

Report of the Auditor General on Head 249 – Department of Treasury Operations - Year 2015

The audit of the Appropriation Account, Revenue Accounts, and the Reconciliation Statements including the financial records, books, registers and other records of the Head 249 – Department of Treasury Operations for the year ended 31 December 2015 was carried out in pursuance of provisions in Article 154 (1) of the Constitution of the Democratic Socialist Republic of Sri Lanka. The Management Audit Report for the year under review was issued to the Director General of the Department on 15 November 2016. The audit observations, comments and findings on the accounts and the reconciliation statements were based on a review of the Accounts and Reconciliation Statements presented to audit and tests of samples of transactions. The scope and extent of such review and tests were such as to enable as wide an audit coverage as possible within the limitations of staff, other resources and time available to me.

1.2 Responsibility of the Chief Accounting Officer and the Accounting Officer for the Accounts and Reconciliation Statements

The Chief Accounting Officer and the Accounting Officer are responsible for the maintenance, preparation and fair presentation of the Appropriation Account, Revenue Accounts and the Reconciliation Statements in accordance with the provisions in Articles 148,149,150 and 152 of the Constitution of the Democratic Socialist Republic of Sri Lanka, other statutory provisions and Public Finance and Administrative Regulations. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of Accounts and Reconciliation Statements that are free from material misstatements whether due to fraud or error.

2. Accounts

2.1 Appropriation Account

Total Provision and Expenditure

The total net provision made for the Department amounted to Rs.140,858.99 million and out of that, a sum of Rs.1,380,811.93 million had been utilized by the end of the year under review. Accordingly, the savings out of the total net provisions of the Department amounted to Rs.20,047.06 million or 1.43 per cent. Details appear below.

Expenditure	As at 31 December 2015			Savings as a Percentage of Net Provision
	Net Provision	Utilization	Savings	
	Rs. Millions	Rs. Millions	Rs. Millions	
Recurrent	531,602.57	528,958.83	2,643.74	0.50
Capital	5,475.32	5,457.99	17.33	0.32
Loan Repayments	863,781.10	846,395.11	17,385.99	2.01
Total	1,400,858.99	1,380,811.93	20,047.06	1.43

2.2 Revenue Account

Estimated and Actual Revenue

The Department had prepared Revenue Estimates totalling Rs.80,935.00 million for 11 Revenue Codes for the year 2015. Subsequently that Estimates had been revised to Rs.62,100.00 million. Revenue totalling Rs.40,760.17 million had been collected during the year under review and that revenue collection ranged between 27.98 per cent to 130.17 million of the revised Estimates of Revenue. Details appear below.

Revenue Code	As at 31 December 2015			Actual Revenue as a Percentage of the Revised Statement of Revenue	
-----	Original Estimate of Revenue	Revised Estimate of Revenue	Actual Revenue	Excess/ Shortfall	-----
-----	Rs.Millions	Rs.Millions	Rs.Million	S	-----
20.03.99.00	15,000.00	18,800.00	9,342.85	(9,457.15)	49.70
20.03.01.00	110.00	110.00	143.19	33.19	130.17
20.03.02.99	9,000.00	5,500.00	4,710.48	(789.52)	85.69
30.01.01.00	30,000.00	15,000.00	6,013.86	(8,986.14)	40.09
20.06.02.00	300.00	350.00	97.93	(252.07)	27.98
20.02.02.99	1,500.00	1,400.00	953.55	(446.45)	68.11
20.02.02.01	6,725.00	3,850.00	3,544.81	(305.19)	52.71
20.06.04.00	14,300.00	14,000.00	12,960.81	(1,039.19)	92.58
20.03.03.02	1,500.00	1,000.00	962.02	(37.98)	96.20
20.02.01.99	300.00	200.00	95.09	(104.91)	47.55
20.05.99.00	2,200.00	2,000.00	1,935.58	(64.42)	96.78
Total	80,935.00	62,210.00	40,760.17	(21,449.83)	65.52
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2.3 Advances to Public Officers Account

The limits approved by Parliament for the Advances to Public Officers Account Item No.24901 of the Department and the actual amounts are given below.

<u>Expenditure</u>		<u>Receipts</u>		<u>Debit Balance</u>	
Maximum Limit	Actual	Minimum Limit	Actual	Maximum Limit	Actual
-----	-----	-----	-----	-----	-----
Rs. Millions	Rs. Millions	Rs. Millions	Rs. Millions	Rs. Millions	Rs. Millions
4.50	3.19	3.00	3.71	21.00	17.16

2.4 Imprest Accounts

The balance of the Imprest Account No.7002/0000/00/0371/0015/000 under the Department as at 31 December 2015 amounted to Rs.76,753.

