>Recommendation</b>
(a)	<p>Financial Regulation of Democratic Socialist Republic of Sri Lanka</p>			

<b>(i)</b>	F. R. 571 ( 3 )	<p>Actions had not been taken even by the end of the year under review to settle a sum of Rs.449,198 retained from contracts from the year 2015 to 2019 .</p>	<p>Due to defects in the contracts, the respective retention amounts have been brought forward in the accounts without being released. If the actions are not taken to correct the defects remained in the contracts so, the related contract companies have been made aware that the measure will be taken to fix the related defects with the retention money and arrangements will be made to settle the balance within three months by crediting it to revenue in terms of F.R. 571 (3) .</p>	<p>Steps should be taken to correct defects in contracts promptly and to settle the retentions or to credit unclaimed retentions to income.</p>	
<b>(ii)</b>	F. R. 756	(9)	<p>Although the Board should conduct the Annual Board of Survey as per the time frame for completion and the Board of Survey Reports should be forwarded to the Auditor General before June 15 of the next financial year, the reports for the years 2021 and 2022 had not been submitted to the Auditor General by 16 October 2023 .</p>	<p>Board of Survey activities of the year 2021 has been completed and the remained scrap were auctioned on 22 December 2022 and actions will be taken to forward the report to the Auditor General. Arrangements will be made to complete the Board of Survey related to the year 2022 by 31 August 2023 .</p>	<p>The Annual Board of Survey Report should be forwarded to the Auditor General in terms of Financial Regulations.</p>

## 2. Financial Review

### 2.1 Financial Result

The operating result of the year under review was a surplus of Rs.77,885,774 and, the deficit in the preceding year as against to that was Rs.77,477,947. Accordingly, an improvement of

Rs.155,363,721 was observed in financial result. Having a net profit of Rs.108,939,119 in the year under review in St. Joachim and St. Coombs Estates had mainly attributed for this improvement.

## **2.2 Trend Analysis in Major Income and Expenditure Items**

In comparison major income and expenditure of the year under review with previous year the Tea sales income by 110 per cent, fixed deposit interest income by 160 per cent, and green leaf sales income by 69 per cent had been increased and the travelling expenses and supplies and consumption expenses had increased by 32 per cent and 91 per cent respectively.

## **2.3 Ratio Analysis**

The ratios of current assets and quick assets were 4: 1 and 3: 1 respectively in the year under review and those ratios had been 3:1 and 2:1 in the preceding year. Being the total of stock and short-term investments in 2021 and 2022 were Rs.168,310,718 and Rs.219,821,063 respectively, that is, because of excess working capital situation, these ratios had taken a high figure

## **3. Operational Review**

### **3.1 Uneconomic Transactions**

<b>Audit Observation</b>	<b>Comments of the Management</b>	<b>Recommendation</b>
The equipment purchased from India (Walk in Type Environmental Controlled Facility) on 24 November 2017 at a cost of Rs.12,554,583 to study adaptive responses of tea plant to climate changes under special projects of the Board had remained inactive and could not be used for research though 5 years had elapsed, due to non-conformance to the expected specifications and lack of performance of it at the expected level.	This machine has been made as per the prescribed procurement process and the contract agreement has been signed by the local agent and the Board for the said purchase on 05 January 2018. The Plant Physiology Division has informed that the machine did not conform to the specified performance after installation and the supplier has breached the terms of the contract for non-compliance with the specifications of the Tea Research Institute. Although notices have been given in writing to the foreign supplier and the local agent on a number of occasions regarding this issue, the Attorney General has been informed to take legal actions for	Losses should be recovered by taking legal actions promptly.

not installing the machine in accordance with the required specifications.

Cases have been filed in the Colombo Commercial High Court to get an order against the first and second defendants to obtain the amount of Rs.12, 554,583 and legal interest thereon until the said amount is paid.

Similarly, arrangements have been made to appoint a Committee including an officer with technical knowledge from the National Institute of Engineering Research and Development (NERD) to obtain a detailed report on the respective procurement.

