

Head 212- Report of the Auditor General on the Department of Examination – Year 2017

The Appropriation Account, Reconciliation Statement and the Revenue Account under Head and Item Number stated in the First Schedule and Third Schedule of the Appropriation Act, No. 24 of 2016 as amended by the Appropriation (Amendment) Act, No.32 of 2017 were presented to Audit by the Department of Examinations. The financial and physical performance reflected by those accounts was audited in terms of Article 154(1) of the Constitution of the Democratic Socialist Republic of Sri Lanka.

1.2 Responsibility of the Chief Accounting Officer, Accounting Officer and the Revenue Accounting Officer for the Financial Management and Accountability

The Minister of Finance is charged with the raising of Revenue and the collection of Government monies as well as with the general oversight of all the financial operations of Government in terms of Financial Regulation 124 of the Democratic Socialist Republic of Sri Lanka. The Chief Accounting Officers have been appointed by the Minister of Finance to discharge the above responsibility in terms of Financial Regulation 124(2). The Head of the Department will be the Accounting Officer in respect of all the financial transactions of his Department in terms of Financial Regulation 125(1)(a) and the Revenue Accounting Officer has been appointed by the Treasury. This responsibility includes designing, implementing and maintaining internal controls relevant to the maintenance, preparation and fair presentation of Accounts and Reconciliation Statements presented within the limitations imposed by Parliament in accordance with the provisions in Articles 148, 149, 150 and 152 of the Constitution of the Democratic Socialist Republic of Sri Lanka, other Statutory Provisions, Government Financial Regulations and Administrative Regulations.

1.3 Scope of Audit

The audit of the Department of Examinations – Head 212 for the year ended 31 December 2017 was carried out in pursuance of provisions in Article 154(1) of the Constitution of the Democratic Socialist Republic of Sri Lanka in respect of designing of financial and physical performance, Government expenditure, Government revenue, management of human and physical resources, apply of internal control systems, compliance with laws, rules and regulations and maintenance of books, registers, records and reconciliation statements in an updated manner, preparation and presentation of accounts in timely manner and issuance of performance reports to respective parties based on the performance indicators. The Management Audit Report for the year under review was issued to the Commissioner General on 16 October 2018. The audit observations, comments and findings on the accounts and the reconciliation statements were based on a review of the plans, accounts, reconciliation statements and performance reports presented to Audit and tests of samples of transactions. The scope and extent of such review and tests were such as to enable as wide an audit coverage as possible within the limitations of staff, other resources and time available to me.

1.4 Audit Observation

The audit observations of the Department of Examinations for the year ended 31 December 2017 revealed in audit, appear in the Management Audit Report in detail, mentioned in paragraph 1.3 above. The material and significant audit observations out of the audit observations included in the Management Audit Report appear in paragraph 2.1 to 2.11 of this report. It was observed that the accountability as the Accounting Officer had been satisfactorily executed, to ensure the adequacy of the financial administration subjected to the following summarized audit observations revealed in the execution of the provisions of the Financial Regulation 128 of the Financial Regulations of the Democratic Socialist Republic of Sri Lanka.

Accountability of the Accounting Officer in terms of Financial Regulation 128	Non-compliance with that Provision by the Accounting Officer	Reference to the Paragraph of the report which included the Observation
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Financial Regulations

128(1)(a) That the work of his department is planned and carried out with due dispatch, having regard to the policy laid down by the Government and the intentions of Parliament in granting him financial provision for the activities authorised and that an endeavour is made to complete the programme of work laid down for the year and/or to attain the targets specified ;	1. Non-planning/ Inadequate planning of procurement activities	2.2
	2. Non-preparation of the budget estimate realistically	2.6
	3. Shortcomings in the preparation of estimates on imprests	2.9
	4. Delays in execution of projects	2.1
	5. Deficiencies in implementing the procurement process	2.2
128(1)(c) That the Financial Regulations and other supplementary instructions of the Government are adhered to in his department, and that they are supplemented by departmental instructions, where necessary;	Non-compliances	2.10