2.6 Audit Observation

The Appropriation Account, the Revenue Accounts and the Reconciliation Statements of the Department of Treasury Operations for the year ended 31 December 2015 had been satisfactorily prepared subject to the Audit Observations appearing in the Management Audit Report referred to in Paragraph 1.1 above. The material and significant Audit Observations, out of the Audit Observations included in the Management Audit Report, appear in Paragraph 3.

3. Material and Significant Audit Observations

3.1 Appropriation Account

Budgetary Variance

Excess provisions had been made for 06 Objects and the savings, after the utilization of the net provisions, ranged between 22 per cent to 34 per cent of the net provisions relating to the respective Objects.

3.2 Revenue Accounts

The preparation of the Estimates of Revenue of 11 Revenue Codes, the collection of Revenue, accounting and the presentation of Accounts had been devolved the Head of Department as the Revenue Accounting Officer. The following deficiencies were observed during the course of the test audit of those Revenue Codes.

(a) Revenue Code 20.02.01.99 – Other Rental

The following observations are made.

- (i) The lease agreement for two years entered into with two Private Companies on 01 June 2009 had lapsed and revised rental agreements had not been

entered into. Nevertheless, information had been conveyed by letter that the agreements are extended for a period of five years from 01 June 2014 to 31 May 2019 along with the reduction of the lease rental from Rs.525,000 to Rs.485,000. Even though the reduction of the lease rental had been made in the valuation report, the valuation report included only the assessed value of the land. The agreement concerned included buildings as well.

- (ii) According to clause 2.3 of the lease agreement for a period of 35 years entered into between the Government of Sri Lanka and a Private Company on 07 February 2003, the lease rental will be automatically revised once in 5 years based on the cumulative inflation rate of the United States of America for the 5 preceding years. Nevertheless, the annual lease rental from that date up to 30 April 2016 remained at US \$ 1,000.
- (iii) An agreement relating to a Private Company had been entered into between the Government of Sri Lanka and the Government of the United States of America for a period of 20 years with effect from 09 December 1991. That agreement had lapsed on 10 December 2011. In reply to an audit query issued in this connection, the Audit was informed that the institution concerned had paid the lease rental regularly and further action on entering into a new agreement will be taken by making enquiries from the parties concerned.
- (iv) The bond value of the land valued at Rs.7,000.00 million leased out to a Private Company in accordance with the decision No.054/2012 dated 26 November 2012 of the Cabinet of Ministers had been brought to account in the year 2015. But, the audit was informed that it was cancelled due to a technical problem and that it will be adjusted in the Financial Statements for the year 2016.
- (v) The Divisional Secretary had informed that despite the cancellation of the lease agreement of a building leased out to a private institution from the year 2013, that the lessee is further utilizing the land. Enquiries as to whether that revenue belongs to the Government and the course of action to be taken for the recovery of the arrears of revenue had been made from the Department of Legal Affairs.

(b) Revenue Code 20.02.02.01 – On Lending and Interest

The following observations are made.

- (i) The legal action necessary for the recovery of the unrecovered loan interest had not been taken.
- (ii) A sum of Rs.39,804.37 million recoverable from the National Water Supply and Drainage Board had been transferred by a Transfer Note to the Equity Capital on 31 December 2015. Nevertheless, according to decision No.MOFP/PE/CEB/CM/2015 dated 09 March 2015 of the Cabinet of

Ministers, the interest as well should have been converted to the capital. But that arrears of interest had not been capitalized even by 30 April 2016.

- (iii) The Department had failed to collect the loan interest revenue amounting to Rs.1,545.83 million recoverable as at 31 December 2015 on the 14 balances of loans granted to 09 institutions as sub loans.

(c) Revenue Code 20.02.02.99 – Interest and Other Revenue

The revenue for collection in the year 2015 under the above Revenue Code had been shown as Rs.1,500.00 million in the original Estimates of Revenue and that had been reduced to Rs.1,400.00 million by the revised Estimate of Revenue. Revenue amounting to Rs.953.55 million had been collected in the year under review and that represented 68.11 per cent of the revised estimate.

