

Democratic Socialist Republic of Sri Lanka - 2016

The audit of financial statements of the Democratic Socialist Republic of Sri Lanka for the year ended 31 December 2016 comprising the statement of financial position as at 31 December 2016 and the cash flow statement for the year then ended and a summary of significant accounting policies and other explanatory information, 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.

1.2 Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the Generally Accepted Accounting Principles and for such internal control as the management determines is necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

1.3 Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Sri Lanka Auditing Standards consistent with International Auditing Standards of Supreme Audit Institutions (ISSAI 1000 – 1810).

1.4 Basis for Disclaimer of Opinion

As a result of the matters described in paragraph 2.2 of this report I am unable to determine whether any adjustments might have been found necessary in respect of recorded or unrecorded items, and the elements making up the statement of financial position, statement of financial performance and cash flow statement.

2. Financial Statements

2.1 Disclaimer of Opinion

Because of the significance of the matters described in paragraph 2.2 of this report, I have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, I do not express an opinion on these financial statements.

2.2 Comments on Financial Statements

2.2.1 Preparation of Financial Statements

The statements of financial position had been balanced continuously by creating nominal Investment on Borrowing Accounts for liabilities (Public Debt) and nominal Non-current Assets Reserve Funds (Non-financial Assets). Accordingly, with the objective of reflecting the financial and non-financial assets generated from the expenditure incurred under the capital expenditure for the acquisition of assets in the Accounts of the Republic. Accordingly, nominal accounts containing assets and liabilities equal to such expenditure had been introduced. Similarly, as funds generated from the Domestic and Foreign Loans are recorded as a receipt to the Consolidated Fund Account, a Nominal Investment Assets Account similar to that had been included in the accounts for the inclusion of that liability in the financial statements. Accordingly, the information required for the specific identification of the investments and assets generated from Borrowings amounting to Rs.8,793,959 million and for ascertaining their accuracy, existence and completeness had not been furnished to audit. Similarly, it was not confirmed that there was no recurrent expenditure included in the value of these investments and assets.

2.2.2 Financial Statement of the Republic

Even though the above financial statements had been named as the Financial Statements of the Republic, those were limited only to the transactions of the Consolidated Fund. As such the transactions and assets and liabilities of the Provincial Councils, Local Authorities, Public Enterprises and the other institutions owned by or under the control of the Government had not been included in these financial statements. It is further observed that in terms of Section 15(1) of the Fiscal Management (Responsibility) Act, No. 03 of 2003, the Ministry of Finance should publish the Final Budget Position Report.

2.2.3 Accounting Deficiencies

The following observations are made.

- (a) Even though the balance of loans repayable by the Government as at 31 December 2016, according to the financial statements presented to Audit amounted to Rs.8,793,959 million, in view of the following matters observed during the course of test check, the said loans balance had been understated by Rs.826,091 million. Details appear below.

Particulars	Value
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	Rs. Millions
Failure to account for the Treasury Bonds not matured at the face value	487,061
Failure to include in the financial statements certain loan balances payable by the Government	332,305
Failure to recognize in the financial statements the loans obtained from 04 State and Private Banks for the construction of the Personal Identification Secretariat	6,725

Total	826,091
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- (i) The accounting policy relating to the Treasury Bonds in the Financial Statements of the Republic had been revised during the year under review, and accordingly the Treasury Bonds issued during the year 2016 only had been brought to account under their face value. Nevertheless, the Treasury Bonds issued prior to the year 2016 but not matured as at the end of the year under review had not been brought to account at face value, thus resulting in the understatement of the balance of the Treasury Bonds as at 31 December 2016 by Rs.487,061 million.
- (ii) The balance of the loans payable by the Government as at 31 December 2016 relating to 07 Loan Agreements entered into by the Government with foreign lending institutions amounting to Rs.332,305 million had not been included in the financial statements.(Details appear in Annexe 1)
- (iii) The Loan of Rs.6,725 million obtained by the Ministry of Defense from 04 State and Private Banks for the construction of the building of the Secretariat of Personal Identification had not been recognized in the financial statements.

Name of Bank	Balance as at 31 December 2016
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	Rs. Millions
Hatton National Bank	3,671
Commercial Bank	2,068
People's Bank	1,035
Lanka Development Finance Corporation	1,034

Total Loan Balance	7,808
Loan Interest	(1,083)

Total Loan	6,725
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Further, the comparison of the closing balance of foreign loans appearing in the financial statements with the 854 – 1 Report of the Department of External Resources, revealed a difference of Rs.1,505 million in the balances of 08 Loan Agreements

- (b) According to the financial statements presented to Audit, the receipts of Foreign Loans and payments of Foreign Loans during the year under review amounted to Rs.574,249 million and Rs.145,119 million respectively. Nevertheless, the test check carried out in that connection revealed that the receipts of foreign loans and payments of foreign loans had been understated by Rs.8,945 million and Rs.5,848 million respectively. Details appear below.
- (i) The Foreign Borrowings relating to 7 Foreign Borrowing Agreements amounting to Rs.3,039 million received in the year 2016 and the Foreign Borrowings amounting to Rs.5,848 million had not been included in the financial statements. (Details appear in Annexe 2)
 - (ii) One of the Foreign Borrowings relating to 14 Loan Agreements received during the year under review, Rs.4,730 million and Rs.1,176 million received in the year 2015 relating to 09 Loan Agreements totaling Rs.5,906 million had not been included in the financial statements. (Details appear in Annexe 3)
 - (iii) Even though a sum of Rs.145,119 million had been shown in the financial statements on the repayment of Foreign Borrowings, according to Note 30(I) (Statement of Foreign Loan Borrowings) thereof the repayment of Foreign Loans amounted to Rs.131,427 million and a difference of Rs.13,692 million was observed between the Financial Statements and the Notes thereof.

- (c) According to the financial statements presented to Audit, the Government had granted sub-loans amounting to Rs.169,547 million to various Government Institutions. At the test check carried out in this connection, it was observed that the value of sub-loans had been understated by a sum of Rs.12,790 million in the financial statements. Details appear below.
- (i) Even though the sub-loans granted in the year 2016 according to the financial statements amounted to Rs.9,177 million, according to the Final Treasury Printouts (Table 33) that amounted to Rs.16,977 million. As such a difference of Rs.7,800 million was observed between the financial statements and the Treasury Final Printouts.
- (ii) A sub-loan of Rs.4,990 million had been granted to the Ministry of National Policies and Economic Affairs for payment to the Depositors of the Golden Key institution in accordance with a decision of the Supreme Court had not been shown as sub – loans in the financial statements.
- (d) According to the financial statements, the value of Government investment in the Public Enterprises amounted to Rs.526,907 million whereas according to a test check, it was observed that the net value of the investments had been understated by Rs.29,140 million in the financial statements. Details appear below.

Institution	Value according to Financial Statements	Value according to Direct Confirmation of Balances	Difference / Overstatements (Understatements)
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	Rs. Millions	Rs. Millions	Rs. Millions
Srilankan Airlines Company (Capital Contribution)	55,388	51,157	4,231
Ceylon Electricity Board (Capital Contribution)	269,324	302,695	(33,371)
Total			(29,140)
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- (i) Even though the capital contribution to the Srilankan Airlines Company had been shown as Rs.55,388 million in the financial statements, according to the direct confirmations, that had been confirmed as Rs.51,157 million. As such it had been overstated by Rs.4,231 million in the financial statements.
 - (ii) Even though the capital contribution in the Ceylon Electricity Board had been shown in the financial statements as Rs.269,324 million, according to the direct confirmations that had been confirmed as Rs.302,695 million. Accordingly, that had been understated by Rs.33,371 million in the financial statements.
- (e) According to the financial statements presented to Audit, the liabilities of the Government (Except Public Debt) as at 31 December 2016 amounted to Rs.207,514 million. Nevertheless, a test check carried out in this connection revealed that the liabilities had been understated by Rs.18,431 million in the financial statements. Even though it had been stated in the preparation of these financial statements that cash basis was followed, a test check revealed that the accrual principle had been followed in the accounting for the creditors amounting to Rs.16,496 million under the leases. As such, it was observed that there was no uniformity in the preparation of the financial statements. Details appear below.
- (i) The sum of the Rs.7,289 million payable to various institutions including the sum of Rs.5,611 million payable as at 31 December 2016 on account of the purchase of drugs from the Sri Lanka State Pharmaceuticals Corporation according to the Appropriation Account of the Ministry of Health, Nutrition and Indigenous Medicine had not been recognized as a liability in the financial statements as at 31 December 2016.
 - (ii) Even though the National Savings Bank had made a request to the General Treasury for a reimbursement of Rs.1,115 million refunded on claims made by the account holders by October 2016 out of the Accounts considered by the National Savings Bank as Dormant Accounts, that money had not been reimbursed even by 31 December 2016. But, that amount had not been recognized as a liability in the financial statements.
 - (iii) The Licensed Commercial Banks and the Licensed Specialised Banks pay the senior citizens interest at 15 per cent for fixed deposits up to Rs. 1 million and 12 per cent for fixed deposits from Rs.1 million to Rs.2.5 million and the excess interest paid to the senior citizens should be reimbursed by the General Treasury to the relevant Banks. Even though the sum of Rs.10,027 million payable as the additional interest had been shown as a liability in the Appropriation Account of the Department of Development Finance for the year 2016, that had not been recognized as a liability in the financial statements.

- (f) According to the financial statements presented to Audit, the Public Revenue for the year under review amounted to Rs.1,698,755 million and the following matters were observed during the test check carried out in this connection.
- (i) In terms of the Finance Act, No. 10 of 2015, every person who is engaged in the business of Casino should pay a sum of Rs.1,000 million as one off levy in respect of each Casino and that it should have been paid on or before 15 November 2015. Even though Rs.3,760 million out of Rs.4,000 million recoverable as at that date, had not been recovered, that had not been disclosed as a liability in the financial statements.
 - (ii) The total arrears of Revenue of the Department of Inland Revenue as at 31 December 2016 consisting of Rs.182,078 million being the defaulted taxes recoverable as at 31 December 2016, and Rs.113,219 million being the penalty thereon, both totalling Rs.295,297 million. Similarly, the arrears of revenue as at 31 December 2016 of the Department of Excise amounted to Rs.2,545 million. As such the total arrears of Revenue of the two institutions as at 31 December 2016 amounting to Rs.297,842 had not been disclosed in the financial statements.
 - (iii) Even though the General Treasury had paid the interest payable by the Co-operative Wholesale Establishment on the Treasury Bonds issued for the supply of capital contribution to the Co-operative Wholesale Establishment, that sum of Rs.3,778 million as well had not been brought to account in the Treasury books.
 - (iv) Action had not been taken for the write off of the loss of Rs.400 million in the year 2014 in the sale of 82 motor vehicles purchased for the Commonwealth Heads of Government Conference and that amount had been further included in the Suspense Account of the financial statements.

2.2.4 Non-compliance with Laws, Rules, Regulations, etc.

Non-compliance with the following laws, rules and regulations were observed.

- (a) According to the Financial Statements of the Republic for the year under review, the estimated budget deficit amounted to Rs.1,487,799 million and that represented an increase of Rs.316,819 million or 27 per cent over the preceding year. According to the financial statements for the year 2016, the actual budget deficit amounted to Rs.666,139

million and that is a decrease of Rs.821,660 million from the estimated budget deficit. The actual budget deficit of the year under review amounted to 5.63 per cent of estimated Gross Domestic Product amounting to Rs.11,839,000 million. Accordingly, the budget deficit had exceeded the 5 per cent specified in Section 3 (a) of the Fiscal Management (Responsibility) Act, No. 03 of 2003 as amended by the Fiscal Management (Responsibility) (Amendment) Act, No. 15 of 2013.

- (b) According to the Fiscal Management (Responsibility) Act, No. 3 of 2003 as amended by the Fiscal Management (Responsibility) (Amendment) Act, No. 15 of 2013, the total liabilities of the Government should not exceed 80 per cent of the Gross Domestic Product. According to the financial statements for the year 2016 the total liabilities as at 31 December 2016 amounted to Rs.9,864,512 million and that as compared with the estimated Gross Domestic Product of the year 2016 amounting to Rs.11,839,000 million represented 83.3 per cent. As such, it was observed as an excess on the maximum limit on the liabilities as specified in the Fiscal Management (Responsibility) Act. Details appear in the following table

Liabilities	Value of Liabilities as at 31 December 2016**
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	Rs. Millions
Bank Overdraft	167,880
Central Bank Advances	83,307
Public Debt*	8,793,959
Liabilities not brought to account in the Financial Statements	
- Off Balance Sheet Foreign Loans	332,305
- Understatement of Treasury Bond Balance	487,061

Total Liability	9,864,512
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Estimated Gross Domestic Product - 2016	11,839,000
Total liability as a percentage of the Gross Domestic Product	83.3

* Lease creditors amounting to Rs.16,496 million are not included in the Public Debt.

** The above liabilities do not include the value of the guarantees amounting to Rs.563,337 million issued to the Banks for the loans obtained by the Public Enterprises on the General Treasury Guarantees. Details appear below.

Particulars	Value
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	Rs.Millions
Bonds for the loans obtained by the Public Enterprises	497,059
Bonds issued on Letters of Credit	66,278

Total	563,337
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- (c) The money allocated for recurrent and capital expenditure under the “Development Activities” Programme of the Department of National Budget may be transferred to any other Programme under any other Head whilst the amount of the money so transferred and the reasons for such transfers should be tabled in Parliament by way of the Government Fiscal Performance Report presented in terms of the Fiscal Management (Responsibility) Act, No. 3 of 2003 as stipulated in Section 6(2) of the Appropriation Act, No. 16 of 2015. Nevertheless, the Governments Fiscal Performance Report for the year 2016 dated 10 November 2016 included only the recurrent expenditure amounting to Rs.30,891 million and the capital expenditure amounting to Rs.145,497 million under the Budgetary Support Services and Contingent Liabilities Project from 01 January 2016 to 30 September 2016. Nevertheless, the information on the total of the recurrent and capital expenditure amounting to Rs.114,886 million incurred from 01 October 2016 to 31 December 2016 under the Budgetary Support Services and Contingent Liabilities Project had not been so tabled in Parliament.