128(1)(d)	That an adequate system of internal check for receipts, payments and issues is maintained and tested from time to time;	Deficiencies in revenue accounts	2.7
128(1)(e)	That adequate and proper arrangements are made for the safe custody and preservation of money, stores, equipment and other assets belonging to the Government, or is in its custody, and that these are verified from time to time; and, where they are disposed of, such disposal is according to prescribed Regulations and instructions;	Deficiencies in assets management	2.3
128(1)(h)	That special arrangements are made to recover outstanding dues and that the officers assigned that task report to him at least once a quarter or as otherwise directed regarding arrears and action pursued to expedite their recovery;	Recovery of outstanding loan balances of the Advance to Public Officers Account	2.8
128(1)(i)	That the activities of his department are undertaken with due regard to economy, efficiency, propriety and integrity expected in the transaction of public business;	Failure in achieving the expected level of output	2.5
128(1)(j)	That any expenditure or commitment incurred, falls within the scope and limits of his Votes or other authorised financial provision, and is covered by adequate authority;	Commitments and liabilities	2.4

**Financial Regulation 128(2) – Accountability
of the Accounting Officer for Government
Revenue**

128(2)(b)	Preparation of Revenue Accounts at the end of each financial year in terms of Financial Regulation 151	Non-identification of Revenue accurately	2.7(a)
128(2)(e)	That special arrangements are made for the expeditious collection of outstanding arrears of Revenue in consultation with the Accounting Officers and departments concerned in collection;	Failure in taking action to recover arrears of Revenue.	2.7(b)

2. Material and Significant Audit Observations

2.1 Performance

Failure in Performance of Duties

Delay in Execution of Projects – Construction of the new Multipurpose Building

This building had been decided to be constructed as a proposal of the Expert Committee appointed for investigation of issues arisen in respect of results of the General Certificate of Education (Advanced Level) results of the year 2011. The construction of this six storeyed building had been assigned to the State Engineering Corporation for an amount of Rs.564,320,835 (inclusive of VAT) expected to be constructed on a land of 425 square metres in extent, for achieving objectives such as preventing closing of schools for recruitments, promotions and conducting of about 300 establishment examinations such as Efficiency Bar Examinations and evaluation, for using as a centre for collection of answer scripts and carrying out panelling of answer scripts in a secure manner. The following matters were observed in that respect.

- (a) In terms of Public Finance Circular No.02/2012 dated 07 August 2012, in the preparation of cost estimates for goods, works and services of the Public Sector, it had been indicated that all Government Institutions should be responsible for the preparation of total cost estimates as accurately as possible by taking all matters into consideration. Nevertheless, an assumed cost of Rs.280 million had been submitted for the approval of the Cabinet of Ministers without preparing cost estimates for the construction of this six storeyed building of the Department of Examinations.