(d) Revenue Code 20.03.01.00 – Departmental Sales

Even though Paragraph 04 of the Fiscal Policy Circular No.01/2015 dated 20 July 2015 specified that the maintenance of systematic records is essential, the Department had prepared only the Monthly Summary of Accounts for the above Revenue Account. Any other record or register whatsoever had not been made available to Audit to establish the accuracy of the information contained in those summaries. The Ministry of Health, Nutrition and Indigenous Medicine which collected revenue amounting to Rs.66.99 million under the Revenue Code had not maintained those registers or books.

(e) Revenue Code 20.03.02.99 - Administration Fees and Charges

The following observations are made in connection with the above Revenue Code.

- (i) An estimate of Rs.9,000.00 million had been made under this Revenue Code for the year 2015. Subsequently, that Estimate of Revenue had been revised to Rs.5,500.00 million. Revenue amounting to Rs.4,710.48 million had been collected under the Revenue Code by the end of the year under review. The revenue collected during the year under review represented 52.34 per cent of the original estimate and 85.65 per cent of the revised estimate.
- (ii) Even though Paragraph 04 (b) of the Fiscal Policy Circular No.01/2015 dated 20 July 2015 specified that immediate steps should be taken to prevent the further addition of arrears of revenue, the Department had failed to recover, even by the end of the year under review, the arrears of revenue totalling Rs.1,289,429 relating to the years 2012 and 2013 appearing in the Revenue Account.

(f) Revenue Code 20.03.99.00 Sales and Charges (Other Receipts)

Even though estimates had been made for the collection of revenue amounting to Rs.15,000.00 million under the above Revenue Code during the year under review, that estimate of Revenue had been revised to Rs.18,800.00 million. Revenue

amounting to Rs.9,342.85 million only had been collected by the end of the year under review. That represented 62.29 per cent of the original estimate and 49.70 per cent of the revised estimate. The revenue estimate had been prepared without forecasting revenue based on accurate data and the original estimate had been further revised unrealistically.

(g) Revenue Code 20.05.99.00 Current Transfers – National Lottery and Other Transfers

Provisions of Rs.550.00 million had been made under Object 1503 for the refund of money under the Revenue Account to the respective institutions. Provisions of Rs.40.55 million out of that provision had been transferred to other Objects by 31 December 2015. Accordingly the net provisions under that Object had been reduced to Rs.509.45 million. Out of that, a sum of Rs.346.11 million only had been refunded to the respective institutions. That represented 24.15 per cent of the total revenue of Rs.1,433.10 million received from the National Lotteries Board.

(h) Revenue Code 20.06.02.00 - Sale of Capital Assets

The following observations are made in this connection.

- (i) Even though estimates had been prepared for the collection of revenue amounting to Rs.300.00 million under this Revenue Code for the year under review, subsequently, that estimate had been revised to Rs.350.00 million. Revenue amounting to Rs.97.93 million had been collected in the year 2015. That represented 32.64 per cent of the original estimate and 27.98 per cent of the revised estimate.
- (ii) An audit examination of the information received in terms of the Public Finance Circular No.2/2015 dated 10 July 2015 revealed that the revenue amounting to Rs.124.97 million received from the sale of motor vehicles by 09 institutions had not been brought to account.
- (iii) According to the information obtained in terms of the above circular, the disposal of 2, 217 motor vehicles of 45 Ministries and Government Institutions had been identified. But the information that such motor vehicles had been disposed of had not been disclosed in the Revenue Account.

(i) Revenue Code 20.06.04.00 - Recovery of Loans

The following observations are made.

- (i) Out of the loan of Rs.1,332.99 million granted to a Limited Company for the Renewable Energy for Rural Economic Development Project (RERED) a loan balance of Rs.633.39 million remained recoverable as at 31 December 2015.

