



Performance Report for the Year 2018

**Department of Public Finance
General Treasury
Ministry of Finance**

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Vision

“Create a sound Public Finance regulatory framework to improve transparency, accountability and service delivery in the Public Sector”

Mission

“Formulate, develop, review, update and follow up the systems and procedures in the Public Financial Management in order to strengthen broader governance environment within which public sector operates supporting institutions for public accountability”

Public Finance Review

Overview

Public Financial Management is the government's approach of managing both the revenue and the expenditure of the government making immediate impact of such resources on the economy. As societal needs will inevitably be greater than the resources available to the government, all public resources shall be used as efficiently and effectively as possible with a minimum of economic loss and wastage. Efficient Public Financial Management is at a center for the economic development as it creates a relationship of mutual trust and shared consensus between government and citizens in the development process. Reforms in Public Financial Management systems, processes and institutions are required to secure long-term economic success, to maximize the efficient use of limited public resources, with a greater level of transparency and accountability in government finances and, most importantly, to generate more and better services for the citizens of the country.

Objectives

- (i) Formulate, develop, review, update and follow up the policies, systems and procedures in Public Financial Management (i.e.- Financial Regulations, Government Procurement Procedures and Practices) to give maximum accountability and transparency.
- (ii) Promote public sector governance and assist the parliamentary Committee on Public Accounts (COPA) to ensure effective and efficient utilization of Public Funds.
- (iii) Review and monitor existing departmental fees and charges and explore the possibility of generating non-tax revenue in effective manner.
- (iv) Regularize review and monitor the funds set up under Ministries and Departments for different purposes to ensure effective and efficient utilization of public funds.

Functions and Responsibilities of the Department

With effect from 1st July 2018, the duty arrangement has been revised to expedite the service delivery by the Department of Public Finance. As such, the Ministries are clustered

as follows and the all the officers in the Department are assigned with the functions related to the Ministries in broader sectors in economy.

- a) Regional Development
- b) Governance
- c) Environment
- d) Defence
- e) Infrastructure
- f) Foreign Employment
- g) Religious and Cultural Affairs
- h) Primary Industry
- i) Social Welfare
- j) Health
- k) Industry
- l) Land
- m) Education
- n) Youth Affairs
- o) Special Spending Units

Following sectoral and non-sectoral assignments are performed by the officers in the Department

Regulatory Section

- Reviewing requests and providing interpretations on Financial Regulations
- Work related to new Public Financial Management (PFM) Bill and Regulations.
- Recommending requests on exemptions from Finance Regulations and Public Finance Circulars
- Assist the Committee on Public Accounts in the examination of Govt. Institutions (Ministries, Departments, Dist. Secretaries, Local Authorities)
- Examine Auditor General's reports and take follow up actions.
- Take follow up actions regarding the implementation of the recommendations of the Committee on Public Accounts
- Issuing Treasury Minutes based on the COPA Reports of Parliamentary sessions.
- Review the requests on compassionate payments under F.R.202 and notify the relevant personals.

- Review the issues in managing government expenditure.
- Collect, collate, disseminate and review data and information on existing fees and charges in Ministries and Departments
- Recommend requests for revision of fees and charges of Government Ministries and Departments
- Study and recommend requests for Write-offs of losses and waivers of Government dues under Financial Regulations

Funds Section

- Monitoring the operational activities related to statutory, trust and Department funds.
- Action to implement the recommendations of Fund Review Committee
- Examine annual accounts and Auditor General's report and make recommendations on funds
- Progress review of the funds activities
- Regularizing non-statutory funds

Procurement Section

- Study procurement related matters and make recommendations
- Prepare and issue clarification on procurement related issues with a view to expedite the procurement actions of Government Agencies
- Facilitate procuring entities in appointing Procurement Committees(PC), Technical Evaluation Committee (TEC) and Project Committee (PC) for Cabinet Level Procurement to expedite the procurement decision making process
- Upload Procurement Notices, Advance Procurement Notice, Procurement Plans and contract awards
- Implementation of Electronic Government Procurement (e-GP) system.
- Assisting the National Procurement Commission (NPC) in the formulation of the policies related to procurement matters.