### 3.2 Management Inefficiencies

	Audit Observation	Comments of the Management	Recommendation
(a)	The Board had constructed Regional Office buildings in Walahandua, Deniya and Kottawa in lands belonging to the Land Reform Commission, Thalawakelle Plantation Company and the Government respectively at a cost of Rs.72,956,788 and accounted for as assets of the Board. Even though the lands had not been transferred in the name of the Board, the disclosures had also not been made about it in the financial statements.	Since the Soil and Plant Nutrition Analysis Laboratory operating under the Tea Research Institute and Walahanduwa Estate have been brought under the Land Reform Commission along with the plot of land, it was unable to take a decision regarding the legal ownership of the land plot until receive the order of the petition filed by the State Plantation Corporation in the Appellate Court.  The land where Kottawa Instruction and Extension Center located is a government owned land for which the portion was developed and used by the Board and all the documents required to obtain the long term lease basis have been forwarded to the Land Commissioner to obtain the deed	Actions should be taken to take over the ownership of land or acquire it on lease basis promptly and until it is done, the three lands should be disclosed by Notes.

of lease.

After obtaining the required assessment from the Valuation Department in respect of taking over the legal ownership of the bare land plot of 5 acres, 2 roods, 1.95 perches in the upper part of Deniyaya Estate belonging to Thalawakele Plantation Company and the report has been forwarded to the Ministry of Plantation Industry by now.

- (b) Due to the violation of the contracts entered into with the Board from the year 2005 to 2009 by 04 officers who did not return to duties from abroad after taking study leave with full pay and left the service before the end of the compulsory service period after returning to work, the relevant bond value of Rs.15, 054,891 had not been recovered even by the end of the year 2022.

The Board has filed a case against the 04 officers who had left the service in violation of the bonds. The former Research Assistant has moved abroad. Giving judgment at the end of the case filed against the guarantors in Colombo District Court under No. DMR/4019/11, the verdict has been given to pay the Legal interest along with the amount spent by the institution on behalf of that officer and court fees to the Board. The appellate have been filed by guarantors against the judgement. This case has been scheduled to be called before the court on 23.11.2023.

A case has been filed against the former Research Assistant in the Kandy District Court under No. DMR/1409/13. She is dead. The approval has been given to continue the case against the guarantor. This case has been scheduled to be recalled on 25.08.2023.

The former Research Assistant has moved abroad. It has been found that he is currently working as an instructor at Lethbridge College, Faculty of Agriculture, and

The relevant fees should be charged looking into alternative ways to find out information about the accused.

Canada. 2022.01.10. A letter has been sent to the above address to make payment.

The former Probationary Officer has gone for training at Tokiyo Institute of Technology, Japan from 17.10.2002 to 16.10.2003. A case has been filed against him under number 3126 in Nuwara Eliya District Court. The case has been called before the court 11 times, and the officer has not appeared in any of those cases.

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| <p>(c) Actions had not been taken complete the works of planting rubber trees, establishing a processed container showroom for a tea Sales Centre and making a file rack and to adjust a sum of Rs.1,296,164 remained in the work-in-progress account in the years 2017, 2018 and 2020 related to that even by the end of the year under review.</p>                   | <p>The rubber plantation works have been completed and the relevant work completion certificate will be obtained from the Estate and actions will be taken to correct this accounting error.<br/>The supplier has been informed in letters to supply the container or pay the amount within one month. Necessary legal actions will be taken if it is failure to pay within the applicable period.<br/>The making of a file rack was completed in the same year by employing the own employees of the Board and actions will be taken to correct this error by issuing completion certificate before 31.07.2023.</p> | <p>Arrangements should be made to establish the container showroom promptly and to obtain completion certificates for other tasks and make adjustments to accounts.</p> |
| <p>(d) The contract was handed over to Sri Lanka Telecom Service Limited on 22 April 2020 for an amount of Rs.4,228,700 to design, implement and maintain a Management Information System for the Sri Lanka Tea Research Board and an advance amount of Rs.1,141,749 had been paid to the Company on 20 August 2020. Although the works should be completed within</p> | <p>As a result of the epidemic situation in the country during the period of delivery of the purchase order dated 22 April 2020, the works of this Project could not be completed as expected. Therefore, the respective supplier has extended the performance bond up to 30 June 2023 and continued these activities and the supplier has informed that it</p>  | <p>Actions should be taken to complete the works of Management Information System promptly.</p>   |

120 days from the date of issue of order according to the tender documents submitted by the service provider, though 3 years had elapsed by 30 June 2023, it was observed during the audit that its progress was only 51 per cent. will be completed and handed over by 31 July 2023. Actions have been taken to inform that the late fees will be charged as per the agreement from 30 June 2023.