- (b) The Cabinet approval had been obtained on 22 March 2012 with the objective of expediting the constructions of the building at a cost of Rs.280 million without inviting for bids and it was observed that this Cabinet approval had been obtained without preparing cost estimates or plans for the said building and without submitting accurate information to the Cabinet of Ministers.
- (c) According to Letter No. 17/01/04/2012/21 dated 05 August 2013, a report had been prepared by the **Cost Examination Committee**, indicating cost **variance** paragraphs. However, according to Letter No. PFD/MD/104/1/2/23 dated 05 December 2013 of the Director General of the Department of Public Finance, it had been instructed to submit a comparative statement to the **Cost Estimate Examination Committee**. As an original cost estimate had not been prepared, the Department had not been in a position to prepare a comparative statement.
- (d) The constructions of the multipurpose building had not been commenced even by the year 2015 and the 04th Cabinet Memorandum had been prepared as well and a total cost estimate of Rs.615 million had been submitted thereby and obtained approval by the Cabinet Decision No.අමෙ/15/1000/628/014 dated 23 July 2015. According to Letter No.1/1/CG/Ex dated 09 December 2016, the contract had been awarded to and agreements had been entered into with the State Engineering Corporation and it was observed that those activities had been carried out only after 16 months of obtaining Cabinet approval.
- (e) The Department had taken action to obtain Cabinet approval for assigning construction activities to the State Engineering Corporation and the consultancy services to the Central Engineering Consultancy Bureau without inviting for bids as it takes a long period to follow the procedure on calling for open bids. Moreover, the prime objective of directly awarding the contract without calling for open bids in this manner was the expedite completion of the activities of the building. Nevertheless, it was observed that it had taken nearly a period of 05 years to bring the constructions of the building into operation.
- (f) According to the Letter No.17/01/4/2012/09 dated 11 December 2012 addressed by the Commissioner General of Examinations to the Chairman of State Engineering Corporation, a sum of Rs.68,544 had been paid on the recommendations of the Corporation to a private firm on 28 December 2012 to draw a survey plan necessary for the land of construction. However, such a plan was not made available to Audit.
- (g) A sum of Rs.161,375 had been paid on 13 September 2013 by obtaining a report from a private firm recommended by the State Engineering Corporation on 08 July 2013 for testing the condition of soil of the land of constructions proposed by the Department. As the data of that report was inadequate, a report had been subsequently obtained again from the National Building Research Organization and paid a sum of Rs.419,663 on 24 February 2016 and it was observed that payments had to be made twice for the same purpose due to improper planning of the Department.
- (h) The validity period of the Development License No. B/BB/886/15 dated 07 April 2016 issued for a period of one year by the Kaduwela Municipal Council for the construction

of the building had expired by 07 April 2017. However, evidence of extending the validity period of the licence had not been made available to Audit.

- (i) Even though the Department had commenced the constructions of the six storeyed building on 07 March 2017, the institution which carries out constructions had taken a period of ten months to present the programme on the constructions to be carried out and the expected dates of those constructions. Moreover, it had been delivered to the Department only in January 2018.
- (j) According to the Building Construction Programme Plan of the building under construction in the premises of the Department, the works of the pillars, beams, slabs, staircase and masonry of the ground floor and the works of pillars, beams, slab and staircases of the first and second floors and the works of the pillars of the third floor should be completed as at 31 December 2017. Nevertheless, even the works of the ground floor had not been completed by 28 February 2018.
- (k) Even though there had been a capacity of 275 man days during a period of 09 months from April to December 2017, the total number of days of day and night reporting to work of officers including the Project Manager, Worksite Manager and Project Engineer was at a very low level. Moreover, it was observed in Audit that this reason too had attributed to the failure in due completion of works of the project.
- (l) The officers of the State Engineering Corporation engaged in the constructions and the Central Engineering Consultancy Bureau, the consultants on engineering purposes had participated in progress review meetings of constructions of the building and held 22 meetings from January 2017 up to January 2018 to discuss on the progress of constructions. The Manager (Constructions) and the Senior Project Manager had not participated in 13 and 09 meetings respectively on behalf of the constructing institute and it was observed that lack of participation responsible officers for meetings as well had resulted in the delay of achievement of expected targets in progress of constructions.
- (m) A sum totalling Rs.63,983,383 comprising Rs.54,949,803 and Rs.9,033,580 for constructions to the State Engineering Corporation and for consultancy to the Central Engineering Consultancy Bureau had been paid respectively as at 31 December 2017 on behalf of the building. Moreover, according to the programme including dates expected to carry out constructions, the physical progress should be about 26 per cent. However, according to progress reports, it was observed that the actual progress stood at 12 per cent.

2.2 Obtaining Supplies and Services through Procurement Process

Procurement on obtaining Buses and Lorries on Hire Basis for Transport of Confidential Documents

The following observations are made.