2.3 Bank Overdraft

According to the financial statements presented to the Audit, the adjusted Bank Overdraft balance of the year under review amounted to Rs.167,880 million. The following observations are made in this connection.

- (a.) In the computation of the Bank Overdraft as at the end of the year under review, the balances of accounts that could not be taken into account in that connection, had also been adjusted against each other whilst the total of the actual overdraft which could have resulted in Bank Overdrafts amounted to Rs.165,528 million. That, as compared with the total of the actual Bank Overdraft balances amounting to Rs.204,760 million for the preceding year, the Bank Overdraft balance had been brought down by Rs.39,232 million, that is , 19 per cent.
- (b.) According to the financial statements, the Bank Overdraft interest paid on the Bank Overdraft in the year under review amounted to Rs.10,200 million.

2.4 General Deposits Account

According to the financial statements, the net credit balance of the Treasury General Deposit Account as at 31 December 2016 amounted to Rs.64,347 million and that had been arrived at by the adjustment of a credit balance of Rs.64,384 million and a debit balance of Rs.37 million against each other.

2.5 Capital Contribution in the Enterprises Owned by the Government

According to the financial statements, the total Capital Contribution in 126 Enterprises owned by the Government, including the Capital Contribution of Rs.34,761 million made in 13 institutions by the Government in the year under review, as at 31 December 2016 amounted to Rs.526,907 million(According to Note 21 to the Financial Records). The value of the contribution made during the year under review represented 6.6 per cent of the total capital contribution. The following observations were made during the course of the test check of this Capital Contribution.

- (a.) According to the financial statements of the Urban Development Authority, the total Government Capital Contribution for that Authority as at the end of the year under review amounted to Rs.1,007 million and according to the Financial Statements of the Republic that amounted to Rs.1,257 million. As such, a difference of Rs.250 million was observed between the Financial Statements of the Republic and the Financial Statements of the Authority.
- (b.) The Capital Expenditure of Rs.30 million made by the General Treasury in the Shipping and Aviation Information and Research (Private) Limited, a private Company, in the year 2009 had not been included in the financial statements.

- (c.) Even though the total capital contribution made by the General Treasury in the following three institutions out of 129 Enterprises Owned by the Government, totaling Rs.353.5 million had been shown in the financial statements, according to the confirmation of balances made available to the Audit by those institutions, it was revealed that the General Treasury had neither made any such capital contribution nor made any investment. Accordingly, a difference of Rs.353.5 million in relation to the investments was observed between the Financial Statements of the Republic and the confirmation of balances. Details appear below.

Particulars	Amount
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	Rs.
Development Lotteries Board	2,200,000
Housing Development Finance Corporation Bank	346,490,000
Lafarge Mahaweli Cement (Pvt) Company Limited	4,800,000

Total	353,490,000
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- (d.) According to the Annual Survey Report of the Department of Treasury Operations, the capital contributions in 7 institutions as at 31 December 2016 had been confirmed by way of share certificates as Rs.529 million. Nevertheless, any information whatsoever in that connection had not been disclosed in the financial statements for the year ended 31 December 2016. (Details appear in Annexe 4).
- (e.) According to the information of the Department of State Accounts, it was revealed the Lanka Textile Mills Emporium had been closed down. In view of the failure to take action for the write off of the Capital Contribution therein amounting to Rs.7 million from the books that had been further shown under the Government Capital Contribution as at 31 December 2016. Even though proposals had been made for closing down of the Lanka Fabrics Limited and the Rajarata Food Grains Limited reportedly non-operating in which investments of Rs.2.1 million and Rs.3.8 million respectively had been made, the follow-up action taken in that connection had not been furnished to the Audit.

2.6 Foreign Loans and Foreign Grants

According to the Revised Annual Budget Estimates for the year under review, the receipts of Foreign Loans and Foreign Grants had been estimated at Rs.299,946 million and Rs.15,554 million respectively, whilst the actual Foreign Loans and Foreign Grants received during the year amounted to Rs.574,249 million and Rs.7,496 million respectively. The following observations are made in this connection.

- (a.) As compared with the Revised Annual Budget Estimates, the Foreign Loans received had increased by a sum of Rs.274,303 million, that is by 91.5 per cent whilst the receipt of Foreign Grants had decreased by a sum of Rs.8,060 million, that is, by 51.8 per cent.
- (b.) It was observed that instead of accounting for the Foreign Grants received by the country from the Foreign States, Organizations and different institutions at the actual time of receipt, those Foreign Grants are brought to account as receipts at the time of incurring as expenditure through projects. In such circumstances, the Foreign Grants amounting to Rs.4,163 million received as at the end of the year under review, but not incurred as expenditure, had not been brought to account under the financial grants in the financial records.
- (c.) The Grants made available by the Foreign Institutions and the States for different projects had been retained in the General Deposits Account instead of being utilized for the respective purposes and as such a sum of Rs.11.3 million received for 10 projects had to be returned to the respective donors during the year under review. (Details appear in Annexe 5).
- (d.) Grants amounting to Rs.23.4 million received for 11 projects had been credited to the Public Revenue during the year under review without being utilized for the relevant specific projects. (Details appear in Annexe 6).
- (e.) The Foreign Aid Grants amounting to Rs.53 million received by the Legal Aid Commission during the year under review had not been included in the financial statements.
- (f.) Foreign Aid Grants amounting to Rs.4,163 million received for 81 projects remained underutilized in the General Deposits Account as at the end of the year under review. A sum of Rs.2,912 million received in the preceding years for 29 projects included therein had not been made use of for any purpose whatsoever during the year under review. (Details appear in Annexe 7).

- (g.) Even though provisions under the Foreign Grants amounting to Rs.4,737 million had been made for several projects expected to be implemented under 15 Heads, the entirety of those provisions had been saved as at the end of the year due to the non-implementation of those projects. (Details appear in Annexe 8).
- (h.) A difference of Rs.3.5 million relating to 5 Loans Agreements was observed in the comparison of the balances in the 854-1 report of the Department of External Resources with the direct confirmation of balances of the Foreign Loan balances as at 31 December 2016 obtained from the Institutions supplying the Foreign Loans to Sri Lanka.

2.7 Sub- Loans Granted to Domestic Institutions

The following matters were observed during the course of audit test checks of the balances as at 31 December 2016 of the Sub-loans granted by the Government to the State Institutions.

- (a.) According to the financial Statements, the balances of Sub-loan relating to 4 Loan Agreements as at 31 December 2016 amounted to Rs.6,004 million whereas according to the confirmation of balances that value amounted to Rs.5,801 million and as such it was observed that the above balance had been overstated in the financial statements by a sum of Rs.203 million. (Details appear in Annexe 9).
- (b.) According to the financial statements, the balances of sub-loans relating to 8 Loan Agreements as at 31 December 2016 amounted to Rs.5,179 million whereas according to the confirmation of balances that amounted to Rs.7,164 million. As such, it was observed these this loans had been understated in the financial statements by a sum of Rs.1,985 million. (Details appear in Annexe 10).
- (c.) Even though the Sub-loans amounting to Rs.947 million granted by the Government to 4 institutions under 7 Loan Agreements should have been recovered by 31 December 2016 recovery had not been made even by the date of audit. (Details appear in Annexe 11).
- (d.) Even though the recovery of Sub-loans amounting to Rs.8,246 million granted by the Government to 4 institutions on 8 Loan Agreements should have been commenced before the end of the year 2016, the recovery of those loans had not been commenced even by 31 December 2016. (Details appear in Annexe 12).

3. Financial Review

3.1 Financial Performance

The financial performance according to the Financial Statements of the Republic for the year ended 31 December 2016 as compared with the preceding year is given below.

Revised Budget Estimates for the year 2016	Particulars	Actual Value	
		2016	2015
Rs. Millions		Rs. Millions	Rs. Millions
	Revenue		
261,300.0	Income Tax	258,856.8	262,583.4
846,200.0	Taxes on Domestic Goods and Services	840,563.9	756,109.0
366,500.0	Taxes on International Trade	364,268.2	263,428.2
1,474,000.0	Tax Revenue	1,463,688.9	1,282,120.6
193,700.0	Non-Tax Revenue and Others	235,066.3	112,124.8
1,667,700.0	Total Revenue (a)	1,698,755.2	1,394,245.4
	Less : Expenditure		
462,326.7	Salaries, Wages and Other Employment Benefits	452,700.7	429,742.3
312,484.2	Other Goods and Services	148,955.5	162,965.7
577,307.9	Subsidies, Grants and Transfers	557,162.9	552,848.7
617,253.2	Interest Payments	610,894.6	527,227.6
1,307.9	Other Recurrent Expenditure	1,168.0	137.2
1,970,679.9	Total Recurrent Expenditure (b)	1,770,881.7	1,672,921.5

302,979.9	Revenue Deficit (a) – (b)	72,126.6	278,676.1
1,184,819.0	Public Investments	594,012.7	683,963.4
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1,487,798.9	Budget Deficit	666,139.3	962,639.5
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	Financing the Budget Deficit		

299,946.1	Foreign Borrowings	574,248.7	556,370.3
(146,004.8)	Foreign Debt Repayments	(145,119.3)	(187,112.8)
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153,941.3	Net Foreign Borrowings	429,129.4	369,257.5
15,554.2	Foreign Grants	7,495.9	6,013.9
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169,495.5	Total Foreign Financing Contribution	436,625.3	375,271.4
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2,137,692.4	Domestic Borrowings	1,041,541.2	1,187,230.9
(597,375.9)	Domestic Debt Repayments	(596,429.3)	(659,282.3)
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1,540,316.5	Net Domestic Borrowings	445,111.9	527,948.6
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14,000.0	Recoveries from On-lending	18,619.5	12,960.8
300.0	Sale of Capital Assets	407.2	97.9
	Net Change in Deposit Accounts and		
o	Liabilities	(204,849.9)	13,053.6
	Increase / (Decrease) in Cash and Cash		
	Equivalents	(29,774.7)	33,307.2
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1,724,112.0	Total Financing	666,139.3	962,639.5
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venue of Rs.1,394,245 million of the year 2015, Tax Revenue represented 92 per cent and 8 per cent represented Non-Tax Revenue. Out of the total of Rs.1,698,755 million of the year 2016, Tax Revenue represented 86 per cent and 14 per cent represented Non-Tax Revenue. Accordingly, the Non-Tax Revenue of the year under review as compared with the preceding year had increased by Rs.122,941 million, that is, by 109.6 per cent whilst the total revenue had increased by Rs.304,510 million, that is, by 21.8 per cent.

- (a.) The total expenditure of Rs.2,356,885 million of the preceding year had increased to Rs.2,364,894 million, that is , by Rs.8,009 million, or, by a percentage less than one per cent, whilst the total recurrent expenditure, as compared with the preceding year, had increased by a sum of Rs.97,960 million that is, by 5.9 per cent. The payment of interest on loans which represented 31.5 per cent of the total recurrent expenditure in the preceding year had increased to 34.5 per cent in the year under review. As a result of that, the Government investment expenditure which represented 29 per cent of the total Public Investment Expenditure of the preceding year had decreased to 25 per cent of the total expenditure of the year under review.
- (b.) As compared with the Revised Annual Budget Estimates for the year under review, the total recurrent expenditure had been underspent by 10.1 per cent and the achievement of Public Investments had been only 50.1 per cent of the estimated amount. In view of the inability to achieve the revenue targets expected as compared with the Original Budget Estimate, and that it will not be possible to achieve the Public Investment targets expected due to the inability to find new financing sources for the settlement of the increasing budget deficit, it is and that there is a possibility of failing to achieve the expected public investment target as a result of reducing expenditure as an alternative thereto.
- (c.) According to the financial records, the total financing estimated for financing the budget deficit amounted to Rs.1,724,112 million whilst the total of actual financing amounted to Rs.666,139. That represented a decrease of 61.4 per cent as compared with the Revised Budget Estimate. As a compared with that, the net domestic and foreign borrowings according to the Revised Budget Estimate totalled Rs.1,694,258 million whilst the actual value of the net domestic and foreign borrowings amounted to Rs.874,541 million. That as compared with Revised Budget Estimates, indicated a decrease of Rs.820,017 million, that is 48.4 per cent. The actual total loans obtained by the Government in the year 2016 as compared with the Revised Budget Estimates is given below.

Category of Loans	Borrowings in the year 2016			
	Value according to the Revised Budget Estimate of the year 2016	Actual Value	Increase/(Decrease) of the actual Borrowings as compared with the Budget Estimate	
			Value	Percentage
	Rs. millions	Rs. millions	Rs. millions	
Foreign Loans	299,946.1	574,248.7	274,307.6	91.5
Domestic Loans*	2,137,692.4	1,041,541.2	(1,096,151.2)	51.3
Total	2,437,635.5	1,615,789.9	(821,848.6)	33.7

* The Domestic loans included the net value obtained by the issue of Treasury Bills.

- (i.) According to the above Table, the actual total borrowings as compared with the Revised Budget Estimates for the year 2016, had decreased by Rs.821,849 million, that is, 33.7 per cent.
- (ii.) Even though the domestic borrowings, as compared with the estimated borrowings had decreased by Rs.1,096,151 million or by 51.3 per cent, the foreign borrowings, as compared with the estimated borrowings, had increased by Rs.274,308 million or by 91.5 per cent. Accordingly, it was observed that the amount of foreign borrowings approved by Parliament through the Annual Budget Estimates for the year 2016 for the settlement of the budget deficit exceeding the limit by 91.5 per cent and the decrease of the domestic borrowings by 51.3 per cent would result in limiting the investment opportunities for the surplus money of the Domestic Banks Financing Institutions.