Drafting observations on Cabinet Memoranda on behalf of the Hon. Minister of Finance on Procurement related matters, Financial Regulations, Project implementation, Public Private Partnership (PPP) and others.

Performance in the year 2018

Overall performance of the department during 2018 has been outstanding from achieving the objectives of the department. Following functions have been performed during this period under reviews in the areas of Regulatory, Procurement Management and Fund Management under each cluster and administration and accounts of the Department.

1. Financial Regulation related activities

1.1. New Public Financial Management Bill

Public Financial Management Regulations provide the broader legal framework within which Public Sector transactions are taking place. PFM reforms are vital to help improve functionality of the processes and its quality and outcomes. Public Financial Management Bill has been submitted to the Legal Draftsman Department with the approval of the Cabinet of Ministers. Related regulations are being prepared with the assistance of number of stakeholder organizations under the Guidance of the World Bank. The new Public Finance Management law will replace the current version of Financial Regulations of 1992.

In the year 2018, the Public Finance Management Bill was submitted to the Cabinet of Ministers and observations were obtained from a committee of experts. The Bill was amended inserting the recommendations of the said experts and referred to the Legal Draftsman's Department on 23.11.2018 under the hand of Minister of Finance to prepare the said Bill as a legal document. Accordingly, the Ministry of Finance intends to submit the new Financial Management Law to the Parliament by the middle of the year 2019.

1.2. Committee on Public Accounts (COPA)

The government is accountable for citizens on the use of public funds in the context of increased service delivery. Hence, government decision-making is subjected to a wide range of laws and administrative procedures designed to ensure legality, consistency, transparency, and accountability.

In this context, in term of Article 74 of the Constitution and Parliamentary Standing Order 125 Committee on Public Accounts (COPA) has established to examine performance of the Government Ministries, Departments, Provincial Councils and Local Authorities along with the Report of the Auditor General, which is based on the Financial Statement of the

respective organization. These examinations are being carried out in the COPA with the assistance and the guidance of various Treasury Departments. In order to maintain sound financial management in par with the matters revealed in the COPA, the PFD issues instructions to rectify the matters identified in COPA reports.

Upon receipt of the Report of the COPA, the PFD issue, under the hands of the Secretary to the Treasury, treasury minutes relating to matters of common issues highlighted in the report of COPA. These minutes are being used as reference guidance in Public Financial Management to Chief Accounting, Accounting and other officials.

During the year, Representatives of the Treasury had attended these committee meetings and provided the guidance and follow up actions had been taken in relation to committee reports. Further the instructions were issued during the year 2019 to address the critical observation, conclusion and recommendations highlighted in the COPA report.

1.3. Follow-up action on audit queries and audit reports related to Public Institutions

Chief Accounting Officers and Accounting Officers of ministries and departments were informed by the Auditor General to rectify the identified weaknesses observed by the Auditor General in Public Finance Management of respective institutions. In this context, Public Finance Department has taken follow up actions regarding the recommendation to address issues in Audit Reports and Audit Queries reported by the Auditor General.

Further, concurrence of the Department of Public Finance has been given for the revision of audit fees of the public corporations and other institutions which comes under the purview of the Government in consultation with the Auditor General under section 13(2) of the Finance Act No.38 of 1971.

1.4. Government's Fees and Charges

Fees charged by the ministries and departments when providing services should be fair by both service provider and the recipient in term of the administration expenses incurred and the quality of the service provided. These fees are reviewed and revised by the Public Finance Department from time to time.

Accordingly, the fees charged by various ministries and departments were reviewed by this department in 2018 and the fees charged by the under mentioned ministries and departments were amended.