### **3.3 Operational Inefficiencies**

<b>Audit Observation</b>	<b>Comments of the Management</b>	<b>Recommendation</b>
<p>(a) Even though the 1.367 hectare in extent of Lamelyer Estate, Thalawakelle owned by the Tea Research Institute, the factory and all the buildings had been leased out to a private company in 2003 for a period of 50 years, even though the property in question had been repossessed in the year 2016, due to failure of paying rent as per agreement, thus the 07 years had elapsed from the date of acquisition to 07 June 2023, those assets remained idle without being utilized.</p>	<p>The factory, Estate Superintendent's official quarters and all other buildings built on the Lamelyer Estate, were purchased from the Land Reform Commission in 2007 and, the property is a legal property owned by the Board. As the restrictions have been placed on alienate of state lands as per the instructions in the letter addressed to the Board dated 24 May 2023 in this regard by the Ministry of Plantation Industry, arrangements have been made to obtain further measures and instructions from the Ministry of Plantation Industry.</p>	<p>Necessary arrangements should be made to utilize this property effectively.</p>
<p>(b) The sundry income of the factory cannot cover any of its expenses as per the internal control recommendations of the Board and although it should bank if the sum of insurance coverage limit of Rs.500,000 is exceeded, it was observed that the cases where the collected money of Rs.1,268,935 were detained in the factory for a period of 5 to 16 days from that date to the date of deposit, in the audit test check carried out on December 2022 on the daily cash collection at the St. Coombs Factory.</p>	<p>The Estate Superintendent has been strictly instructed to bank the money collected daily in the estate without further delay and actions have been taken to improve the supervision of the Estate by Tea Research Institute as well.</p>	<p>Steps should be taken to properly bank the funds collected as per internal control recommendations of the Board and to strengthen the monitoring activities in this regard.</p>

### **3.4 Transactions in Contentious Nature**

	<b>Audit Observation</b>	<b>Comments of the Management</b>	<b>Recommendation</b>
<b>(a)</b>	<p>The Staff Provident Fund of the Tea Research Institute under Section 27 (1) of the Employees Provident Fund Act No. 15 of 1958 had been certified by the Labour Commissioner on 30 October 2014 as an approved provident fund from 01 June 1959. Although the Board of Trustees of the Fund should be consisted 07 members including, the Director of the Tea Research Institute (Chairman of the Board of Trustees), 02 members nominated by the Chairman of the Fund from among the Directors and two members appointed by the Annual General Meeting from among the members of the Fund, two officers who are not members of the Fund nominated by the Sri Lanka Tea Board in terms of Section 4 (i) of the Code of Management Rules of this Provident Fund, the Chairman had not appointed the two members of the Tea Board to the Board of Trustees even by the date of audit 31 July 2023 .</p>	<p>The proposal to amend the number of members of the Board of Trustees has been adopted at the Annual General Meeting held on 31 December 2021 and although it has been submitted to the Department of Labour Commissioner by letters dated 23 June 2022 and 25 July 2022 for the approval of said amended constitution, the approval for the amendment has not been given. However, the decisions about the Provident Fund are taken by the General Meeting. The amendment letter has been prepared to send again for obtaining approval of the Labour Department.</p>	<p>Steps should be taken to amend the Code of Rules or if that is not possible to appoint members as per existing Code of Rules.</p>
<b>(b)</b>	<p>Although there is a debtor balance of Rs.10,299,327 in the financial statements as lost amount for more than 05 years due to the weaknesses in the supervision of two accountants of the Board and financial fraud committed by three Factory officials in 2017 and 2018 at St. Coombs Estate, the Board had not taken actions to complete the relevant investigations and recover the money from the responsible parties</p>	<p>According to the Final Reports of F.R.104 (4) in respect of the financial fraud of Rs.7,073,432 committed during the sale of tea in the Tea Shop of the St. Coombs Estate office belonging to the Tea Research Institute in the years 2017/2018 and for the financial fraud of Rs.5,207,571 committed during the deposit of money in current accounts at the Estate Office, arrangements have been made to forward all the documents related to the two cases to the</p>	<p>Steps should be taken to complete the investigations without delay and also to expedite legal actions in respect of the financial fraud.</p>