- (a) The procurement on obtaining vehicles on hire basis for transport of confidential documents to an estimated cost of Rs.15,000,000 had not been included in the Procurement Plan for the year 2017.
- (b) In terms of Guideline 5.3.11 of the Procurement Guidelines of 2006, it is mentioned that all bidders participating in National Competitive Bidding must submit a Bid security in the prescribed format. However, the Department had not obtained a Bid security.
- (c) According to procurement conditions, it is mentioned that the running meter of the lorries engaged for transport of confidential documents should be in working condition. Nevertheless, instances were observed in which the running meter of the vehicles used for that purpose were not in working condition.
- (d) In terms of Guideline 5.3.10 of the Procurement Guidelines, bidders shall be required to submit bids valid for a period specified in the bidding documents. However, the bid validity period had not been mentioned in the bidding documents.
- (e) In terms of Guideline 5.2.1 of the Procurement Guidelines, the bidding documents shall contain all relevant information necessary for a prospective bidder to prepare a bid. Nevertheless, the criteria relating to submission of quotations had not been submitted unambiguously in the procurement.
- (f) Two persons should sign as witnesses for each party of the contract agreement entered into on 16 November 2016 with the bidder selected by the Institute for transport of confidential documents. However, both parties of the agreement relating to lorries and the party of the Department of Examinations had not signed as witness in the agreement relating to buses.
- (g) In terms of (a) and (b) of Guideline 5.3.1 of the Procurement Guidelines, a Standard Bidding Document approved by the National Procurement Agency shall be used with minimum changes to bid data sheet and specific conditions of contract. However, the bidding documents used for this procurement had not been complied with the Standard Bidding Document.
- (h) In terms of Guideline 5.3.18 of the Procurement Guidelines, the bidders should be instructed to indicate the VAT separately. However, in this procurement, it had not been mentioned whether the quotations submitted by bidders were inclusive of VAT or not.
- (i) As per the Procurement Guidelines, the qualified bidders should be permitted to obtain bid documents on a prescribed payment and according to Public Finance Circular No.6/2016, a sum between Rs.3,500 and Rs.12,500 should be charged as non-refundable

deposits for this procurement valued at Rs.15,000,000. Nevertheless, the Institute had charged a non-refundable deposit of Rs.1,000 therefor.

- (j) In making payments for members of the Procurement and Technical Evaluation Committees and alternate members in terms of Guideline 2.9.1 of the Procurement Guidelines, an overpayment of Rs.10,250 had been made without considering the amounts of payment based in making payments.

2.3 Assets Management

Even though a value of Rs.630,000,000 had been mentioned as lands in the Mobilization Report on Non-current Assets, action had not been taken up to now to vest the land of the Institute in the Department.

2.4 Commitments and Liabilities

The following observations are made.

- (a) Commitments of Rs.60,162,351 indicated in the statement of commitments of D.G.S.A. 8(i) and liabilities of Rs.9,176,144 indicated in the statement of liabilities of D.G.S.A. 8(ii) presented along with the Appropriation Account, had not been shown in the Register of Liabilities of the Department.
- (b) Contrary to paragraph 02 (a) of State Accounts Circular No.255/2017 of 27 April 2017, commitments had been incurred for Rs.9.6 million, exceeding the provision of Rs.127.4 million made for 06 Objects, by Rs.8.2 million.
- (c) Liabilities had been understated by Rs.12,975,360 as at 31 December 2017.

2.5 Management Weaknesses

The following observations are made.

(a) Methodology of selecting Examiners for Establishment Examinations and its Independence

The primary and the only institution in conducting establishment examinations of the Public Sector is the Department of Examinations and the Department was not equipped with a specific basis, documentary criterion or a policy decision in deciding a proper method on recruitment and deployment of examiners for correction of multiple choice questions and other answer scripts or the number of examinations and answer scripts given to selected examiners.