Table 1 - Government Fees & Charges

| | Name of the Ministry | | Amended fee Type |
|----------|---|---|--|
| 1 | Industry & Commerce, Resettlement of Protracted Displaced Persons and Co- operative Development – National Intellectual Property Office of Sri Lanka | a | Trade Mark |
| | | b | Patents |
| | | c | Industrial Designs |
| | | d | Agents |
| | | e | Legend |
| | | f | Trade Mark |
| 2 | Transport and Civil Aviation | a | Implementation of Budget proposals - 2018 Fees charged for services provided by government agencies (06.07.2018) • Train fare revision |
| | | b | Revision of charges according to the Motor Traffic Act (28.09.2018) |
| 3 | Sustainable Development and Wildlife | | Regularize the Mirissa whale watching activities- Service fee per foreigner US \$ 01 and the service fee per local - Rs. 50.00 |
| 4 | Justice | a | Trustee fees |
| | | b | Department |
| | | c | Service fees |
| 5 | Defense | a | Aircraft Residual Income |
| | | b | Tickets for the Museum |
| 6 | Law and Order | a | Submission of applications to a Sri Lanka Embassy in abroad. |
| | | b | Submission of applications by post from a foreign country |
| 7 | Foreign Affairs | | Implementation of e-DAS System in the Sri Lanka Mission Abroad – 05.01.2018 |
| 8 | Home Affairs | | Registration of E- Land Register Programme |
| 9 | Defence | a | Charging a government fee of Rs. 12,500.00 for the usage of gun powder per 25 persons per day. |

| | | | |
|----|--|-------------|---|
| | | b | Charging a government fee of Rs. 500.00 for each additional person. |
| 10 | Highways, Road Development and Petroleum Resources Development | | Annual License Fee for oil Business increase to Dollar 1,000 to 5,000 |
| 11 | Ministry of Public Administration and Management | | Circuit Bungalow |
| 12 | Ministry of Internal Affairs, Wayamba Development and Cultural Affairs | a b | Library permanent/ Temporary membership Photograph (Soft copy) |
| 13 | Ministry of Provincial Councils & Local Government And Sports | a b c | Reservation Tourist Bungalow Reservation of The Auditorium Transportable fitness book |

1.5. Losses and Write offs

The position with regard to losses and write off in 2018 are as follows.

In terms of the Financial Regulations No. 102 to 110 the estimated losses that occurred due to reasons beyond the control of officers, other losses and damages occurred to the government properties and properties with a financial value under custody of Government due to malpractices, negligence or delays of public servants are considered as losses and damages to the Government and actions should be taken to recover the losses.

The losses which could not be recovered from insurance scheme or from responsible persons and government revenue dues on advance account activities and other dues are allowed by writing off in terms of FR 108 and waving off in terms of FR 113 where there is no other option left to recover them.

Table 2– Losses & Write offs

| Description | Ministry | Amount (Rs) |
|---|------------------------|----------------|
| Settlement of unsettle imprest balance in imprest accounts from 35/8 to 35/13 as per FR 108 (3) | Foreign Affairs | 49,525,429.05 |
| Waive off the outstanding dues to the Construction Industry Development Authority (CIDA/ICTAD) from its books for the machinery hired by the National Equipment and Machinery Organization (NEMO) -13.09.2018 | Housing & Construction | 114,529,393.00 |