3.2 Analytical Financial Review

According to the financial statements, the Domestic and Foreign Borrowings, the payment of loans installments and interest and the Public Revenue for the year 2016 as compared with 04 preceding years are given in the following Table and Diagrams. (Details appear in Annexe 13).

Particulars	2012	2013	2014	2015	2016
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	Rs. millions	Rs. millions	Rs. millions	Rs. millions	Rs. millions
Total Domestic Loans Obtained in the year*	2,255	2,178	2,020	2,794	2,518
Foreign Loans obtained in the year	366	183	423	556	574
Total of Domestic and Foreign Borrowings	2,621	2,361	2,443	3,350	3,092
Payment of Domestic Loan Installments in the year **	1,980	1,696	1,584	2,265	2,073
Payments of Foreign Loan Installments in the year	153	95	107	187	145
Total Payment of Domestic and Foreign Loan Installments	2,133	1,791	1,691	2,452	2,218
Total net Borrowings	488	570	752	898	874
	===	===	===	===	===
Payments of Interest on Domestic Loans in the year	350	401	376	450	510
Payment of Interest on Foreign Loans in the year	58	63	70	78	101
Total Payment of Interest on all Loans	408	464	446	528	611
Total of all Loan Installments and Interest	2,541	2,255	2,137	2,980	2,829
Balance after Payments of all Loan Installments of Total Borrowings and the Payments of Interest in the year	80	106	306	370	263
Total Public Revenue	997	1,066	1,128	1,394	1,699
Deficit after deducting the total Loan Installments and Interest payable during the year from the overall Public Revenue (Utilisation of Domestic and Foreign Loans obtained during the year for this purpose	1,544	1,189	1,009	1,586	1,130

Balance of Public Debt as at 31 December according to the Financial Records	5,520	6,106	6,721	7,830	8,861
Payment of Loan Installments and Interest	Percentage	Percentage	Percentage	Percentage	Percentage
- Coverage of the entire Public Revenue for the payment of the full amount of Loan Installments and Interest	39.2	47.3	52.8	46.8	60.1
- Utilisation of the loans obtained during the year as a percentage for settlement of the deficit after the full utilization of the Public Revenue for the payment of Loan Installments and Interest	60.8	52.7	47.2	53.2	39.9
- Total payment of Loan Installments and Interest as a percentage of the total of the Loans obtained during the year	96.9	95.5	87.5	89.0	91.5
- Overall payment of Loan Installments and Interest as a percentage of the total Public Revenue	254.9	211.5	189.5	213.8	166.5

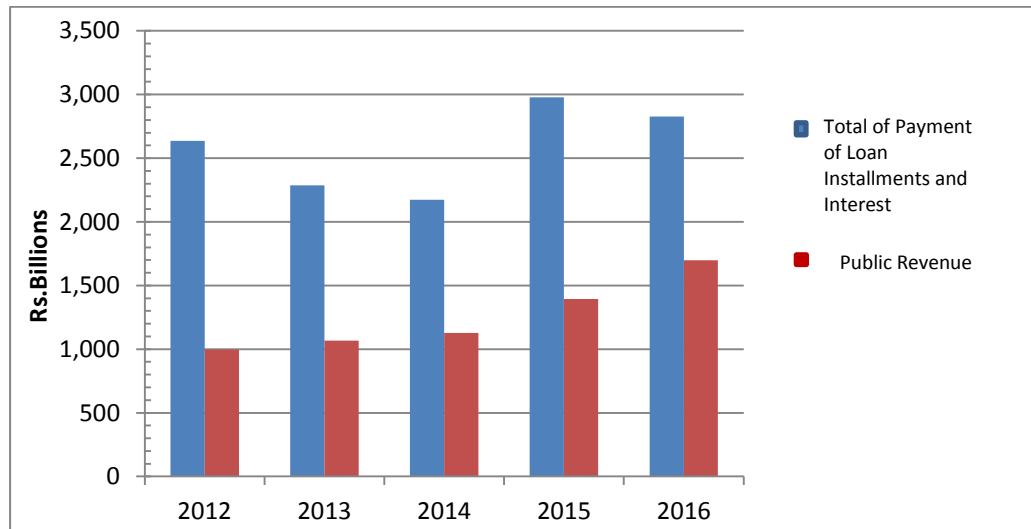
* Money obtained by the issue of Treasury Bills as well is included in the Domestic Loans obtained during the year (Rs.1,635 million + (1,042 – 159) = Rs.2,518 million)

** The payments made for the Treasury Bills during the year are included in the payment of Domestic Loan Installments (Rs.597 – 1,476 million = Rs.2,073 million)

The following observations are made in this connection.

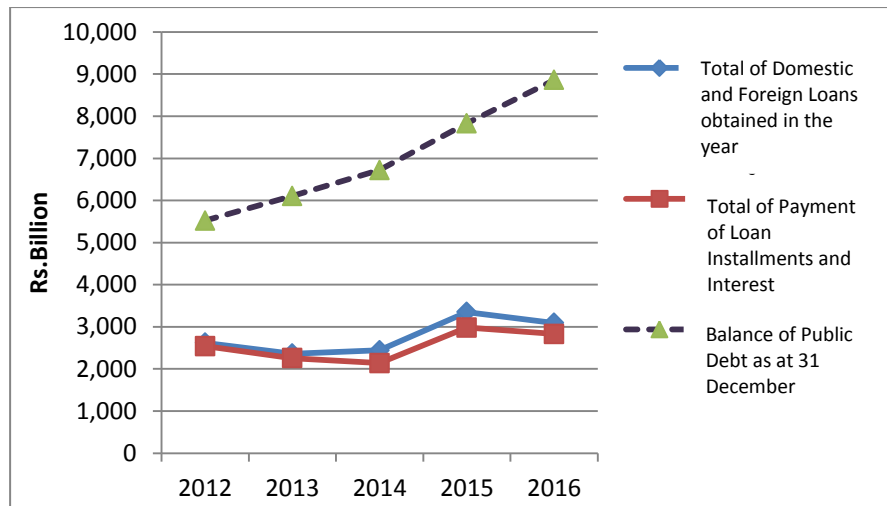
- (a) The decrease of the Domestic Borrowings by 9.9 per cent and increase of the Foreign Borrowings by 3.2 per cent during the year under review had resulted in the decrease of the total amount of loans obtained during the year by 7.7 per cent as compared with the preceding year. Even though the payment of Domestic and Foreign Installments during the year had decreased by 9.5 per cent, the payment of interest on loans had increased by 15.7 per cent.

- (i) The comparison of the payment of loan installments and loan interest with the Public Revenue is given in the following Diagram .



Even though the Public Revenue, as compared with preceding year, had increased by Rs.304.510 million or by 21.8 per cent in the year under review, the total Public Revenue of about 5 preceding years had not been adequate even for the payment of loan installments and interest. Accordingly, the entire Public Revenue of the year under review had been adequate only for the settlement of 60.1 per cent of the total of the loan installments and interest payable in the year. As such, it was observed that the Domestic and Foreign Loans obtained during the year had to be utilized for the settlement of 39.9 per cent or Rs.1,129,925 million of the loan installments and loan interest of the year under review.

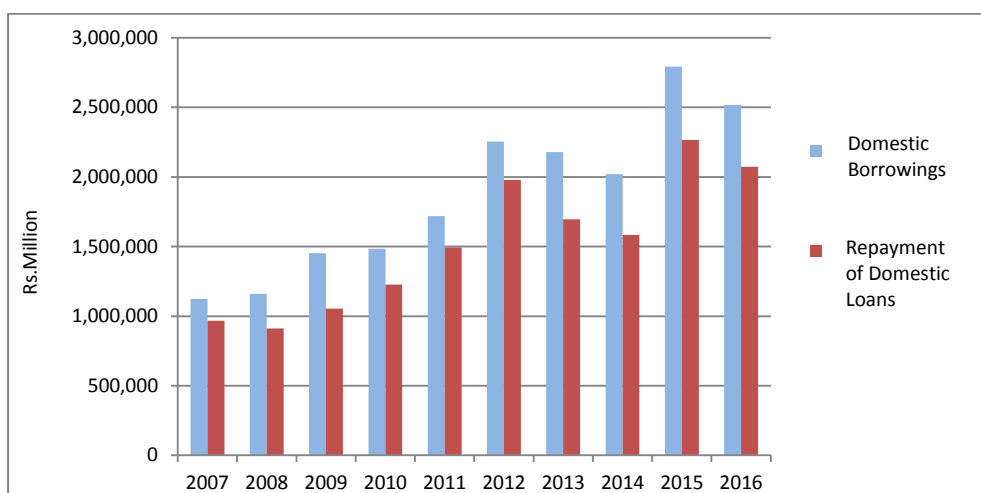
- (ii) The payment of loan installments and interest during the year under review represented 91.5 per cent of the total loans obtained during the year. The total loans obtained in the year, the payment of loan installments and interest and the balance of the Public Debt as at the end of the year as compared with 4 preceding years are given in the following Diagram.



According to the above Diagram, the borrowings and loan repayments had been fluctuating concurrently and it was observed that the balance of the Public Debt had been continuously increasing over a number of years.

- (b) The total balance of the Public Debt (including the Central Bank Advances) as at 31 December 2016 amounting to Rs.8,860,769 million represented 74.8 per cent of the Gross Domestic Product amounting to Rs.11,839,000. A substantial portion of the Domestic and Foreign Loans obtained by the Government over a loan period had to be utilized for the repayment of loan installments and payment of interest. As such it was observed that it had not been possible to achieve the expected development targets of the country. The non-creation of production industries adequately due to the decrease in public investments as compared with the borrowings and the continuous increased in the recurrent expenditure had resulted in the continuous increase of the Public Debt over a long period.
- (c) The Domestic Borrowings, the repayment of domestic Loan Installments and the net Domestic Borrowings for the year 2016 as compared with 9 preceding years are given in the following Table and Diagram.

Particulars	2007	2008	2009	2010	2011	2012	2013	2014
	Rs.Million	Rs.Million	Rs.Million	Rs.Million	Rs.Million	Rs.Million	Rs.Million	Rs.Million
Domestic Borrowings	1,122,585	1,160,644	1,452,985	1,483,337	1,719,054	2,255,781	2,177,825	2,020,2
Repayment of Domestic Loans	966,518	910,469	1,054,075	1,227,265	1,493,735	1,979,826	1,695,752	1,583,7
Net Domestic Borrowings	156,067	250,175	398,910	256,072	225,319	275,955	482,073	436,4
Repayment of Domestic Loans as a percentage of Domestic Borrowings	86.1	78.4	72.5	82.7	86.9	87.8	77.9	78.4



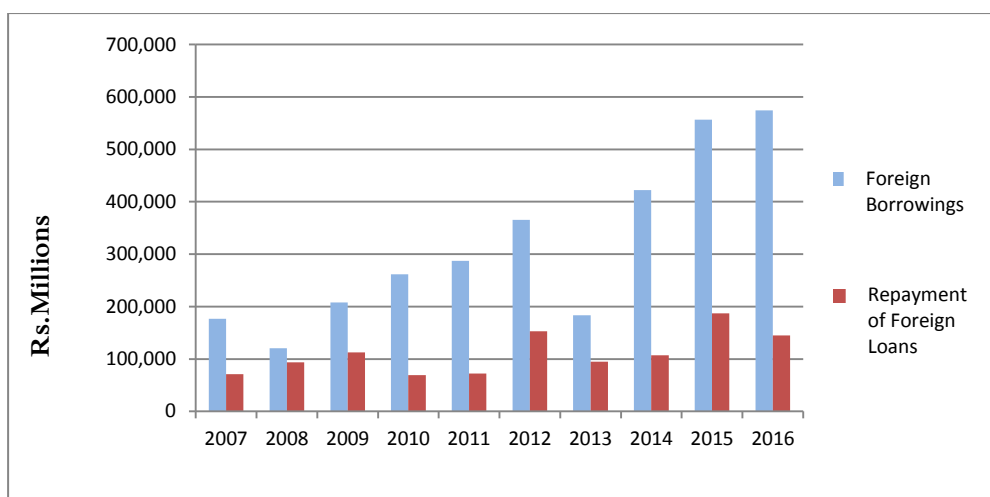
According to the above information, 82.3 per cent of the total Domestic Borrowings of the year under review had been used for the repayment of the Domestic Loans. Accordingly, the net Domestic Borrowings out of the total Domestic Borrowings had been only 17.7 per cent. Further, the total Domestic Borrowings of the year under review were not even adequate for the payment of loan installments and interest made during the year. As such, it was observed that any investments were not possible from the Domestic Borrowings. Details appear below.

	Rs.Billions	Rs.Billions
Total Domestic Loans obtained in the year		2,518
Domestic Loan Installments paid in the year	2,073	
Payment of Interest on Domestic Loans in the year	510	

Total of Loan Installments and Interest paid	2,583	(2,583)
	-----	-----
Loan Installments and Interest paid exceeding the Loans obtained in the year		(65)
		====

- (d) The Foreign Borrowings, the repayment of foreign loan installments and the net Foreign Borrowings in the year 2016 as compared with 9 preceding years are given in the following Table and Diagram.