(b) The Independence of Correction of Answer Scripts of Establishment Examinations

- (i) A majority of the examiners deployed in correction of answer scripts in multiple choice questions in 16 examinations from January 2017 to 30 June 2017 relevant

to the audit test check carried out, had been the Commissioner of the Department, Deputy Commissioner and Assistant Commissioners and allowances totalling Rs.6,111,560 had been paid to them for 64,002 answer scripts. The possibility of a rise in problems relating to the quality of correcting answer scripts in carrying out examination duties in addition to the responsibility in the permanent post, could not be ruled out in Audit.

- (ii) A majority of officers registered for the correction of answer scripts in multiple choice questions of 06 establishment examinations, that is 191 alone, had been Departmental officers and action had not been taken as well to change examiners of answer scripts in a timely manner.

(c) Preparation and Translation of Question Papers for Establishment Examinations

Question papers had been prepared for conducting 70 establishment examinations from January to June 2017 and in 14 instances out of them, the Commissioner (Finance) had prepared question papers relating to Financial Regulations. The independence, confidentiality and transparency relating to question papers prepared by an officer deployed in the service of the Department was questionable in Audit.

(d) Conducting Establishment Examinations and Recruitments

The following observations are made.

- (i) Even though the Department had incurred an expenditure of Rs.9,070,053 for the Limited/Open Competitive Examination for Recruitment of Grade III of the Sri Lanka Accountancy Service, held in April 2017, action had been taken to hold the examination again in January and February 2018 after cancelling it due to irregularities occurred during the examination.
- (ii) A number of 1,762 candidates had sat for the written examination held in April 2016 for recruitments for 43 vacancies in the post of Examination Data Assistant. A practical test had been held for 89 candidates who had passed thereof. Out of that test, 77 had passed and 43 candidates who had obtained 40 marks at the interview held for verification of qualifications, had qualified for the post. Even though an expenditure of Rs.714,241 had been incurred for this examination and interviews, in the end only 06 vacancies had been filled.
- (iii) A structural interview had been held for 52 candidates by incurring an expenditure of Rs.16,360 in February 2017 for open recruitment of a Legal Officer for the Department and action had not been taken even by the date of Audit to make recruitment for this post.

(e) Certificates Branch

Even though the results of examinations held since the year 1992 had been entered into the computer system by the Certificates Branch, the results of examinations held by the Department of Examinations before the year 1992 had not been entered into the computer system. As such, those results could not be verified or issued conveniently or efficiently.

2.6 Utilization of Provisions made by Parliament for Performance of Functions

Details on provisions made for the Department during a period of 05 years ended 31 December 2017, utilization and savings and audit observations thereon appear below.

Year	Type of Expenditure	Net Provision	Utilization	Savings	Savings as a Percentage of Net Provisions
		Rs.Millions	Rs,Millions	Rs,Millions	
2013	Recurrent	2,018	2,014	14	0.69
	Capital	188	49	130	69.10
	Total	2,206	2,063	144	6.52
2014	Recurrent	2,493	2,491	2	0.08
	Capital	211	155	56	26.50
	Total	2,704	2,646	58	2.14
2015	Recurrent	3,030	2,980	50	1.65
	Capital	166	42	124	0.60
	Total	3,196	3,022	174	5.44
2016	Recurrent	2,925	2,894	31	1.05
	Capital	335	287	48	14.32
	Total	3,260	3,181	79	2.42
2017	Recurrent	3,108	2,864	244	7.85
	Capital	783	147	636	8.12
	Total	3,891	3,011	880	22.61

Appropriation Account

Non-utilization of Provisions made

The following observations are made.

- Provisions made in the year relating to 03 Objects had not been utilized, thus indicating savings ranging between 32 per cent and 99 per cent.
- An initial provision of Rs.1,000,000 had been made relating to Object No.212-2-1-0-1404 and even though a sum of Rs.700,000 thereof had been transferred to

another Object under Financial Regulation 66 during the year, 23 per cent out of the net provisions had been saved.

2.7 Estimated and Actual Revenue

The Department had prepared Revenue Estimates totalling Rs.420 million in respect of Revenue Code 20.03.02.13 for the year 2017 and Revenue totalling Rs.413 million had been collected in the year under review. It had been 98 per cent of the estimated revenue. The following observations are made relating to this Revenue Account.