- (ii) The loan of Rs.276.75 million obtained from the Asian Development Bank on 10 March 1993 under the Agreement ADB/1204 (SRI) SF had been given to the Urban Development Authority to be granted as sub loans for the projects of the Municipal Councils and Urban Councils. Even though this foreign loan should have been settled to the Asian Development Bank in 22 years with a grace period of 02 years, out of the sub loans granted from that, a sum of Rs.276.75 million had been in arrears as at 31 December 2015.
- (iii) Out of the loans granted under the Badulla District Integrated Rural Development Project loan component, a loan balance of Rs.5.82 million from the loan of Rs.7.75 million granted to the Badulla District Praja Shakthi Organization remained recoverable. Even though the Department had informed the relevant institution by letters for the recovery of the loan, that loan balance had not been recovered even by 30 April 2016.
- (iv) The Department had failed to recover any amount whatsoever from the loan balances amounting to Rs.766.83 million remaining in arrears as at 31 December 2015 out of the loans granted to the National Livestock Development Board. Loans had been granted to the Board out of the loan of US\$ 12.94 million obtained from the Netherland and Australia for the purchase of dairy cows loans. The National Livestock Development Board had agreed to settle those loans at a discussion held on 27 February 2015 for the recovery of those loans. But the Department had failed to recover the above arrears of loans even by 31 December 2015.
- (v) Out of the loans obtained under the Loan No.2013012 SL, loans had been granted to the MILCO institution for stages 1 and 2 of the Factory Modernisation (part 1) and out of those sum of Rs.350.68 million and Rs.309.31 million respectively remained as loan balances in arrears as at the end of the year 2015. In addition to that a loan of Rs.387.61 million had been granted to the MILCO even during the year 2015 for Stage 2. Nevertheless, an investigations on a financial irregularity of EURO 33.4 million relating to the matter is being conducted. The loan had not been recovered even by 30 April 2016.
- (vi) Arrears of loan balances amounting to Rs.1,941.47 million existed in connection with 13 loans obtained by 08 institutions. Those loan balances had not been were included in the Half Yearly Statements of Arrears of Revenue in terms of the Financial Regulation 128 (2).

(j) Revenue Code 30.01.01.00 – Foreign Grants

The following observations are made.

- (i) The original Estimate of Revenue of Rs.35,000.00 million to be collected in the year under review had been revised subsequently to Rs.15,000.00 million. The total revenue collected during the year had been Rs.6,013.86 million.

Accordingly, the revenue collected represented 17.18 per cent of the original estimate and 40.09 per cent of the revised estimate.

- (ii) The sum of Rs.3.22 million received as a foreign grant under the United Nations Development Programmes (UNDP) on 08 April 2015 for the Modern Bio-Power Technology Introduction Project had been returned to the donor on 25 September 2015 due to the delay in the implementation of the project. A sum of Rs.75.67 million received as grants for 05 other projects had been returned to the donors during the year under review.
- (iii) A sum of Rs.2,731.75 million received as grants at the beginning of the year had been retained in 23 General Deposit Accounts and the money had been retained in the same manner even by the end of the year without being utilized for the respective objectives.
- (iv) Entries had been made in the year under review for the rectification of the debit balances totalling Rs.30.69 million created due to the accounting errors made in 07 old Deposit Accounts maintained for Government Grants and that had been shown in the Accounts as refunds from revenue.

3.3. General Deposit Accounts

There were 358 General Deposit Accounts opened under the Department and the following observations are made in that connection.

- (i) There were no balances in 177 Deposit Accounts.
- (ii) There were 05 Deposit Accounts with only the opening balances and without any transactions in the years 2014 and 2015.
- (iii) A Deposit Account which had a debit balance of Rs.35.12 million from the year 2014 did not have any transactions thereafter.

3.4 Performance

The observations on the progress of the Department according to the Annual Budget Estimates and the Action Plan for the year 2015 are given below.

- (a) Different subsidies had been paid to various Government Institutions from the contribution received from the sale of different kinds of Lotteries sold by the National Lotteries Board. According to the revised Estimates of Revenue for the year 2015, an estimate of Rs.534.75 million had been made for the grant of subsidies to various Government Institutions. A sum of Rs.25.30 million had been transferred to other Objects under the Financial Regulation 66 during the year under review. A sum of Rs.346.11 million or 68 per cent only had been granted to the respective institutions by 31 December 2015.