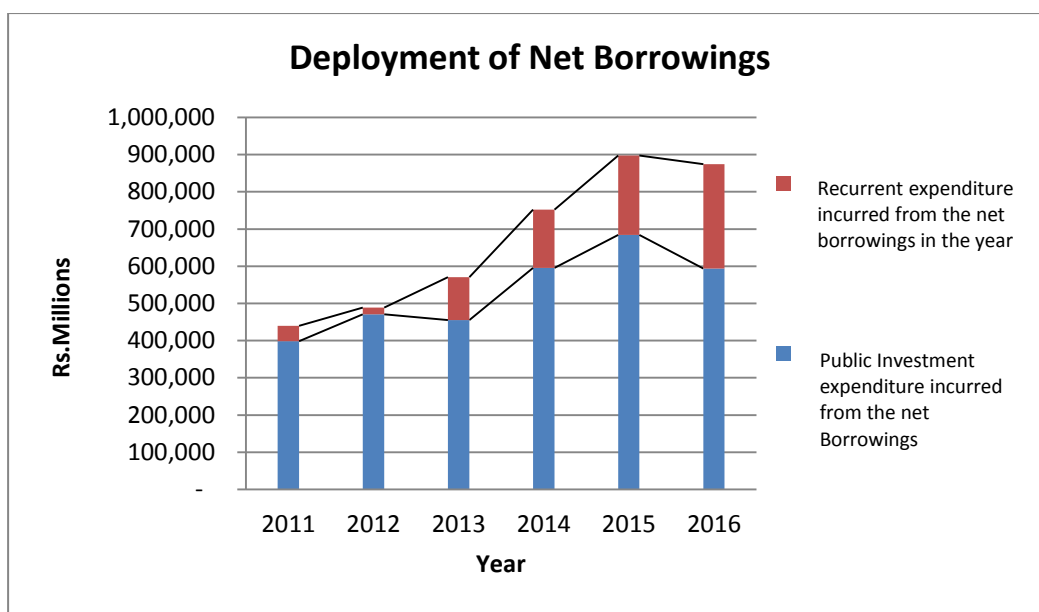
Particulars	2007	2008	2009	2010	2011	2012	2013	2014
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
	Millions	Millions	Millions	Millions	Millions	Millions	Millions	Millions
Foreign Borrowings	176,834	120,292	207,766	261,701	287,012	365,698	183,317	422,543
Repayment of Foreign Loans	71,140	93,689	112,692	69,112	72,262	152,899	94,896	106,979
Net Foreign Borrowings	105,694	26,603	95,074	192,589	214,750	212,799	88,421	315,564



Comparison of 3 preceding years indicates that the net Foreign Borrowings had improved continuously.

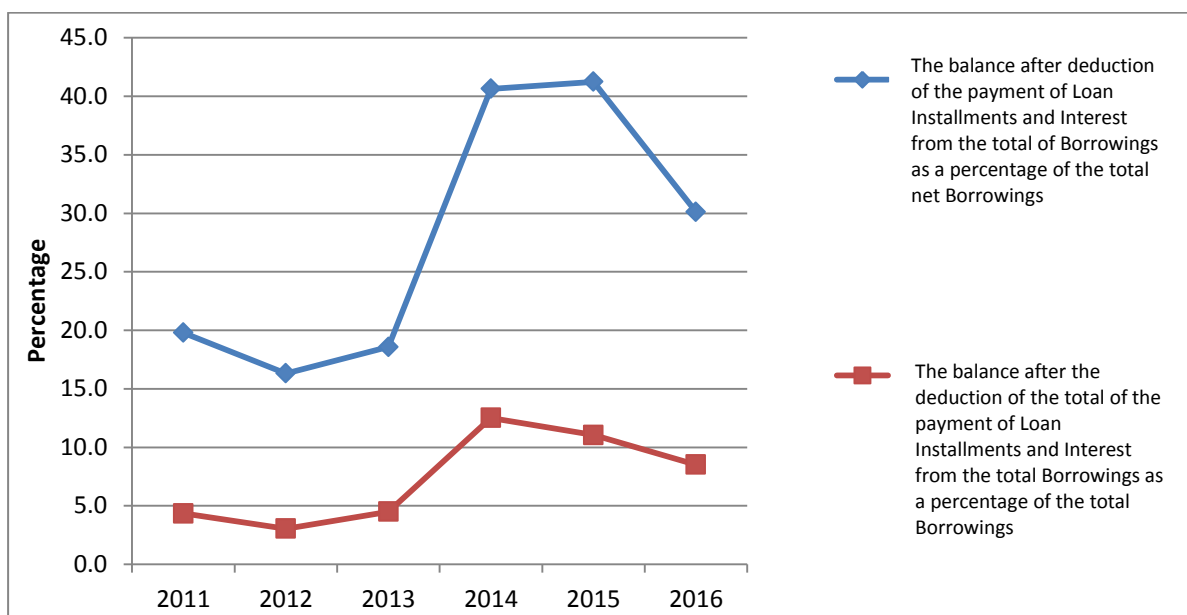
- (e) The actual expenditure incurred on the public investment and the recurrent expenditure from the entire net Domestic and Foreign Borrowings during the year are given in the following Table and Diagram.

Particulars	2011	2012	2013	2014	2015	2016
	Rs. Millions	Rs. Millions	Rs. Millions	Rs. Millions	Rs. Millions	Rs. Millions
Total of net Domestic and Foreign Borrowings in the year	440,069	488,753	570,494	752,026	897,206	874,242
Public Investments in the year	(398,519)	(471,089)	(455,578)	(595,711)	(683,963)	(594,013)
Recurrent Expenditure incurred from net Borrowings	41,550	17,664	114,916	156,315	213,243	280,229



- (f) The total net borrowings of the year under review (Total Borrowings – Repayment of Loan Installments) had been 28.3 per cent of the total borrowings. The balance, after the deduction of the total of the Loan installments and interest in the year from the total borrowings, been at a very low level as a percentage of the total borrowings of the year and as a percentage of the net borrowings. Details appear in the following Table and Diagram .

Particulars	2011	2012	2013	2014	2015	2016
	Percentage	Percentage	Percentage	Percentage	Percentage	Percentage
Total net Borrowings as a percentage of the total Borrowings	21.9	18.6	24.2	30.8	26.8	28.3
The balance after deduction of the payments of Loan Installments and Interest from the total Borrowings as a percentage of the total net Borrowings	19.8	16.3	18.6	40.6	41.2	30.1
The balance after deduction of the total of the payment of Loan Installments and Interest from the total Borrowings as a percentage of the total Borrowings	4.3	3.0	4.5	12.5	11.0	8.5



- (g) The mid year population and the per capita debt of the year under review and 4 preceding years are given below.

Particulars	2012	2013	2014	2015	2016
Balance of Public Debt as at 31 December (Rs.Billions)*	5,520	6,106	6,721	7,830	8,861
Mid year population ('000)	20,425	20,585	20,771	20,966	21,203
(According to the Central Bank Report)					
Per Capital Debt (Rupees)	270,257	296,624	323,576	373,462	417,912

* The balance of the Public Debt also include the Temporary Advance obtained from the

Central Bank.

According to the above information, the comparison of the total Public Debt as at 31 December 2016 with the mid year population indicates that the per capita debt amounts to Rs.417,912 and that as compared with the per capita debt of Rs.373,462 of the preceding year indicates an increase of Rs.44,450 or 12 per cent. In view of the significant amount of foreign loans included in the total Public Debt and its continuous improvement and the lack of an increase in the production as compared with that, the possibility of a further increase in the value of the per capita debt exists due to the impact of the devaluation of the Rupee as against the foreign currency.

3.3 Financial Position

A comparison of the Assets and Liabilities of the Democratic Socialist Republic of Sri Lanka as at the end of the year under review and the preceding year according to the Financial Statements of the Republic, is given below.

Particulars	2016	2015	2014	2013(Comparative Figures)	2013*
-----	-----	-----	-----	-----	-----
	Rs. Millions	Rs. Millions	Rs. Millions	Rs. Millions	Rs. Millions
Non-Financial Assets	346,655	21,287	-	-	-
Financial Assets					
Advances to Public Officers	23,032	22,327	23,396	23,012	23,012
Advances to Government	16,093	9,878	9,679	9,230	9,230
Departments					
Membership Fees	3,517	3,517	3,517	3,517	3,517
On Lending	169,547	174,196	207,966	370,618	370,618
Government Contributions to State	526,907	492,130	397,837	212,976	212,976
owned Enterprises					
Investments on Borrowings	8,793,959	7,684,954	6,577,431	5,996,496	-
Stamps Stock Account	1,275	1,315	1,244	971	971
Lease Rents and Advances for	229	-	-	-	-
Works					
Total Financial Assets	9,534,560	8,388,317	7,221,072	6,616,821	620,325
Total Assets	9,881,215	8,409,604	7,221,072	6,616,821	-
Statutory Funds and Other					
Funds					
Consolidated Fund	-187,247	-403,026	-356,665	-312,477	-
Contingencies Fund	500	100	140	140	140
Foreign Loan Revolving Fund	21,625	25,748	25,835	22,587	22,587
Investment based Funds – State	696,455	666,326	605,803	584,215	-
Owned Enterprises					
Miscellaneous Funds	1,525	1,397	1,285	1,386	1,386
Non-Current Assets Reserve Funds	346,883	21,287	-	-	-

Total Funds	879,741	311,832	276,399	295,851	-
Liabilities					
Bank Overdrafts	167,880	197,655	164,348	137,077	137,077
Advances from the Central Bank	83,307	151,132	143,898	109,272	109,272
Government Borrowings	8,793,959	7,684,954	6,577,431	5,996,496	5,996,496
Deposits and Other Liabilities	64,343	63,142	62,724	83,410	83,410
Operating Account with Government	-108,635	277	-4,315	-4,905	-4,905
Departments					
Sundry Accounts	619	612	587	-380	-381
Total Liabilities	9,001,473	8,097,772	6,944,673	6,320,970	6,344,943
Total Funds and Liabilities	9,881,215	8,409,604	7,221,072	6,616,821	6,345,083
Liabilities exceeding Financial					
Assets and the total of the	-	-	-	-	5,724,758
Contingencies Fund					
Consolidated Fund – Cumulative Net					
Arrears of Revenue	-	-	-	-	312,477
Total Investment in Physical Assets and Cumulative net Arrears of Revenue	-	-	-	-	5,412,281
					5,724,758
Contingencies and Commitments	563,337	431,954	519,274	362,923	362,923

* Statement of Financial Position presented before the revision of the Format of Financial Statements

The following observations are made in this connection.

- (a) As compared with the preceding year, the Format of the Statement of Financial Position had been changed from the year 2014 and the comparative information in the Statement of Financial Position of the year corresponding with the new format of the year 2014 had been adjusted. Nevertheless, the management had failed to make the improvements necessary to present the Financial Position of the Republic in the true and fair manner based on such change.

- (b) The investments from the Borrowings as at the end of the year under review had been 89 per cent of the total assets whilst adequate evidence on the completeness, accuracy, existence and valuation of those assets and for the confirmation thereof had not been presented to the audit.
- (c) The balance remaining after the deduction of the total of the sub-loans and the capital contribution made to the Public Enterprises from the total Public Debt should be equal to the total of the investments in the physical assets and the cumulative net revenue. According to the Statements of Financial Position for the years 2004 to the year 2014, unidentified difference between the above two values had been revealed in every year. Such difference revealed as at 31 December 2013 amounted to Rs.621 million. Details are as follows.

Particulars -----	Value as at 31 December 2013 -----	
	Rs.Millions	Rs.Millions
Public Borrowings during the year		5,996,496
On Lending (Sub-Loans)	370,618	
Government Contribution in Government Owned Businesses	212,976	

	583,594	(583,594)
	-----	-----
		5,412,902
Investments in Physical Assets and the Deficit of the Cumulative net Revenue		5,412,281

Unidentified Difference		621
		===

Even though the Format for the presentation of the Statement of Financial Position had been changed from the year 2014 and the comparative information of the preceding year (2013) corresponding thereto had been presented, a difference between the relevant balance referred to above had not been revealed in the new Statement of Financial Position. Nevertheless, a Nominal Account called “Investments on Borrowings” with a value equivalent to the Government Borrowings had been created and the Statement of Financial Position had been balances through that account. It was

The following observations are made in this connection.

- (a) Even though the approved annual estimates total revenue according to the Original Budget Estimates for the year 2016 amounted to Rs.1,975,650 million subsequently that had been revised as Rs.1,667,700 million. As such, the revised Budget Estimate had been reduced from the original estimate by a sum of Rs.307,950 million or 15.6 per cent whilst the actual revenue as compared with the original estimate, had decreased by a sum of Rs.276,895 million or 14 per cent. It may be due to the impact of factors such as the revenue estimates not being realistic or the leakage of revenue or the weaknesses in the revenue collection methodology or several of those reasons or other reasons. As the decrease of expected revenue as compared with original estimates resulted in the increase of the Budget Deficit by that amount, it is necessary to find new financing sources or reducing the expenditure to meet the increasing Budget Deficit. As such it is observed that problematic situation such as the inability to release imprests as and when required, the loss of essential public investment opportunities, inability to achieve the expected development targets, etc. had emerged.
- (b) According to the Treasury books, the levy remitted by the Civil Aviation Authority of Sri Lanka in the year 2016 amounted to Rs.768 million, whilst the money credited to the Consolidated Fund according to the confirmations obtained from the Civil Aviation Authority amounted to Rs.668 million. As such, a difference of Rs.100 million was observed between the Treasury books and the independent confirmation.
- (c) Five thousand nine hundred and thirty six cheques valued at Rs.1,975 million received by the Department of Inland Revenue from the tax payers as at the end of the year under review had been dishonoured and that, as compared with the dishonoured cheques balance of the preceding year amounting to Rs.1,104 million, it was observed that the dishonoured cheques balance of the year under review had increased by Rs.871 million.
- (d) According to the original Annual Estimates for the year 2016, the revenue estimated for collection by the Department of Inland Revenue under 18 Revenue Code numbers amounted to Rs.637,700 million and that had been revised during the year under review by adding two new Revenue Codes to Rs.573,115 million as the total Revenue Estimate for the year. Accordingly, the revenue expected from the Department of Inland Revenue from the initial Annual Estimate had been reduced by Rs.64,585 million or 10 per cent by the revised estimate. Nevertheless, the actual revenue

collection amounted to Rs.604,252 million and that had exceeded the revised revenue estimate by a sum of Rs.31,137 million or by 5.4 per cent of the revised estimate. It was observed that the above revenue forecast and the preparation of estimates had not been carried out with a formal evaluation and following a methodology.