- (a) The revenue received to the Department from Government and Non-Government institutions for conducting examinations had been credited to the Revenue Head 20.03.02.13 of the Department of Examinations up to the month of June in the year under review. Nevertheless, revenue of Rs.50,392,882 received from July to December had been credited to the Revenue Head 20.03.99.00 of Other Government Receipts.
- (b) The recovery of a sum of Rs.2,513,345 of the revenue recoverable for conducting examinations in the preceding years, had failed even by 31 December 2017.

2.8 Advances to Public Officers Account

Limits Authorized by Parliament

The limits authorized by Parliament for the Advances to Public Officers Account, Item No. 21201 relating to the Department and the actual amounts are shown below.

Expenditure		Receipts		Debit Balance	
Maximum Limit	Actual	Minimum Limit	Actual	Maximum Limit	Actual
Rs. Millions	Rs. Millions	Rs. Millions	Rs. Millions	Rs. Millions	Rs. Millions
35	34.9	20	20.2	100	79

The following observations are made.

Non-recovery of Outstanding Loan Balances

(a) Loan Balances recoverable from interdicted Officers

- (i) Inquiries against an officer interdicted from January 2013 had been commenced for the recovery of a loan balance of Rs.443,320 and the inquiries had not been completed even up to June 2018.

- (ii) An unsettled loan balance of Rs.33,047 remained as at 31 December 2017 from another officer interdicted from 01 July 2009 and only a sum of Rs.8,000 had been recovered during a period of 8 ½ years from the date of interdiction.

(b) Loan balances recoverable from Officers who had vacated the Service

 Action had not been taken even in the year under review to settle the loan balances of Rs.115,351 recoverable from three officers who had vacated the service during the period from 1995 to 2008.

2.9 Imprest Account

 Savings of limits of imprest were apparent in large amounts at the end of the month due to obtaining imprests exceeding the limit of expenditure. Moreover, it was observed that improper management of expenditure and improper budgetary control had been the reasons for saving of imprests in this manner. Details are given below.

Month	Opening Balance	Receipts of Imprest	Other Receipts	Payments	Savings
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	Rs.	Rs.	Rs.	Rs.	Rs.
January		123,700,000	20,711,632	142,924,300	1,487,332
February	1,487,332	120,325,000	12,503,097	124,025,413	10,290,016
March	10,290,016	697,250,000	20,286,257	679,749,885	48,076,388
April	48,076,388	32,000,000	7,855,801	72,997,236	14,934,953
May	14,934,953	130,600,000	12,908,859	156,843,254	1,600,558
June	1,600,558	71,000,000	13,505,989	81,201,668	4,904,879
July	4,904,879	145,000,000	9,661,074	156,637,630	2,928,323
August	2,928,323	81,000,000	16,768,825	98,385,433	2,311,715
September	2,311,715	178,500,000	13,724,318	172,282,413	22,253,620
October	22,253,620	586,500,000	495,221,887	651,605,161	452,370,346
November	452,370,346	296,500,000	14,804,434	311,714,433	451,960,347

2.10 Non-compliances

2.10.1 Non-compliance with Laws, Rules and Regulations

 Instances of non-compliance with the provisions of Laws, Rules and Regulations observed during audit test checks are analysed and shown below.

Reference to Laws, Rules and Regulations	Value	Non-compliance
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(a) Financial Regulations of the Democratic Socialist Republic of Sri Lanka	Rs.	
(i) Financial Regulation 142(1)(2)		Sums of money due to the Government are ascertained and determined and no service is rendered or supply is issued until such amount is realised. However, fees had been charged for conducting establishment examinations after issuing results by conducting establishment examinations.
(ii) Financial Regulation 177(1)	55,604,862	Collections of money should be banked daily or at the earliest possible opportunity. However, 173 cheques remitted to the Department by external institutions had been banked with a lapse between 02 and 15 days.
(iii) Financial Regulation 396(d)	1,869,714	Action had not been taken in terms of Financial Regulations relating to 465 cheques lapsed over 06 months, issued but not presented in respect of 02 bank accounts.
(b) Circular No.PF/FS/Audit T38 dated 09 June 2008 of the Director General of Public Finance	515,624	Even though unidentified debit and credit balances should be identified and adjusted without delay, action had not been so taken relating to debit and credit balances unidentified from October 2016 to November 2017.