Attorney General's Department separately to take legal actions against the officers responsible for the above financial irregularities.

Similarly, criminal cases have been filed by Colombo Commercial Crime Investigation Bureau and Nuwara Eliya Special Crime Investigation Bureau respectively regarding that.

The Tea Research Institute will also carry out follow up actions in this regard.

### 3.5 Human Resources Management

	Audit Observation	Comments of the Management	Recommendation
(a)	Although there were 36 Senior Management posts in the approved cadre of the Board, 23 posts out of that were in vacant during the year under review. Although, among those vacant posts, 04 posts of Head of Division, 11 posts of Chief Research Officer and 05 posts of Chief Advisory Officer should be filled through internal promotions, these posts have been vacant for more than 03 years.	The post of Divisional Head is an internal promotion and after completing the required qualifications for the post, arrangements will be made to fill up the vacancies by publishing internal advertisements by obtaining the approval of the respective officers in the future.	Recruitments should be made soon for essential posts in the approved cadre where vacancies exist and if there are unnecessary posts, they should be abolished.
(b)	There were 52 per cent of the Operations and Advisory Officer posts, 42 per cent of Technical and Non-Technical Management Assistant posts, 55 per cent of Primary Level (Trained) posts and 46 per cent of Primary Level (Untrained) posts were vacant in the Board. Similarly, although there were	The posts of Chief Research Officer and Chief Advisory Officer are also internal promotions and there are no internally qualified officers for those positions at present.	Recruitments should be made soon for essential posts in the approved cadre where vacancies exist and if there are unnecessary posts,

17 posts of Senior Academic and Research Officer and 27 posts of Academic and Research Officer, 5 and 14 posts were in vacant respectively by the end of the year under review. It was observed during the audit that the vacancy in these posts directly affects the continuation of the research activities of the institution .

Operational and Enforcement Category Posts. Newspaper advertisement have been published for the post of Management Assistant (Warehousing) which is a post of technology category Management Assistant and conducted interviews and sent to Ministry of Plantation Industry for approval after sending final recommendations on selected candidates to the Board and having approval on it. After receiving the said approval, the appointment letters are scheduled to be awarded. Also, applications have been called for recruitment for essential posts in non-technical positions and since the necessary approval to start further recruitment has not been received so far the recruitments have been stopped.

- (c) Although 93 employees who were recruited on temporary or casual basis for more than 180 days were given permanent appointments with effect from 24 October 2014, as per Public Administration Circular No. 25/2014 dated 12 November 2014, the approval of the Department of Management Services had not been obtained for the inclusion of those employees in the cadre of the Board.

Instructions have been given to recruit for Primary Service Category posts only from labor force.

The employees appointed in 2014 should be included in the approved number of employees with the approval of the Department of Management Services.

- (d) Preparation of a Procedural Rule Manual related to the formulation of rules and regulations for Human Resource Management and obtaining the approval of the Secretary of the Treasury had not been completed even in the year under review.

The Sri Lanka Administrative Development Institute had been chosen to prepare the Procedural Rule Manual and since the advance amount requested by that Institute was not in accordance with the Procurement Manual, the approval was given by the Tea Research Board to the Board paper submitted to appoint an internal committee and seek advice from an external expert for revising the Procedural Manual. Accordingly, it has been expected to be completed in three months.

The activities of preparation of procedural manual related to formulation of rules and regulations for Human Resource Management should be completed without delay.