3.4.2 Public Expenditure

In terms of the provisions in the Article 148 of Chapter XVII of the Constitution of the Democratic Socialist Republic of Sri Lanka in relation to the control over public finance, Parliament has the full control over the public finance. The provisions required for the Public Expenditure of the year 2016 had been made in the Appropriation Act, No. 15 of 2015 and the Appropriation (Amendment) Act, No. 23 of 2016. Accordingly, provisions amounting to Rs.3,898,232 million had been made for the expenditure of the year 2016. Details are as given below.

Financing	Capital Provision	Recurrent Provision	Total
-----	-----	-----	-----
	Rs. Millions	Rs. Millions	Rs. Millions
Provision for Supplies and Services from the Appropriation Aid	1,183,746	1,323,351	2,507,097
Provisions or Special Law Services which are a charge on the Consolidated Fund approved by the existing Laws	647,855	544,048	1,191,903
Additional Provisions given for the Special Law Services Expenditure	94,530	104,702	199,232
Total	1,926,131	1,972, 101	3,898,232
	=====	=====	=====

The following observations are made in this connection.

- (a) According to the Revised Budget Estimates for the year 2016, provisions amounting to Rs.3,898,232 million had been made for the Government expenditure and that as compared with the provisions amounting to Rs.3,475,410 million according to the Revised Budget Estimates for the preceding year indicated an increase made for the year 2016, a sum of Rs.3,106,443 million only had been utilized, thus resulting in the saving of Rs.791,789 or 20.3 per cent of the total provisions.

(b) According to the Section 6(1) of the Appropriation Act, provisions totalling Rs.623,701 million comprising Rs.44,499 million for recurrent expenditure and Rs.579,202 million for capital expenditure had been made under the Budgetary Support Services and Contingent Liabilities Project of the Development Activities Programme of the Head 240 – Department of National Budget. Out of that provision, the Department of National Budget had, during the year under review, transferred sums totaling Rs.291,275 million comprising Rs.44,439 million for recurrent expenditure and Rs.246,836 for capital expenditure as additional provisions to the institutions incurring expenditure.

(c) Savings of Provisions

Several instances of savings in the provisions made for the Government expenditure according to the Revised Budget Estimates for the year under review are given below.

(i) Savings of Recurrent Provision

The total provisions for the recurrent expenditure amounted to Rs.1,970,680 million and a sum of Rs.1,770,852 million of that only had been utilized during the year under review and the savings amounted to Rs.199,798 million. That saving represented 10.1 per cent of the overall recurrent provision.

- There were 51 Heads under which 100 per cent of the provisions made for the Recurrent Objects had been saved. Such provisions amounted to Rs.139,490 million. Such savings of one hundred per cent of the provisions represented 7 per cent of the overall recurrent provision. (Details appear in Annexe 14).
- In the utilization of provision made for recurrent expenditure, there were instances of savings ranging from 26 per cent to 99.9 per cent as shown below. The value of such savings amounted to Rs.17,181 million.

Ranges of Savings	Provisions	Actual Expenditure	Value of Savings
-----	-----	-----	-----
Percentage	Rs.Millions	Rs.Millions	Rs.Millions
76-99	4,115	214	3,901
51-75	7,605	3,301	4,304
26-50	29,736	20,760	8,976
	-----	-----	-----
Total	41,456	24,275	17,181
	=====	=====	=====

(ii) Savings of Capital Provision

The total provision for the capital expenditure amounted to Rs.1,928,200 million and a sum of Rs.1,335,561 of that only had been utilized during the year under review and the savings amounted to Rs.592,639 million. That saving represented 30.7 per cent of the overall capital provision.

- There were 86 Heads under which 100 per cent of the provisions made for capital objects had been saved. Such provisions amounted to Rs.381,655 million . Such savings of one hundred per cent of the provisions represented 19.7 per cent of the overall capital provision. (Details appear in Annexe 15).
- In the utilization of provisions made for capital expenditure, there were instances of savings ranging from 26 per cent to 99.9 per cent as shown below. The value of such savings amounted to Rs. 172,342 million.

Ranges of Savings	Provisions	Actual Expenditure	Value of Savings
-----	-----	-----	-----
Percentage	Rs.Millions	Rs.Millions	Rs.Millions
76-99	41,359	6,158	35,201
51-75	114,893	44,157	70,736
26-50	177,389	110,984	66,405
	-----	-----	-----
Total	333,642	161,300	172,342
	=====	=====	=====

3.1.2 Budgetary Control

Certain matters observed in connection with the budgetary control of the year 2016 are given below.

- (a) According to the Budget Estimates for the year 2016, provision amounting to Rs.121,352 million had been allocated under the Object 126-2-4-1-1407 cost of Maintenance of Public Investments (Lands and Building) of the Ministry of Education. This recurrent expenditure (Provision) was only a nominal value and the relevant Ministry had not made a request for such provisions. According to the Treasury Final Computer Printout (Table 33) the overall provision made in the Budget Estimate for the year 2016 in respect of the Head 126 of the Ministry of Education and the actual expenditure (recurrent and capital) had been as follows.

(b)

Provision / Nature of Expenditure	Total Provision for the year 2016	Actual Expenditure as at 31 December 2016	Savings of Provisions	Savings as a Percentage of Total Provisions
	Rs. Millions	Rs. Millions	Rs. Millions	Percentage
Cost of Maintenance of Public Investments (Nominal)	121,352	-	121,352	100.0
Recurrent	45,898	45,396	502	1.1
Capital	31,337	15,115	16,222	51.8
Total	198,587	60,511	138,076	69.5

- (b) Provision amounting to Rs.17,878 million had been allocated under the Object 111-01-05-0-1407(ii) – Cost of Maintenance of Public Investments (Lands and Buildings) of the Ministry of Health, Nutrition and Indigenous Medicine. That recurrent expenditure (Provision) was only a nominal value. It was revealed that the Ministry concerned had not made a request for such provision in the preparation of estimates. It was also observed that the General Treasury had given instructions to this Ministry to abstain from incurring any expenditure whatsoever from this provision. As such,

the savings from the cost of Maintenance of Public Investment in the provision for the year had been 100 per cent. According to the Treasury Final Computer Printout (Table 33) the overall provision made in the Budget Estimates for the year 2016 in respect of the Head 111 of the Ministry of Health, Nutrition and Indigenous Medicine and the actual expenditure (recurrent and Capital) had been as follows.

Provision / Nature of Expenditure	Total Provision for the year 2016	Actual Expenditure as at 31 December 2016	Savings of Provisions	Savings as a Percentage of Total Provisions
	Rs. Millions	Rs. Millions	Rs. Millions	Percentage
Cost of Maintenance of Public Investments (Nominal)				
Recurrent	17,878	-	17,878	100
Capital	119,189	111,752	7,437	6.2
	39,992	23,028	16,964	42.4
Total	177,059	134,780	42,279	23.9

- (c) As a result of inclusion of the nominal provisions for two Ministries in the Budget Estimates for the year 2016, as referred to above, an adverse impact of Rs.139,230 million had been caused to the overall Budget Deficit, thus increasing the Budget Deficit.
- (d) According to the Treasury Final Computer Printouts (Table 33), the information on the overall provisions allocated in the Budget Estimates for the year 2016 in accordance with the Budget Proposals for the year 2016 and the actual expenditure (recurrent and capital and the payment of the installments of the Domestic and Foreign Loans) is given below.

Provision / Nature of Expenditure	Total Provision for the year 2016	Actual Expenditure as at 31 December 2016	Savings of Provisions	Savings as a Percentage of Total Provisions
	Rs. Millions	Rs. Millions	Rs. Millions	Percentage
Recurrent	1,970,680	1,770,882	199,798	10.14
Capital (Public Investments)	1,184,819	594,013	590,806	49.86
Payment of Installments of Domestic and Foreign Loans	743,381	741,549	1,832	0.24
Total	3,898,880	3,106,444	792,436	20.32

According to the Budget Estimates for the year under review, the savings represented 20.3 per cent of the total provision whilst only 50.1 per cent of the estimated provision of the Public Investments (capital expenditure) could be achieved.

4. Summary of Observations

The following observations are made.

- (a) In view of the above matters it is observed that vigorous attention should be paid for the preparation of realistic and collectable substantial revenue estimated by carrying out a proper study and evaluation which could give priority to the social welfare sectors such a health, education, defence, etc., as well as the manufacturing industries and the essential development activities as well as ensuing a suitable and adequate budgetary control, the preparation of estimates of expenditure and making provisions by giving priority to the essential sectors, providing imprests and the creation of a strategic Public Debt Control.

- (b) Similarly, it is emphasized that the creation of good financial discipline is an essential matter to be achieved through the minimization of leakage by the use of advanced technical methods in the collection of revenue and establishing internal control methods suitable for ensuring the minimization of waste, corruption and irregularities in incurring expenditure and for ensuring the efficiency, effectiveness and economy.
- (c) Further it is emphasized that the introduction of a correct and reliable information communication methodology for the preparation of the Financial Position of the Island, Financial Performance, etc., in accordance with the laws, rules, standards and practices relating thereto.
- (d) The need for the introduction of a better suitable methodology for ensuring the recognition, the existence, valuation, the completeness and correctness of the assets generated from the Public Investment is emphasized.
- (e) The need for a suitable methodology for the recognition, the measurement, the accounting and the reporting of all commitments and liabilities incurred by or on behalf of the Government emphasized.
- (f) The need for the introduction of a suitable methodology for the preparation of the Financial Statements of the Republic on the accrual basis and the determination of a time frame for taking action in accordance therewith is also emphasized.

Annexe 1

The loan balances repayable by the Government as at 31 December 2016 in respect of Loan Agreement entered into by the Government with the Foreign Lending Agencies

Loan Number	Curren cy Unit	As at 31 December 2016		
		Balance	Rupee Value of a Foreign Currency Unit	Balance
		Foreign Currency	Rs.	Rs. Million
2005045	USD	210,000,000	149.8000	31,458
2006045	USD	130,035,063	149.8000	19,479
2007044	USD	223,073,990	149.8000	33,416
2009027	USD	772,200,000	149.8000	115,676
2010006	CNY	1,103,042,453	21.5682	23,791
2012033	USD	600,000,000	149.8000	89,880
2013014	CNY	862,604,892	21.5682	18,605
				332,305
				=====

Foreign Loans receipts and payments relating to 7 Foreign Loan Agreements which had been received in the year 2016 but not included in the financial statements

Loan Number	Loans Received	Repayment of
-----	-----	Loans

	Rs.Millions	Rs.Millions
2007044	-	4,050
2010006	-	1,798
2012033	3,039	-
	-----	-----
	3,039	5,848
	====	====

Foreign Loans realized in the year 2015 but not brought to account even by 31 December 2016

Loan Number	Value of Foreign Loans realized in the year 2015 but not brought to account	
	2015	2016
	Rs..	Rs.
2011012	174,693,251	176,326,766
2013015	98,642,388	314,957,220
2013017	2,217,686	5,084,644
2009006	163,223,260	361,377,370
2009007	29,517,583	113,296,511
1998037	3,423,365	-
2005051	8,021,337	45,003,679
2013016	24,677,196	-
2013012	671,958,864	-
2014036	-	89,153,268
2013018	-	13,112,124
2012029	-	8,066,775
2014035	-	1,800,927,371
2015019	-	1,468,560,060
2014032	-	152,355,157
2014007	-	1,541,509
2012007	-	179,884,732
	1,176,374,930	4,729,647,186

Capital contribution as at 31 December 2016 in 7 Institutions according to the Survey Report

Institution	Number of Shares	Value
-----	-----	-----
		Rs.
Ceylon Oxygen Ltd.	8,453	84,530
Lanka Plantation Ltd.	11,903,402	11,903,402
Puttalam Cement Company Ltd.	10,000,000	100,000,000
S.D.F.L.	2	20
Sri Lanka Carbon Fund	2,500,001	25,000,010
Ceylon Electricity (Pvt) Ltd.	9,680,000	96,800,000
Lanka Electricity (Pvt) Ltd	29,520,000	295,200,000

		528,987,962
		=====

Money returned to donors in the year under review due to retention in the General Deposits Account without being utilised

Donor Agency	Deposits Account Number	Amount
-----	-----	-----
		Rs.
UNDP	6000-0-0-10-0-1114	85,081.57
UNDP	6000-0-0-10-0-1116	607,296.79
UNDP	6000-0-0-10-0-983	5,066,110.13
UNDP	6000-0-0-10-0-983	4,325,521.17
UNDP	6000-0-0-10-0-1112	401,048.97
UNFPA	6000-0-0-10-0-868	258,062.52
UNFPA	6000-0-0-10-0-41	131,340.50
UNFPA	6000-0-0-10-0-1106	208,537.82
FAIRMED	6000-0-0-10-0-1132	178,820.00
WFP	6000-0-0-10-0-1123	79,361.52

		11,341,180.99
		=====

Money received for 11 Projects credits to the Public Revenue in the year under review without being utilized for the specific Projects