| | | |
|---|---|----------------|
| Write off the remaining amount of the loss caused by the accident of PD – 9102 Vehicle which was not covered through the insurance. | Housing and Social Welfare | 420,282.68 |
| Write off of Government Servants Advance B Account balances. | Public Service Commission | 27,900.00 |
| Write off of Government Servants Advance B Account balances. | Mahaweli Development and Environment - Department of Wildlife | 104,356.00 |
| Loss occurred due to missing of stamps in the main post office building at Colombo head quarters | Postal Services and Muslim Religious Affairs | 4,146,650.00 |
| Write off the remaining amount of the loss caused by the accident of WP GI – 8444 Jeep which was not covered through the insurance | Defence | 2,844,919.19 |
| The amount remain as non – replenish under the KF Loan No. 711 | Education and Higher Education | 211,392,244.70 |
| Write off of Government Servant Advance B Account balances as per the FR 113 Mr. H. M. D. Bandara (Water Metering Management) | Irrigation, Water Resources and Disaster Management | 10,034.00 |
| Write off of Government Servant Advance B Account balances as per the FR 113 Mr. R. Rajeshwaran (Work Administrator) | Agriculture, Rural Economic Affairs, Livestock Development, Irrigation and Fisheries and Aquatic Resources Development - Department of Irrigation | 21,035.00 |
| Write off of Government Servant Advance B Account balances as per the FR 113 Mr. M. R. Ranaweera (Technical Assistant) | Agriculture, Rural Economic Affairs, Livestock Development, Irrigation and Fisheries and Aquatic Resources Development – Department of Irrigation | 73,182.00 |
| Write off of Government Servant Advance B Account balances as per the FR 113 Mr. M. R. Ranaweera (Technical Assistant) | Education – Department of Education Publications | 20,580.00 |
| Write off the Loss of the Sri Lanka | Home Affairs | 4,948,542.72 |

| | | |
|--|---|----------------|
| Agriculture Sales Authority (Polonnaruwa District Secretariat) – 10.01.2018 | | |
| Write off the Loss of CWE (Polonnaruwa District Secretariat) – 10.01.2018 | Home Affairs | 10,011,086.00 |
| Advance “b” account of Government officers Rent & Fees | Public Finance and Mass Media | 46,553.00 |
| Write off the unbalanced Debtors of Custom over time Fund for the time Period 1982-2012 | Public Finance and Mass Media | 23,752,879.72 |
| Request to write off a debt balance under Advance “b” Account of Public officers – No 10401 – Mr. U.K. Rathnasinghe | National Policies and Economic Affairs | 295,021.00 |
| Submission to be written off the old unpaid debt balances. Debt balances higher than Rs. 10,000.00 | Defence | 757,215.00 |
| Write off of Government Servant Advance B Account balances as per the FR 113- Mrs. M. Kaliamma | Megapolis and Western | 10,600.00 |
| Write off of Government Servant Advance B Account balances as per the FR 113- Mr. G. H. K. Amarasinghe | Megapolis and Western | 44,808.00 |
| Write off of Government Servant Advance B Account balances as per the FR 113- Mrs. V. Kuppamma | Megapolis and Western | 15,525.00 |
| Total | | 422,998,236.06 |

1.6. Disposal of Vehicles Used by the Diplomatic Mission

Vehicles imported by officers attached to Diplomatic Missions in Sri Lanka, are sold in the local market when they leave the island as per provisions of Foreign Missions Circular No.2/92. Department of Public Finance is responsible for the recovery of due taxes to the government.

Accordingly, an amount of Rs. 77,197,998/- has been credited to government revenue through disposal of vehicles by 58 diplomatic missions in the year 2018 by the Department of Customs.

1.7. Allocation of Revenue collected from Stamp Duties under FR No. 494 during the Year 2018

Funds allocated to different institutions from the stamp revenue for the year 2018 were communicated to the Department of State Accounts through the transfer paper “Treasury 68”.

Table 3 – Stamp Duties

| Institution | Revenue Head | Debit (Rs.) | Credit (Rs.) |
|---|------------------|------------------|------------------|
| Stamp Revenue(General) | 5000/10 02 07 00 | 3,266,659,632.91 | |
| Postal Department | 4000/20 01 02 00 | | 2,344,644,065.00 |
| Department of Inland Revenue | 6000/00/14/0/3 | | 906,204,459.91 |
| Department of Registration of Person | 4000/20 03 02 03 | | 6,891,081.00 |
| Department of Registrar Generals | 4000/10 03 07 02 | | 8,049,327.00 |
| Department of Measurement of units and Standards and Services | 6000/0/0/6/69 | | 580,467.00 |
| -do- | 4000/20 03 02 99 | | 290,233.00 |
| | | 3,266,659,632.91 | 3,266,659,632.91 |

1.8. Appointment of Chief Accounting Officers -Year 2018

In terms of the powers vested by the Article 52(1) of the Constitution Secretaries to the Ministries are required to function as Chief Accounting Officer of the respective Ministries. Accordingly, the Department has taken action the issue letters appointing eighteen Secretaries as the Chief Accounting Officers during the period under review.