2.10.2 Non-compliance with Tax Requirements

Instances of non-compliance with tax requirements observed during audit test checks are given below.

Pay As You Earn Tax

- (a) In terms of Circular No. SEC/2015/05 dated 06 July 2015 issued by the Commissioner General of Inland Revenue, in the computation of pay as you earn tax for 56 officers of the Department of Examinations from January to June 2017, a sum of Rs.859,673 had been under computed and as such, the revenue from tax had been deprived of to the Government by a similar amount.
- (b) It was observed that 56 officers earn income exceeding Rs.62,500 monthly and the allowances totalling Rs.12,041,570 earned from January to June 2017 had been neglected in terms of the aforesaid Circular and only the fixed monthly salary earned had been considered in computing tax.
- (c) It had been stressed by the Letter No. IC/2012/49 dated 13 December 2012 of the Deputy Commissioner General (Tax Policies, Laws and International Affairs) of the Department of Inland Revenue and the Chairman (**Committee of Comments**) that the duties of the Department of Examinations cannot be exempted from tax in terms of Section SEC/2011/05 4(IX) considering as urgent, priority services or a specific purpose of the Department of Examinations and that the duties for which allowances are paid in the Department of Examinations are the permanent and usual duties of the Department of Examinations and as such, the income earned therefrom is liable to tax. However, the computation of pay as you earn tax by the Department, considering only the fixed monthly salary without considering the allowances and paying attention to the said matters, was questionable in Audit.
- (d) In terms of paragraph 3(II) of the Circular No. SEC/2015/05 dated 06 July 2015 of the Commissioner General of Inland Revenue, the fuel allowance as well is liable to tax. Nevertheless, in computation of pay as you earn tax of officer bearing No.15, pay as you earn tax had been computed considering the fuel allowance of Rs.96,900 from January to June as an income exempted from tax.

2.11 Human Resources Management

2.11.1 Approved Cadre, Actual Cadre and Expenditure on Personal Emoluments

Details on the approved, actual, vacancies and excess cadre as at 31 December 2017 of the Department of Examinations are given below. A sum of Rs.303.3 million had been spent by the Department for the year under review for the Object Class on personal emoluments. Accordingly, the individual expenditure had been Rs.494,075.

Category of Employee	Approved Cadre	Actual Cadre	Vacancies	Excess
(i) Senior Level	85	76	09	-
(ii) Tertiary Level	18	10	08	-
(iii) Secondary Level	407	319	88	-
(iv) Primary Level	164	153	11	-
(v) Casual/Contract Basis	-	56	-	56
Total	674	614	116	56

The following observations are made in this connection.

- (i) The approval of the Department of Management Services should be obtained after taking a decision by the Department to adjust the Departmental staff so as to suit the present requirement. However, it was observed that the approved cadre of the Department of Examinations was a cadre prepared according to the requirement of the year 2000.
- (ii) Even though it had been identified that the Public Management Assistant, Information and Communication Assistant and Karyala Karya Sahayake should be increased by 80, 45 and 85 posts respectively by the end of the year 2017, action had not been taken to decide the number of approved cadre and to obtain approval accordingly.
- (iii) Fifty six employees had been recruited exceeding the approved cadre without proper approval.
- (iv) Internal transfers between branches of the Department should be carried out at least once in 05 years to perform the services of the Department efficiently and to strengthen the internal control. However, it was observed that 23 officers who were in service in the same branch for a period over 10 years, existed.