Deposits Account Number	Amount
-----	-----
	Rs.
6000-0-0-10-0-1008	14,495,513.85
6000-0-0-10-0-1076	2,764,692.78
6000-0-0-10-0-1107	0.79
6000-0-0-10-0-991	27,490.15
6000-0-0-10-0-1097	100.00
6000-0-0-10-0-1072	300,710.00
6000-0-0-10-0-905	836,073.66
6000-0-0-10-0-1037	584,253.22
6000-0-0-10-0-1088	336,503.50
6000-0-0-10-0-1034	649,798.95
6000-0-0-10-0-1093	3,411,075.70

	23,406,212.60
	=====

Foreign Grants

Particulars	Amounts
-----	-----
	Rs.
JAPANESE AID	2,571,913,490
Treasury General Deposit Account– Sri Lanka Project	129,188,344
Formulation of sub regional action programme on	185,648
Disaster Management Center - United Nations	6,484
Development Programme	
Strengthening Plan Implementation Capacity	75
Project on the development of a national implementation	364,351
Strengthening the National Coordination activities	144,045
Conservation Restoration of the old Dutch Naval	412,029
Health System Strengthening Project (GAVI)	45,081,298
"Avian Influenza Preparedness Programme"(USA)	15,549,136
National Mine Action Programme	7,156
Master of Development Practice Degree Programme	888,869
Household Survey to Measure Access and use of	249,127
Project on Promoting Rural Incomes from	15,598
Grant for Flood victims 2011	86,320,136
"Pollution Control, Treatment of Tannery Waste	9,133,513
Building Capabilities and Governing the Technology	1,238,037
Construction of Three - Storeyed Building at	1,215,721
"Technology Needs Assessment Project on Climate	233,796
Shipment of Two Decayed Cobalt - 60 Radioactive	246,148
Social Protection Index	31,949
Enhance the Early Warning & Emergency Response	298,792
Implementation of the Project on the	6,750
South Asian Initiative to End Violence Against	6,576,912
"Land Tenure Study - Dry Zone Livelihood Support	2,674,869
Support to the Sri Lanka Human Rights Commission	48,920
Rectification of Slope Failure on Southern	36,428,754
Institution Capacity Building in Water	18,105
To Help the Disabled Police Officers of Sri Lanka	4,150,000

	2,912,628,052
	=====

Annexe 8

Savings on provisions granted under the Foreign Grants

Head	Programme	Project	Sub- project	Object	Financing	Net provision as at the end of the year under review	Savings
						Rs.	Rs.
103	2	12	28	2502	13	8,500,000	8,500,000
106	2	5	5	2201	13	30,000,000	30,000,000
110	1	2		2502	13	140,000	140,000
111	2	13	25	2502	13	1,853,449,442	1,853,449,442
111	2	13	85	2104	13	120,000,000	120,000,000
111	2	13	113	2502	13	337,000,000	337,000,000
117	2	15	29	2502	13	16,000,000	16,000,000
117	2	15	41	2502	13	25,000,000	25,000,000
117	2	15	42	2104	13	83,400,000	83,400,000
120	2	4	13	2502	13	1,340,000	1,340,000
120	2	4	14	2502	13	23,810,000	23,810,000
122	1	3	2	2502	13	58,900,000	58,900,000
124	2	3	12	2502	13	140,000	140,000
130	1	2	4	2502	13	25,000,000	25,000,000
145	2	3	23	2502	13	2,000,000,000	2,000,000,000
154	2	3	6	2502	13	24,000,000	24,000,000
166	2	7	5	2201	13	16,000,000	16,000,000
239	1	1	4	2502	13	5,630,000	5,630,000
240	2	2		2503	13	107,785,541	107,785,541
312	2	2	5	2504	13	1,100,000	1,100,000
Total						4,737,194,983	4,737,194,983
						=====	=====

Annexe 9

Difference between the balances of Sub-loans according to the Financial Statements as at 31 December 2016 and the value of confirmation of balances

Institution	Particulars	Balance as at 31 December 2016		Difference between Balances
		According to Financial Statements	According to Confirmation of Balance	
		Rs.	Rs.	Rs.
Central Bank of Sri Lanka	SLP 82 - E Friends II (A/C 50537)	5,314,528,029	5,159,136,071	155,391,958
Ministry of Petroleum Resources	Treasury Loans	313,155,138	286,274,774	26,880,364
Housing Development Authority	Jaltara Housing Loan	214,843,245	206,130,628	8,712,617
Colombo Municipal Council	ADB 2558	161,754,054	149,216,309	12,537,745
		6,004,280,466	5,800,757,782	203,522,684
		=====	=====	=====

Annexe 10

Comparison of the balances of Sub-loans as at 31 December 2016 relating to 8 Loan Agreements according to the Financial Statements and the confirmation of balances

Institution	Particulars	Balance as at 31 December 2016		Difference
		According to Financial Statements	According to Confirmation of Balances	
		Rs.	Rs.	Rs.
Central Bank of Sri Lanka	Susahana Project	(745,544)	745,544	(1,491,088)
	Small Business Revival Pj	(7,215,253)	-	(7,215,253)
	Small Business Revival Pj. RF	(2,431,530)	-	(2,431,530)
	SLP 81 SMILE III (A/C - 50536)	3,695,638,076	5,377,376,861	(1,681,738,785)
	SLP 81 SMILE III (A/C - 50547)	641,020,542	801,055,203	(160,034,661)
Sri Lanka Handicrafts Board	Treasury Loan	3,291,500	3,405,000	(113,500)
People's Bank	SMILE III	213,890,153	226,832,771	(12,942,618)
Colombo Municipal Council	ADB 2557 OCR	635,267,400	754,345,934	(119,078,534)
		5,178,715,344	7,163,761,313	(1,985,045,969)
		=====	=====	=====

Sub-loan which should have been recovered by 31 December 2016 but not so recovered even by the date of Audit

Institution -----	Amount -----	
	Rs.	Rs.
Rubber Manufacturing and Export Corporation of Sri Lanka	550,990,000	
Rubber Manufacturing and Export Corporation of Sri Lanka	222,350,000	773,340,000
National Paper Corporation		50,000,000
Ceylon Fisheries Board		
- Importation of Fish under Tax Concession	50,000,000	
- Expansion of sales Network of Fisheries Corporation	50,000,000	
- Supply of Fish and Dried Fish to Hospitals	11,600,000	111,600,000

Sanasa Bank		12,056,000

Total		946,996,000
		=====

Annexe 12

Even though the recovery of the Sub-loans granted should have been commenced before the end of the year 2016, the Loans recovery of which had not been commenced even by that date

Institutions	Value	
	Rs.	Rs.
National Livestock Development Board		
- 2011025	366,951,780	
- 2011026 - Tranch 1	330,028,843	
- 2011026- Tranch 2	1,266,115,614	
- Treasury Loans	50,000,000	2,013,096,237

Praja Shakthi Development Bank		5,820,000
Milco (Pvt) Ltd		
- 2013012 - Tranch 1	998,515,157	
- 2013012 - Tranch2	4,951,506,440	5,950,021,597
Urban Development Authority		276,749,960
	-----	-----
Total		8,245,687,794=
		=====

Annexe 13

Domestic and Foreign Borrowings and Payment of loan Installments –Analytical Review e Financial Statements and Interest according to th

Particulars	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
	Rs.Millions	Rs.Millions	Rs.Millions	Rs.Millions	Rs.Millions	Rs.Millions	Rs.Millions	Rs.Millions	Rs.Millions	Rs.Millions
Domestic Borrowings	1,122,585	1,160,644	1,452,985	1,483,336	1,719,054	2,255,781	2,177,825	2,020,232	2,793,434	2,517,778
Repayment of Domestic Loans	966,518	910,469	1,054,075	1,227,266	1,493,735	1,979,827	1,695,752	1,583,770	2,265,485	2,072,666
Net Domestic Borrowings	156,067	250,175	398,910	256,070	225,319	275,954	482,073	436,462	527,949	445,112
Payment of Interest on Domestic Loan	158,945	185,267	276,808	318,986	312,285	350,652	401,486	376,463	450,053	509,819
Balance after deduction of payment of Loan Installments and Interest from the total Domestic Borrowings	-2,878	64,908	122,102	-62,916	-86,966	-74,698	80,587	59,999	77,896	-64,707
Repayment of Domestic Loans as a Percentage of Domestic Borrowings	86.1	78.4	72.5	82.7	86.9	87.8	77.9	78.4	81.1	82.3

Foreign Borrowings	176,834	120,292	207,766	261,701	287,012	365,698	183,317	422,543	556,370	574,249
Repayment of Foreign Loans	71,140	93,689	112,692	69,112	72,262	152,899	94,896	106,979	187,113	145,119
Net Foreign Borrowings	105,694	26,603	95,074	192,589	214,750	212,799	88,421	315,564	369,257	429,130
Payment of Interest on Foreign Loan	22,439	26,827	26,369	28,703	40,724	58,335	63,043	69,930	77,174	101,076
Balance after deduction of payment of Loan Installments and Interest from the total Foreign Borrowings	83,255	-224	68,705	163,886	174,026	154,464	25,378	245,634	292,083	328,054
Repayment of Foreign Loans as a Percentage of Foreign Borrowings	40.2	77.9	54.2	26.4	25.2	41.8	51.8	25.3	33.6	25.3
Total of all Borrowings (Domestic and Foreign)										
Total of all Borrowings (Domestic and Foreign)	1,299,419	1,280,936	1,660,751	1,745,037	2,006,066	2,621,479	2,361,142	2,442,775	3,349,804	3,092,027
Total of Repayment of all Loans (Domestic and Foreign)	1,037,658	1,004,158	1,166,767	1,296,378	1,565,997	2,132,726	1,790,648	1,690,749	2,452,598	2,217,785
Total of net Borrowings (Domestic and Foreign)	261,761	276,778	493,984	448,659	440,069	488,753	570,494	752,026	897,206	874,242
Total of Interest on all Loans (Domestic and Foreign)	181,384	212,094	303,177	347,689	353,009	408,987	464,529	446,393	527,227	610,895
Balance after deduction of payment of Loan Installments and Interest from the total of all Borrowings	80,377	64,684	190,807	100,970	87,060	79,766	105,965	305,633	369,979	263,347
Total of all Borrowings in the year (Domestic and Foreign)										
Total of all Borrowings in the year (Domestic and Foreign)	1,299,419	1,280,936	1,660,751	1,745,037	2,006,066	2,621,479	2,361,142	2,442,775	3,349,804	3,092,027
Total of payment of all Loan Installments and Interest in the year	1,219,042	1,216,252	1,469,944	1,644,067	1,919,006	2,541,713	2,255,177	2,137,142	2,979,825	2,828,680
Balance after deduction of payment of Loan Installments and Interest from all Borrowings in the year	80,377	64,684	190,807	100,970	87,060	79,766	105,965	305,633	369,979	263,347
Net Borrowings as a percentage of all borrowings	20.1	21.6	29.7	25.7	21.9	18.6	24.2	30.8	26.8	28.3
Balance after deduction of total Loan Installments and Interest in the year as a percentage of the net Borrowings	30.7	23.4	38.6	22.5	19.8	16.3	18.6	40.6	41.2	30.1
Balance after deduction of payment of Loan Installments and Interest in the year as a percentage of all Borrowings	6.2	5.0	11.5	5.8	4.3	3.0	4.5	12.5	11.0	8.5
Total of Net Borrowings (Domestic and Foreign)										
Total of Net Borrowings (Domestic and Foreign)	261,761	276,778	493,984	448,659	440,069	488,753	570,494	752,026	897,206	874,242
Public Investments during the year	271,191	297,173	365,754	347,007	398,519	471,089	455,578	595,711	683,963	594,013
Balance after the deduction of expenditure on Public Investment for the Net Borrowings (Recurrent Expenditure)	-9,430	-20,395	128,230	101,652	41,550	17,664	114,916	156,315	213,243	280,229
Balance after the deduction of Public Investments from the net Borrowings of the year	103.6	107.4	74.0	77.3	90.6	96.4	79.9	79.2	76.2	67.9
(recurrent expenditure as a percentage of the net Borrowings)	-3.6	-7.4	26.0	22.7	9.4	3.6	20.1	20.8	23.8	32.1

Recurrent Expenditure

	Head	Programme	Project	Sub-project	Object	Financing	Net Provision as at the end of the year under review	Savings	Savings Percentage
1	4	1	1		1101	11	100,000	100,000	100.00%
	4	1	1		1404	11	30,000	30,000	100.00%
	4	1	2		1101	11	100,000	100,000	100.00%
2	12	1	1		1102	11	200,000	200,000	100.00%
3	18	1	1		1101	11	50,000	50,000	100.00%
4	103	1	1		1203	11	50,000	50,000	100.00%
	103	1	1		1303	11	230,000	230,000	100.00%
	103	1	1		1401	11	400,000	400,000	100.00%
	103	1	1		1506	11	100,000	100,000	100.00%
	103	1	2		1503	11	500,000	500,000	100.00%
	103	1	2		1505	11	1,500,000	1,500,000	100.00%
5	104	1	1		1302	11	12,500	12,500	100.00%
	104	1	1		1303	11	5,000	5,000	100.00%
	104	1	1		1404	11	30,000	30,000	100.00%
	104	2	7		1303	11	474,000	474,000	100.00%
6	106	1	2	1	1505	11	1,217,750	1,217,750	100.00%
7	108	1	1		1401	11	70,000	70,000	100.00%
8	110	1	3		1102	11	200,000	200,000	100.00%
	110	1	3		1303	11	50,000	50,000	100.00%
9	111	1	2	1	1508	21	2,000	2,000	100.00%
	111	1	5		1407	11	17,878,000,000	17,878,000,000	100.00%
10	114	1	2		1508	11	100,000	100,000	100.00%
	114	1	2		1701	11	50,000	50,000	100.00%
11	117	1	1		1303	11	5,000	5,000	100.00%
	117	1	11		1401	11	10,000	10,000	100.00%
	117	1	13	2	1405	11	44,656,000	44,656,000	100.00%
12	118	1	1		1303	11	100,000	100,000	100.00%
	118	2	3		1401	11	100,000	100,000	100.00%
13	119	1	1		1404	11	95,000	95,000	100.00%
14	120	1	1		1303	11	45,000	45,000	100.00%
	120	1	2		1303	11	100,000	100,000	100.00%