2. Public Finance Circulars – Year 2018

Department of Public Finance has issued following circulars and supplements during the year 2018 in relation to Public Procurement, Financial Regulation and Fund Management.

Table 4- Public Finance Circulars

| | Date | Circular No | Title |
|----------|-------------|---------------------------------------|---|
| 1 | 17-01-2018 | 01/2018 | Issuance of Public Finance Circular No. 01/2018 to revise fees and charges according to the budget proposal 261 in the Budget - 2018 |
| 2 | 27-08-2018 | 02/2018 | Review of the Statutory and Non Statutory Funds-2016 Budget Proposals |
| 3 | 23-10-2018 | 05/2018 | Introduction of an Electronic Government Procurement (e-GP) System into the Sri Lanka Public Sector |
| 4 | 16-11-2018 | Public Finance circular Letter No: 05 | Introduction of an Electronic Government Procurement (e-GP) System into the Sri Lanka Public Sector |
| 5 | 19-11-2018 | 06/2018 | Local LC opening for Public sector Procurement |
| 6 | 26-11-2018 | 07/2018 | Standing Cabinet Appointed Procurement Committees (SCAPCs)/ Cabinet Appointed Procurement Committees (CAPCs)/ Cabinet Appointed Negotiating Committees (CANCs)/ Cabinet Appointed Consultants Procurement Committees (CACPCs) |

2.1. Issuance of Public Finance Circular No. 01/2018 to revise fees and charges according to the Proposal No. 261 in the Budget Proposals for 2018

It was revealed that the fees charged for the services provided by the government agencies have not been revised for many years. Therefore, Parliament as per proposal in Budget 2018 to revise Fees and Charges had the view that these must be revised periodically to reflect the present economic indicators. Thus, an increase of 9 such fees which have not been revised during last 3 years, at least by 15% is proposed and the approval of Parliament had been obtained.

After that the Department of Public Finance had issued the Public Finance Circular No. 01/2018 dated 17.01.2018 to instruct the Ministries, Provincial Councils, Departments and District Secretariats to submit the proposals to revise the fees and charges to meet the current need of the economy.

2.2. Issuance of Public Finance Circular 02/2018 dated 27.08.2018 (Review of the Statutory and Non Statutory Funds-2016 Budget Proposals)

This circular was issued with the objective of rationalizing the existence of all the funds maintained under the government, and accordingly bringing such funds under the financial control of Parliament adopting an accepted parliament procedure.

2.3. Issuance of Public Finance Circular No 05/2018 dated 23.10.2018 (Introduction of an Electronic Government Procurement (e-GP) System into the Sri Lanka Public Sector)

The Department of Public Finance has initiated actions to develop an Electronic Government Procurement (e-GP) system in public sector. This circular was issued introducing the new system and requesting following information from the Government Entities for implementation of e-GP system.

- i. Nominate officer as a Liaison officer
- ii. Procurement transaction of past 3 years
- iii. Procurement plan for 2019

2.4. Issuance of Public Finance Circular No.06/2018 dated 19.11.2018 Opening of Local Letter of Credit in Public Sector Procurement purposes

It has been observed that there is tendency of opening Local Letters of Credit as a payment condition in procurement of goods and services by Ministries and Departments. The

continuous occurrence of this situation affects adversely on the government cash flow and public finance management. Therefore, the aforesaid Circular emphasizes that the prior concurrence of the Department of Treasury Operations shall be obtained in order to insert a payment condition as “Making payments by opening Local Letters of Credit” in the bidding documents relating to procurement of goods and services by Ministries and Departments.