- (b) The grant of approval for the opening of the Imprest Accounts of the Government and the Supervision thereof is one of the key functions of the Department. There were deficit balances totalling Rs.11,385.16 million and credit balances totalling Rs.41.55 million existed without being settled in 191 Imprest Accounts opened in the Ministries and Departments as at 31 December 2015. Out of those 179 Imprest Accounts had been settled by 31 August 2016 whilst 12 Imprest Accounts had not been settled. The net debit balances of those amounted to Rs.870.40 million. The following observations are made in that connection.
- (i) The unsettled Imprest balances of an Imprest Account of the Department of Motor Traffic and 02 Imprest Accounts of the Ministry of Justice as at 30 September 2016 amounted to Rs.53.58 million, Rs.253.47 million and Rs.302.00 million respectively. Even though provisions had been obtained for the elimination of those balances from the books the write off could not be made as the approval of the Department of Public Finance had not been obtained. According to the letter sent by the Department of Public Finance to the Department it had been informed that it was not possible to be satisfied with the confirmation made that the write off would not cause any loss to the Government and requested to furnish a methodology for the settlement of any financial loss to the Government from these unsettled balances is revealed on any particular day and the officers who are directly responsible therefor. The file produced to Audit did not contain any note in support of the information furnished by the Department.
- (ii) A balance of Rs.76,833,208 of the Imprest Account No.7002/0000/00/0015/000 of the Sri Lanka Customs had not been settled. A sum of Rs.73,953,208 had been settled in the year 2016. The balance included the sum of Rs.2,880,000 being the security deposit paid in the year 2008 to the Ceylon Electricity Board for the Supply of Electricity to the Times of Ceylon Building. As the building belongs to the Ministry of Finance, the Department had made a request that the deposit be transferred to the Ministry of Finance. But action in that connection had not been taken even by 30 April 2016.
- (iii) A balance of Rs.91,033,483 remained in the Imprest Account No.7002/0000/00/0117/0015/000 of the Presidential Secretariat and out of that a sum of Rs.45,277,607 had not been settled even by the date of audit. The file made available to Audit indicated that the balance had arisen due to making a foreign payment from the Account of the Deputy Secretary to the Treasury.
- (iv) The balance relating to the year 2013 further remaining without being settled in the Imprest Account No.7002/0000/00/0035/0015/000 of the Ministry of Foreign Affairs amounted to Rs.233,526,090. Similarly, out of the unsettled debit balance of Rs.468,602,980 relating to the year 2015, the debit balance further remaining without being settled amounted to Rs.6,347,083. The Department of Treasury Operations had stated that as there is an unidentified difference appearing in the above mentioned balances of Rs.49,602,783 that

it is appropriate to appoint an Internal Committee and take follow up action based on its recommendations.

- (c) According to the information made available to Audit, there were 2,362 Government Bank Accounts by 31 December 2015 and according to the information of the Department there were 713 dormant accounts. According to the information of the Bank of Ceylon there were 284 dormant accounts. Out of that, 209 accounts did not have any balances whatsoever and the balances of the other dormant accounts as at 31 October 2015 totalled Rs.7,593.83 million. There were no transactions in 11 dormant accounts and the last date of transactions of one dormant account had not been indicated. The age analysis of the balance 272 dormant accounts had been less than one year and in the range of 8 to 9 years. The dormant accounts with the Bank of Ceylon as at 11 February 2016 had been 131 and out of that 127 accounts had not been closed down even by 30 April 2016.
- (d) The Department had issued Treasury Guarantees under the provisions in the Financial Management (Responsibility) Act, No.3 of 2003 and the approval of the Cabinet of Ministers is applicable and there were 139 such Treasury Guarantees issued as at 31 December 2015. The Department had made provision of Rs.400.00 million under the Object 3001 for the year 2015 and a sum of Rs.134.64 million had been paid in the year 2015 for the release of Guarantees. The following observations are made in this connection.
- (i) The period of Treasury Guarantee of US \$ 10.00 million issued to a company owned by the Government in accordance with the decision of the Cabinet of Ministries dated 11 March 2009 had been extended in 7 occasions. The Department had paid a sum of Rs.55.64 million to the Bank on 31 December 2015 as loan and interest. The Committee on Public Enterprises of Parliament had, on 01 October 2012 and 07 March 2013, proposed that the company should be liquidated as there is no need any more for maintaining the Company. It had been recommended that the Bank loans of the Company should be transferred to the Co-operative Wholesale Establishment and to issue a new Treasury Guarantee of Rs.50 million and that such guarantee should be settled by the Co-operative Wholesale Establishment in 03 years. The Audit was informed that as that course of action had not been taken, the Department had settled that loan and interest on the approval of the Secretary to the Treasury.
- (ii) The validity period of the Treasury Guarantee of Rs.50.00 million issued on 21 July 2006 to a Private Co-operative Societies Association for the importation of essential foodstuffs including sugar had been extended on 16 occasions. The Department had paid a sum of Rs.79 million to the Bank on 28 December 2015 and out of that Rs.45.00 million had been for the loan and the balance had been the interest. The Cabinet Memorandum or a decision of the Cabinet of Ministers for the issues of this guarantee had not been furnished to Audit. The file did not indicate any action taken by that Association for the settlement of the loan. According to the Cabinet Memorandum presented in this connection in November 2011 stated that the

major reason is the weak management of the Co-operatives and recommended that the provision for the settlement of 50 per cent of the total loan to be made available in stages, that the Ministry of Co-operatives and Internal Trade should hold discussion with the State Bank to take action for the write off of a certain percentage and the recovery of a certain percentage from the officers responsible for the failure to repay the loan as specified. Nevertheless, the Audit was informed that the Department had settled the loan and the interest on the approval of the Deputy Secretary to the Treasury.