	120	1	11		1203	11	50,000	50,000	100.00%
	120	1	11		1303	11	100,000	100,000	100.00%
	120	1	11		1401	11	925,000	925,000	100.00%
15	122	1	3		1505	11	50,000	50,000	100.00%
	122	1	3		1701	11	100,000	100,000	100.00%
16	126	1	1		1303	11	100,000	100,000	100.00%
	126	1	1		1401	11	700,000	700,000	100.00%
	126	1	1		1506	11	85,000	85,000	100.00%
	126	1	11		1203	11	50,000	50,000	100.00%
	126	1	11		1302	11	250,000	250,000	100.00%
	126	1	11		1303	11	100,000	100,000	100.00%
	126	1	11		1403	11	950,000	950,000	100.00%
	126	2	4	1	1407	11	121,352,000,000	121,352,000,000	100.00%
	126	2	5	1	1201	11	100,000	100,000	100.00%
17	135	1	1		1401	11	1,000,000	1,000,000	100.00%
	135	2	3	29	1508	11	19,203,200	19,203,200	100.00%
18	136	2	5		1404	11	200,000	200,000	100.00%
19	145	1	11		1203	11	50,000	50,000	100.00%
	145	2	3	32	1405	11	2,000,000	2,000,000	100.00%
20	147	1	1		1102	11	1,000,000	1,000,000	100.00%
	147	1	1		1302	11	300,000	300,000	100.00%
	147	1	1		1303	11	500,000	500,000	100.00%
	147	1	1		1401	11	600,000	600,000	100.00%
	147	1	2		1302	11	300,000	300,000	100.00%
21	149	1	7	1	1303	11	80,000	80,000	100.00%
	149	1	11		1203	11	50,000	50,000	100.00%
	149	1	11		1401	11	600,000	600,000	100.00%
22	151	1	1		1203	11	50,000	50,000	100.00%
	151	1	1		1401	11	180,000	180,000	100.00%
	151	1	2		1508	11	100,000	100,000	100.00%
23	155	1	2		1505	11	1,800,000	1,800,000	100.00%
24	157	1	1		1102	11	500,000	500,000	100.00%
	157	1	1		1403	11	950,000	950,000	100.00%
25	160	1	1		1203	11	2,000	2,000	100.00%
	160	1	1		1404	11	5,000	5,000	100.00%
26	162	1	1		1404	11	575,000	575,000	100.00%
	162	1	2		1404	11	10,215,000	10,215,000	100.00%

27	166	1	1		1401	11	80,000	80,000	100.00%
	166	1	11		1401	11	60,000	60,000	100.00%
28	167	1	1		1302	11	50,000	50,000	100.00%
	167	1	1		1303	11	50,000	50,000	100.00%
	167	1	2		1102	11	1,000,000	1,000,000	100.00%
29	192	1	4		1001	11	8,954,000	8,954,000	100.00%
	192	1	4		1002	11	2,914,000	2,914,000	100.00%
	192	1	4		1003	11	20,482,000	20,482,000	100.00%
	192	1	4		1101	11	250,000	250,000	100.00%
	192	1	4		1102	11	1,000,000	1,000,000	100.00%
	192	1	4		1302	11	800,000	800,000	100.00%
	192	1	4		1401	11	120,000	120,000	100.00%
	192	1	4		1506	11	350,000	350,000	100.00%
	192	1	11		1001	11	4,250,000	4,250,000	100.00%
	192	1	11		1002	11	1,750,000	1,750,000	100.00%
	192	1	11		1003	11	4,100,000	4,100,000	100.00%
	192	1	11		1101	11	500,000	500,000	100.00%
	192	1	11		1102	11	500,000	500,000	100.00%
	192	1	11		1201	11	750,000	750,000	100.00%
	192	1	11		1202	11	4,000,000	4,000,000	100.00%
	192	1	11		1203	11	50,000	50,000	100.00%
	192	1	11		1205	11	50,000	50,000	100.00%
	192	1	11		1301	11	1,500,000	1,500,000	100.00%
	192	1	11		1302	11	250,000	250,000	100.00%
	192	1	11		1303	11	100,000	100,000	100.00%
	192	1	11		1401	11	1,800,000	1,800,000	100.00%
	192	1	11		1402	11	1,300,000	1,300,000	100.00%
	192	1	11		1403	11	950,000	950,000	100.00%
	192	1	11		1405	11	500,000	500,000	100.00%
30	193	1	1		1102	11	235,000	235,000	100.00%
	193	1	11		1203	11	50,000	50,000	100.00%
31	196	2	3	1	1502	11	100,000	100,000	100.00%
32	197	1	1		1203	11	25,000	25,000	100.00%
	197	1	11		1203	11	50,000	50,000	100.00%
	197	1	11		1302	11	250,000	250,000	100.00%
	197	1	11		1401	11	120,000	120,000	100.00%
33	198	1	1		1302	11	50,000	50,000	100.00%

	198	1	1		1303	11	50,000	50,000	100.00%
	198	1	2		1404	11	1,060,000	1,060,000	100.00%
	198	1	11		1404	11	550,000	550,000	100.00%
34	199	1	1		1203	11	50,000	50,000	100.00%
	199	1	1		1303	11	125,000	125,000	100.00%
	199	1	2		1303	11	2,500,000	2,500,000	100.00%
35	209	2	2		1203	11	280,000	280,000	100.00%
36	222	1	4		1101	11	8,250,000	8,250,000	100.00%
37	226	1	1		1401	11	25,000	25,000	100.00%
	226	1	2		1401	11	75,000	75,000	100.00%
38	234	1	2		1102	11	100,000	100,000	100.00%
39	235	1	1		1502	11	30,000	30,000	100.00%
40	236	1	1		1102	11	200,000	200,000	100.00%
41	239	1	1		1505	21	80,000,000	80,000,000	100.00%
42	247	1	1		1508	11	10,000,000	10,000,000	100.00%
43	251	1	1		1102	11	1,200,000	1,200,000	100.00%
44	262	1	1		1401	11	5,000	5,000	100.00%
	262	1	2		1401	11	5,000	5,000	100.00%
45	263	1	2		1401	11	50,000	50,000	100.00%
46	274	1	1		1401	11	5,000	5,000	100.00%
	274	1	2		1401	11	5,000	5,000	100.00%
47	275	1	1		1401	11	10,000	10,000	100.00%
48	302	1	1		1102	11	200,000	200,000	100.00%
	302	1	1		1401	11	50,000	50,000	100.00%
49	306	2	2		1202	11	200,000	200,000	100.00%
50	307	2	1	12	1405	11	1,000,000	1,000,000	100.00%
51	326	1	1		1102	11	50,000	50,000	100.00%
Total							139,489,817,450	139,489,817,450	

Annexe 15

Capital Expenditure

	Head	Programme	Project	Sub-project	Object	Financing	Net Provision as at the end of the year under review	Savings	Savings Percentage
1	1	1	4	21	2202	17	2,000,000	2,000,000	100.0%
2	4	1	1		2001	11	500,000	500,000	100.0%
	4	1	1		2102	11	1,600,000	1,600,000	100.0%
	4	1	2		2102	11	800,000	800,000	100.0%
3	5	1	1		2103	11	150,000	150,000	100.0%
	5	1	1	2	2502	11	4,000,000	4,000,000	100.0%
4	8	1	1		2003	11	150,000	150,000	100.0%
5	9	1	1		2401	11	50,000	50,000	100.0%
6	11	1	1		2002	11	300,000	300,000	100.0%
	11	1	1		2003	11	500,000	500,000	100.0%
7	12	1	1		2002	11	50,000	50,000	100.0%
8	13	1	1		2001	11	600,000	600,000	100.0%
	13	1	1		2002	11	200,000	200,000	100.0%
9	19	1	1		2002	11	400,000	400,000	100.0%
	19	1	1		2101	11	35,000,000	35,000,000	100.0%
	19	1	1		2103	11	9,269,082	9,269,082	100.0%
10	101	1	1		2002	11	200,000	200,000	100.0%
11	102	1	1		2002	11	100,000	100,000	100.0%
	102	1	2		2002	11	1,000,000	1,000,000	100.0%
	102	1	11		2002	11	100,000	100,000	100.0%
12	103	1	1		2001	11	100,000	100,000	100.0%
	103	1	1		2002	11	100,000	100,000	100.0%
	103	1	1		2103	11	150,000	150,000	100.0%
	103	1	11		2101	11	35,000,000	35,000,000	100.0%
	103	2	12	25	2502	15	100,000	100,000	100.0%
	103	2	12	28	2502	13	8,500,000	8,500,000	100.0%
13	104	1	1		2001	11	250,000	250,000	100.0%
	104	1	1		2002	11	100,000	100,000	100.0%
	104	1	2		2502	11	102,120,000	102,120,000	100.0%
14	106	2	5	2	2201	11	100,000,000	100,000,000	100.0%
	106	2	5	5	2201	13	30,000,000	30,000,000	100.0%
15	108	1	1		2101	11	43,000,000	43,000,000	100.0%
16	110	1	1		2002	11	200,000	200,000	100.0%
	110	1	1		2101	11	70,000,000	70,000,000	100.0%
	110	1	2		2502	13	140,000	140,000	100.0%
	110	1	2	7	2502	11	1,500,000	1,500,000	100.0%
	110	1	2	8	2502	11	15,000,000	15,000,000	100.0%
	110	1	3		2002	11	50,000	50,000	100.0%

17	111	1	1		2002	11	200,000	200,000	100.0%
	111	1	1		2101	11	86,000,000	86,000,000	100.0%
	111	1	2		2104	11	300,000	300,000	100.0%
	111	2	11	16	2104	11	1,000,000,000	1,000,000,000	100.0%
	111	2	13	2	2101	12	61,000,000	61,000,000	100.0%
	111	2	13	19	2104	11	100,000,000	100,000,000	100.0%
	111	2	13	25	2502	13	1,853,449,442	1,853,449,442	100.0%
	111	2	13	26	2502	11	22,267,015	22,267,015	100.0%
	111	2	13	34	2104	11	175,000,000	175,000,000	100.0%
	111	2	13	47	2104	11	200,000,000	200,000,000	100.0%
	111	2	13	61	2104	17	18,897,091	18,897,091	100.0%
	111	2	13	66	2502	17	100,000,000	100,000,000	100.0%
	111	2	13	69	2104	11	100,000,000	100,000,000	100.0%
	111	2	13	81	2104	12	500,000,000	500,000,000	100.0%
	111	2	13	85	2104	13	120,000,000	120,000,000	100.0%
	111	2	13	87	2103	17	25,000,000	25,000,000	100.0%
	111	2	13	87	2104	17	5,000,000	5,000,000	100.0%
	111	2	13	91	2104	12	640,000,000	640,000,000	100.0%
	111	2	13	111	2502	11	150,000,000	150,000,000	100.0%
	111	2	13	112	2502	11	150,000,000	150,000,000	100.0%
	111	2	13	113	2502	13	337,000,000	337,000,000	100.0%
	111	2	18		2102	11	1,500,000	1,500,000	100.0%
	111	2	18		2103	11	900,000	900,000	100.0%
	111	2	18		2401	11	2,000,000	2,000,000	100.0%
18	114	1	1		2002	11	200,000	200,000	100.0%
	114	1	2		2002	11	600,000	600,000	100.0%
	114	1	2		2502	11	5,000,000	5,000,000	100.0%
	114	2	3	1	2201	12	558,542,320	558,542,320	100.0%
	114	2	3	1	2201	17	55,000,000	55,000,000	100.0%
	114	2	3	5	2502	11	10,000,000	10,000,000	100.0%
	114	2	3	6	2502	11	10,000,000	10,000,000	100.0%
	114	2	4	4	2105	11	5,000,000	5,000,000	100.0%
	114	2	4	6	2105	11	6,000,000	6,000,000	100.0%
	114	2	4	8	2105	11	10,000,000	10,000,000	100.0%
	114	2	4	9	2105	11	10,000,000	10,000,000	100.0%
19	117	1	1		2001	11	250,000	250,000	100.0%
	117	1	1		2101	11	43,000,000	43,000,000	100.0%
	117	1	11		2001	11	250,000	250,000	100.0%
	117	1	12		2002	11	200,000	200,000	100.0%
	117	1	12		2003	11	2,300,000	2,300,000	100.0%
	117	2	3	12	2502	16	5,000,000	5,000,000	100.0%
	117	2	3	13	2105	11	50,000,000	50,000,000	100.0%
	117	2	3	14	2104	17	100,000,000	100,000,000	100.0%
	117	2	3	15	2502	11	24,000,000	24,000,000	100.0%