2.5. Issuance of Public Finance Circular No 07/2018 dated 26.11.2018

Standing Cabinet Appointed Procurement Committees (SCAPCs)/Cabinet Appointed Procurement Committees (CAPCs)/Cabinet Appointed Negotiating Committees (CANCs)/Cabinet Appointed Consultants Procurement Committees (CACPCs)

This circular was issued in order to complete ongoing procurement as scheduled, at the time of changes of ministerial portfolio until formal arrangement is made in end of 2018.

3. Procurement Management

In accordance with the 19th amendment to the Constitution of Democratic Socialist Republic of Sri Lanka, activities relating to formulate fair, equitable, transparent, and cost effective procedures and guidelines for the procurement of goods, works, services, consultancy services and information systems for Government Institutions are vested with the National Procurement Commission (NPC).

However, until end of the year 2018, due to the various administrative deficiencies at National Procurement Commission (NPC) certain functions entrusted with NPC were carried out by the Department of the Public Finance in consultation & the NPC. Accordingly, the Department of Public Finance has continued issuance of Circulars and Supplements related to government procurement with the concurrence of the NPC.

Public procurement policies play a greater role in economy stimulating the market through incentives to local firms given the large value of Procurement policies therefore may be used to shape more inclusive national economic growth by providing long term support to SMEs, disadvantaged sectors, women owned enterprises environmental concerns etc. Procurement guidelines must be put in place that are consistent with principles of transparency, fairness, openness and value for money. The Sri Lankan current procurement process is regulated by following guidelines:

- a. Procurement Guidelines and Manual -2006 (Goods and Works)
- b. Employment of Consultancy Services – 2007
- c. Guidelines on Government Tender Procedure –Part 11 of 1998 to be followed with regard to the PPP projects

3.1. Amendments of Procurement Policies in the year 2018

- I. Issuance of Public Finance Circular No 05/2018 dated 23.10.2018
(Introduction of an Electronic Government Procurement (e-GP) System into the Sri Lanka Public Sector)
- II. 2.5 Issuance of Public Finance Circular No 07/2018 dated 26.11.2018
Standing Cabinet Appointed Procurement Committees (SCAPCs)/Cabinet Appointed Procurement Committees (CAPCs)/Cabinet Appointed Negotiating Committees (CANCs)/Cabinet Appointed Consultants Procurement Committees (CACPCs)

Table 5 - Number of Cabinet level Procurement Committee – 2018

| Name of the Ministry | Number of Committee | | | | | | | | Total |
|--|---------------------|-------|----|-------|-----|-------|-------|---------|------------|
| | CAPC/CATC | CAN C | PC | CACPC | TEC | SCAPC | SCANC | Special | |
| No of issued Appointment letters from PFD | 59 | 68 | 45 | 25 | 173 | 16 | 01 | 14 | 401 |

- III. Issuance of Supplements 34 dated 09.07.2018 to the procurement Guideline 2006
 This supplement was issued by mentioning the Authority limits of procurement Committees for Contract Award/ recommendation under Open Competitive Bidding Procedure, Shopping Procedures, or Repeat Orders and this supersedes the Supplement 33.

3.2. e-GP

Under the Vision 2025, the policy framework of the present government of Sri Lanka, the technology and digitalization is one of the main areas emphasized. Increasing the digitalization of Government operations is one of the tasks to be achieved under this area. Therefore introduction of Electronic Government Procurement system is important, essential and vital to the country. Accordingly, the e-GP secretariat has been established under the Department of Public Finance.

The initial concept for the introduction of Electronic Government Procurement System into Public Procurement System in Sri Lanka was presented to the Cabinet of Ministers by the Cabinet Memorandum No. 17/1273/719/087 on “Introduction of Electronic Government Procurement (e-GP) into Public Procurement System in Sri Lanka” on 19.06.2017, following the Fourth South Asia Region Public Procurement Conference held in Sri Lanka (Colombo and Kandy) from 20th to 23rd February 2017 under the theme of “e-GP in South Asia” and the Cabinet of Ministers at its meeting held on 27.06.2017 has granted approval for the same.