- (iii) According to the decision of the Cabinet of Ministries taken at the monthly held on 28 July 2010, approval had been granted for the issue of a Treasury Guarantee of Rs.1.00 billion for the opening of a Letter of Credit for the importation of coal for the coal powered power plant at Norochcholai. Nevertheless, Guarantees for Rs.2.00 billion had been issued by the year 2013. That had been increased to Rs.3.00 billion by the year 2014. All Guarantees had been cancelled by the end of the year 2014 and a new Treasury Guarantee for Rs.5.00 billion issued by the end of the year 2014. By the time of expiry of the validity of that Guarantee on 30 September 2015, it had been increased to Rs.6.00 billion.
- (iv) The period of the Treasury Guarantee of Rs.207.1 million issued to the Co-operative Wholesale Establishment on 02 February 2005 had been extended from time to time. Even though the Department had paid a sum of Rs.50.00 million on 01 March 2013 and excluded the Treasury Guarantee for the balance sum of Rs.157.1 million, it had not been finalized even by 30 April 2016.
- (v) Treasury Guarantees had been issued from time to time to the Ceylon Petroleum Corporation and the value of the valid Guarantees as at 31 December 2015 amounted to Rs.1,328.03 million. According to the file a request had been made for the issues of Guarantees at US \$ 1,000 million to the two State Banks as the Guarantees issued to that Institution are not adequate. Nevertheless, apart from the extension of the periods of Guarantees issued in the preceding years, the Department had not involved itself in giving advice on the settlement of the money remaining over a long period or on taking follow up action. Nevertheless, the Department informed the Audit that in the case of the settlement of financial facilities supplied on Treasury Guarantees should be done by the Ministry of Petroleum Resources Development and the Department of Public Enterprises which carry out supervision and issue recommendations in that connection.
- (vi) The value of Treasury Guarantees issued for the loans granted by 02 Banks to the Paddy Marketing Board amounted to Rs.6,377 million and the balance sum of Rs.5,231.01 million had not been settled. Even though the Treasury had given Rs.2,000 million to the Board in addition to those Guarantees, the Department had not interceded in giving advice for the settlement of that money or for taking follow up action.

- (e) The activities of the Revolving Fund for the purchase and sale of Agricultural produce commenced by the Department in accordance with the Budget proposals of the year 2006 had been ceased with effect from 31 March 2016. The Fund had not issued money to the institutions in the year 2015. The on lending outstanding sum of Rs.1,999.03 million as at 30 March 2016 had been settled by crediting the Revenue Account 20.06.04.00 and the remaining cash book balance of Rs.237.41 million had been credited to the Revenue Account 20.03.99.00 and finalized the Revolving Fund. As this is a Revolving Fund, the on lending outstanding balance settled as above amounting to Rs.1,999.03 million had been transferred to the Revenue Account without the separate identification of information relating thereto and the transfer of the recovery balance to the Revenue Account had been done only on the approval of the Director General of the Department. As such the balance recoverable as at that date amounted to Rs.2,236.43 million.

3.6 Human Resources Management

Approved Cadre and Actual Cadre

The position on the cadre as at 31 December 2015 had been as follows.

	Category of Employees	Approved Cadre	Actual Cadre	Number of Vacancies	Excess
(i)	Senior Level	20	20	01	01
(ii)	Tertiary Level	01	01	-	-
(iii)	Secondary Level	82	69	13	-
(iv)	Primary Level	19	19	-	-
	Total	122	109	14	01

The following observations are made.

- (a) Even though the approved cadre of the Senior Level including 07 Posts in Class I of the Sri Lanka Accountants' Service the actual cadre had been 08. Even though there was an excess of 01 post, the formal approval for that had not been obtained even by the end of the year under review.
- (b) As one post of Additional Director of General had been filled with effect from 19 February 2013 on acting basis by an officer in Class I of the Sri Lanka Accountants' Service action had not been taken for the appointment of a permanent officer to that post. An officer had been approved to act in the post, subject to the approval of the Public Service Commission. The covering approval for that had not been obtained even up to 31 December 2015 and the officer had been acting in the post over a period exceeding 3 ½ years.