	117	2	4	22	2104	11	25,000,000	25,000,000	100.0%
	117	2	4	23	2104	17	50,000,000	50,000,000	100.0%
	117	2	4	23	2105	17	85,000,000	85,000,000	100.0%
	117	2	4	31	2105	17	17,600,000	17,600,000	100.0%
	117	2	4	47	2104	17	10,000,000	10,000,000	100.0%
	117	2	4	48	2104	17	80,000,000	80,000,000	100.0%
	117	2	4	49	2502	11	45,000,000	45,000,000	100.0%
	117	2	8	2	2103	11	90,000,000	90,000,000	100.0%
	117	2	15	21	2502	12	6,000,000	6,000,000	100.0%
	117	2	15	29	2502	13	16,000,000	16,000,000	100.0%
	117	2	15	41	2502	13	25,000,000	25,000,000	100.0%
	117	2	15	42	2104	13	83,400,000	83,400,000	100.0%
	117	2	15	42	2104	17	21,000,000	21,000,000	100.0%
20	118	1	1		2001	11	250,000	250,000	100.0%
	118	1	1		2102	11	500,000	500,000	100.0%
	118	1	11		2001	11	250,000	250,000	100.0%
	118	2	4		2003	11	260,000	260,000	100.0%
21	119	1	1		2001	11	500,000	500,000	100.0%
	119	1	1		2002	11	100,000	100,000	100.0%
	119	1	1		2003	11	2,300,000	2,300,000	100.0%
	119	1	2		2001	11	100,000	100,000	100.0%
	119	1	2		2002	11	100,000	100,000	100.0%
	119	1	2		2003	11	2,000,000	2,000,000	100.0%
	119	1	2	3	2502	11	1,000,000	1,000,000	100.0%
22	120	1	1		2002	11	100,000	100,000	100.0%
	120	1	1		2103	11	500,000	500,000	100.0%
	120	1	2		2002	11	400,000	400,000	100.0%
	120	1	11		2001	11	250,000	250,000	100.0%
	120	1	11		2101	11	42,547,500	42,547,500	100.0%
	120	1	11		2102	11	500,000	500,000	100.0%
	120	2	4	13	2502	13	1,340,000	1,340,000	100.0%
	120	2	4	14	2502	13	23,810,000	23,810,000	100.0%
	120	2	4	14	2502	17	2,000,000	2,000,000	100.0%
	120	2	4	18	2502	11	25,000,000	25,000,000	100.0%
23	121	1	1		2001	11	500,000	500,000	100.0%
	121	1	1		2002	11	200,000	200,000	100.0%
	121	1	2	2	2502	11	5,000,000	5,000,000	100.0%
24	122	1	1		2101	11	43,000,000	43,000,000	100.0%
	122	1	2		2103	11	845,000	845,000	100.0%
	122	1	3	1	2502	12	1,450,000,000	1,450,000,000	100.0%
	122	1	3	1	2502	17	248,000,000	248,000,000	100.0%
	122	1	3	2	2502	13	58,900,000	58,900,000	100.0%
	122	1	3	2	2502	16	42,700,000	42,700,000	100.0%
25	123	1	1		2101	11	35,000,000	35,000,000	100.0%

26	124	2	3	12	2502	13	140,000	140,000	100.0%
27	126	1	1		2002	11	200,000	200,000	100.0%
	126	1	11		2001	11	500,000	500,000	100.0%
	126	1	11		2002	11	200,000	200,000	100.0%
	126	1	11		2101	11	36,250,000	36,250,000	100.0%
	126	2	3	1	2002	11	2,000,000	2,000,000	100.0%
	126	2	3	1	2103	11	7,834,757	7,834,757	100.0%
	126	2	4	9	2103	11	1,800,000	1,800,000	100.0%
	126	2	4	15	2401	11	5,000,000	5,000,000	100.0%
	126	2	5	1	2104	11	15,000,000	15,000,000	100.0%
	126	2	6	3	2104	11	91,000,000	91,000,000	100.0%
	126	2	6	5	2502	11	10,000,000	10,000,000	100.0%
	126	2	7	15	2001	11	35,500,000	35,500,000	100.0%
	126	2	7	16	2502	11	250,000,000	249,941,925	100.0%
	126	2	8	13	2502	11	8,583,200	8,583,200	100.0%
28	130	1	2	4	2502	13	25,000,000	25,000,000	100.0%
29	135	1	1		2101	11	43,000,000	43,000,000	100.0%
	135	1	2		2001	11	1,000,000	1,000,000	100.0%
	135	2	3		2001	11	700,000	700,000	100.0%
	135	2	3	11	2502	12	441,400,000	441,400,000	100.0%
30	136	1	2	6	2104	11	25,000,000	25,000,000	100.0%
	136	2	4		2001	11	750,000	750,000	100.0%
	136	2	4		2002	11	100,000	100,000	100.0%
	136	2	5		2001	11	300,000	300,000	100.0%
	136	2	5		2002	11	200,000	200,000	100.0%
31	145	1	1		2002	11	100,000	100,000	100.0%
	145	1	11		2002	11	100,000	100,000	100.0%
	145	2	3	23	2502	13	2,000,000,000	2,000,000,000	100.0%
32	149	1	1		2103	11	55,000	55,000	100.0%
	149	1	7	1	2103	11	800,000	800,000	100.0%
	149	1	7	1	2401	11	1,000,000	1,000,000	100.0%
	149	1	11		2001	11	250,000	250,000	100.0%
	149	1	11		2101	11	43,000,000	43,000,000	100.0%
	149	1	11		2103	11	500,000	500,000	100.0%
	149	2	3	20	2502	11	2,000,000	2,000,000	100.0%
33	151	1	1		2002	11	100,000	100,000	100.0%
	151	1	1		2401	11	50,000	50,000	100.0%
	151	1	2		2002	11	2,500,000	2,500,000	100.0%
	151	1	11		2002	11	500,000	500,000	100.0%
	151	1	11		2101	11	43,000,000	43,000,000	100.0%
	151	1	11	1	2502	11	8,000,000	8,000,000	100.0%
	151	2	3	2	2202	11	5,000,000	5,000,000	100.0%
34	153	2	3	9	2502	17	2,000,000	2,000,000	100.0%
35	154	2	3	6	2502	13	24,000,000	24,000,000	100.0%

	154	2	3	6	2502	17	4,000,000	4,000,000	100.0%
	154	2	5		2102	11	700,000	700,000	100.0%
	154	2	5	29	2502	17	10,000,000	10,000,000	100.0%
	154	2	5	30	2502	11	4,000,000	4,000,000	100.0%
36	155	2	3	6	2504	17	40,000	40,000	100.0%
37	157	1	2	4	2502	12	100,000,000	100,000,000	100.0%
	157	1	3		2002	11	400,000	400,000	100.0%
	157	1	3		2003	11	500,000	500,000	100.0%
	157	1	3	10	2502	11	50,000,000	50,000,000	100.0%
38	158	1	1		2002	11	200,000	200,000	100.0%
	158	1	2		2002	11	200,000	200,000	100.0%
39	159	1	1		2101	11	56,000,000	56,000,000	100.0%
40	160	1	1		2001	11	500,000	500,000	100.0%
	160	1	1		2101	11	43,000,000	43,000,000	100.0%
	160	2	5	12	2502	12	7,185,000,000	7,185,000,000	100.0%
41	162	1	2		2002	11	300,000	300,000	100.0%
	162	2	3	12	2502	11	2,000,000,000	1,999,754,514	100.0%
	162	2	3	26	2502	11	11,106,300	11,106,300	100.0%
42	165	1	1		2002	11	100,000	100,000	100.0%
	165	1	2		2002	11	300,000	300,000	100.0%
43	166	1	1		2001	11	250,000	250,000	100.0%
	166	1	1		2002	11	100,000	100,000	100.0%
	166	1	11		2001	11	250,000	250,000	100.0%
	166	1	11		2101	11	43,000,000	43,000,000	100.0%
	166	2	3	20	2502	11	100,000,000	100,000,000	100.0%
	166	2	7	5	2201	13	16,000,000	16,000,000	100.0%
44	167	1	1		2001	11	300,000	300,000	100.0%
	167	1	2		2001	11	200,000	200,000	100.0%
45	176	2	4	6	2302	12	500,000,000	500,000,000	100.0%
46	182	1	1		2003	11	300,000	300,000	100.0%
	182	2	2		2003	11	500,000	500,000	100.0%
47	192	1	1		2001	11	350,000	350,000	100.0%
	192	1	1		2002	11	200,000	200,000	100.0%
	192	1	4		2002	11	300,000	300,000	100.0%
	192	1	4		2401	11	700,000	700,000	100.0%
	192	1	11		2001	11	250,000	250,000	100.0%
	192	1	11		2002	11	100,000	100,000	100.0%
	192	1	11		2003	11	1,150,000	1,150,000	100.0%
	192	1	11		2102	11	500,000	500,000	100.0%
	192	1	11		2103	11	500,000	500,000	100.0%
48	193	2	4		2003	11	300,000	300,000	100.0%
	193	2	4		2102	11	100,000	100,000	100.0%
49	194	1	1		2101	11	105,000,000	104,948,129	100.0%
50	195	1	1		2101	11	35,000,000	35,000,000	100.0%

51	196	1	1		2101	11	8,000,000	8,000,000	100.0%
	196	2	3	12	2502	11	175,000,000	175,000,000	100.0%
	196	2	5		2001	11	5,500,000	5,500,000	100.0%
	196	2	5		2104	11	1,500,000	1,500,000	100.0%
52	197	2	3	20	2502	12	50,000,000	50,000,000	100.0%
	197	2	3	20	2502	17	26,000,000	26,000,000	100.0%
53	198	1	1		2101	11	43,000,000	43,000,000	100.0%
	198	1	11		2101	11	43,000,000	43,000,000	100.0%
	198	2	3	5	2502	12	2,000,000,000	2,000,000,000	100.0%
	198	2	3	18	2502	17	4,000,000,000	4,000,000,000	100.0%
	198	2	3	19	2502	11	200,000,000	200,000,000	100.0%
54	201	1	1		2002	11	800,000	800,000	100.0%
55	203	2	1		2002	11	50,000	50,000	100.0%
56	207	1	1		2104	11	10,231	10,231	100.0%
57	209	2	2		2003	11	500,000	500,000	100.0%
	209	2	2	7	2502	11	2,000,000	2,000,000	100.0%
58	214	2	1	26	2201	11	5,000,000	5,000,000	100.0%
59	219	1	1		2002	11	200,000	200,000	100.0%
	219	1	1		2003	11	1,000,000	1,000,000	100.0%
	219	2	2		2003	11	2,000,000	2,000,000	100.0%
	219	2	2	23	2104	11	50,000,000	49,979,000	100.0%
60	220	2	3	5	2502	11	5,000,000	5,000,000	100.0%
	220	2	4		2003	11	200,000	200,000	100.0%
	220	2	4		2102	11	200,000	200,000	100.0%
	220	2	5		2003	11	400,000	400,000	100.0%
61	221	2	4	2	2103	11	18,000,000	18,000,000	100.0%
62	222	1	1	1	2502	11	400,000,000	400,000,000	100.0%
	222	1	3	3	2502	12	489,600,000	489,600,000	100.0%
63	223	1	2	1	2502	17	37,700,000	37,700,000	100.0%
64	224	1	3	1	2502	12	12,960,000,000	12,960,000,000	100.0%
	224	1	3	1	2502	17	261,000,000	261,000,000	100.0%
65	225	1	1		2101	11	38,295,000	38,295,000	100.0%
	225	1	1	2	2502	11	500,000,000	500,000,000	100.0%
	225	1	1	3	2502	12	44,880,000	44,880,000	100.0%
66	232	1	1	9	2502	11	7,000,000	7,000,000	100.0%
67	234	1	1		2001	11	600,000	600,000	100.0%
	234	1	2		2002	11	200,000	200,000	100.0%
68	235	1	1		2002	11	100,000	100,000	100.0%
69	238	1	1		2002	11	1,000,000	1,000,000	100.0%
70	239	1	1		2001	11	500,000	500,000	100.0%
	239	1	1	4	2502	13	5,630,000	5,630,000	100.0%
71	240	2	2		2503	11	331,914,480,190	331,914,480,190	100.0%
	240	2	2		2503	12	58,958,455	58,958,455	100.0%
	240	2	2		2503	13	107,785,541	107,785,541	100.0%

	240	2	2		2503	14	200,000,000	200,000,000	100.0%
	240	2	2		2503	15	50,000,000	50,000,000	100.0%
	240	2	2		2503	17	34,995,000	34,995,000	100.0%
72	242	1	1		2002	11	200,000	200,000	100.0%
73	243	1	1		2002	11	300,000	300,000	100.0%
74	244	1	1		2001	11	200,000	200,000	100.0%
75	245	1	1		2003	11	300,000	300,000	100.0%
76	262	1	1	2	2104	11	100,000,000	100,000,000	100.0%
77	281	2	2		2103	11	2,000,000	2,000,000	100.0%
78	282	2	3	19	2105	11	5,000,000	5,000,000	100.0%
79	294	2	1		2502	11	500,000	500,000	100.0%
80	304	2	1	14	2502	15	7,000,000	7,000,000	100.0%
81	306	2	4	7	2105	11	10,000,000	10,000,000	100.0%
	306	2	4	8	2105	12	75,429,100	75,429,100	100.0%
	306	2	4	10	2105	12	1,300,000,000	1,300,000,000	100.0%
	306	2	4	11	2105	12	2,330,000,000	2,330,000,000	100.0%
	306	2	4	12	2101	12	1,000,000,000	1,000,000,000	100.0%
	306	2	4	15	2103	11	1,000,000	1,000,000	100.0%
	306	2	4	27	2105	11	1,000,000	1,000,000	100.0%
	306	2	4	37	2502	17	10,000,000	10,000,000	100.0%
	306	2	4	38	2105	11	1,000,000	1,000,000	100.0%
82	311	2	2	5	2502	11	100,000,000	100,000,000	100.0%
83	312	2	2	5	2504	13	1,100,000	1,100,000	100.0%
84	326	1	1		2104	11	3,000,000	3,000,000	100.0%
85	328	1	1	12	2502	11	1,000,000	1,000,000	100.0%
86	332	1	1		2002	11	700,000	700,000	100.0%
Total							381,655,010,224	381,654,633,792	