Accordingly, a working group was appointed for the introduction of e-GP system into Public Procurement System in Sri Lanka representing a wider range of stakeholders including the University of Colombo, School of Computing (UCSC) and the Cabinet of

Ministers at its meeting held on 12.12.2017 has granted approval to implement the recommendations of the said working group.

Accordingly, an e-GP Secretariat is to be setup under the Department of Public Finance to implement those recommendations in consultation with the government institutions. Based on the recommendations and the subsequent Action Plan of the Working Group, e - GP system to meet the local needs in compliance with the government procurement guidelines is being developed with the technical assistance of the “Theekshana” which is the ICT arm of the University of Colombo who provides ICT solutions for government organizations currently.

The implementation of e-GP system will immensely support the public procurement system which helps utilize scarce resources enhancing economy, efficiency, transparency and accountability in government procurement processes. The e-GP system will also generate significant savings by reducing Procurement Cycle Time given its speed, accuracy, efficiency, and confidentiality with minimum room for manipulations and corrupt practices.

4. Fund Management

In order to bring all Statutory and Non- Statutory Funds maintained by various government institutions under the control of Parliament according to an accepted procedure, a Committee has been appointed as per the Public Finance Circular No.07/2016 with a mandate to review the Statutory and Non- Statutory Funds and to make recommendations, including the changes that are needed on the scope, mandate and objectives of such funds to reflect the present day requirements.

Recommendation of committee had been approved by Cabinet of Ministers. Based on the directives of the Cabinet of ministers Public Finance Circular 02/2018 dated 27.08.2018 (Review of the Statutory and Non Statutory Funds-2016 Budget Proposals) was issued with following recommendations.

- I. Out of the total 210 reviewed funds, a number of 105 funds have been identified as public funds and 10 funds out of the said identified funds are highly impactful concerning the public opinion and therefore taking necessary measures after further studies.
- II. Continuation of 21 funds in the similar manner they are currently maintained, with the utilization of income earned by funds.
- III. Taking measures to wind-up the funds which have been identified to be capable of closing.
- IV. In term of the Article 148 and 149 of the constitution of Sri Lanka, getting all other, funds under the financial control of the Parliament.

A treasury circular is prescribed to be issued inserting said recommendations and the combined approval has been granted for the closure of following 13 funds.

Table 6 - List of funds decided to be closed

| | Name of the Fund | Government entity |
|----|--|--|
| 01 | National Botanical garden Trust Fund | Department of national Botanical Garden |
| 02 | Judicial Infrastructure Maintenance Trust Fund | Judicial Services Commission |
| 03 | Road Maintenance Trust Fund | Ministry of Highway and Road Development |

| | | |
|----|--|--|
| 04 | National Child Development Fund | Ministry of Women and Child Affairs |
| 05 | Wild Life Trust Fund | Ministry of Sustainable Development and Wild Life |
| 06 | Vehicle Emission Trust Fund | Department of Motor Traffic |
| 07 | “Sisu Aruna” Scholarships Fund | Ministry of Education |
| 08 | “Mahindodaya” Scholarship Fund | Ministry of Education |
| 09 | “Sujatha Diyaani” Fund | Ministry of Education |
| 10 | Shipping Development Fund | Ministry of ports, Postal and Muslim Religious Affairs |
| 11 | “State Institution” Temporary Surplus Trust Fund | Ministry of Finance and Mass Media |
| 12 | Estate sector Self Employment Revolving Fund | Ministry of Hill country, New Villages, Infrastructure and Community Development |
| 13 | Dedicated Economic Centers Maintenance Fund | Ministry of fisheries and Aquatic resources and Rural Economic Affairs |

5. Observations of Minister of Finance for Cabinet Memorandum

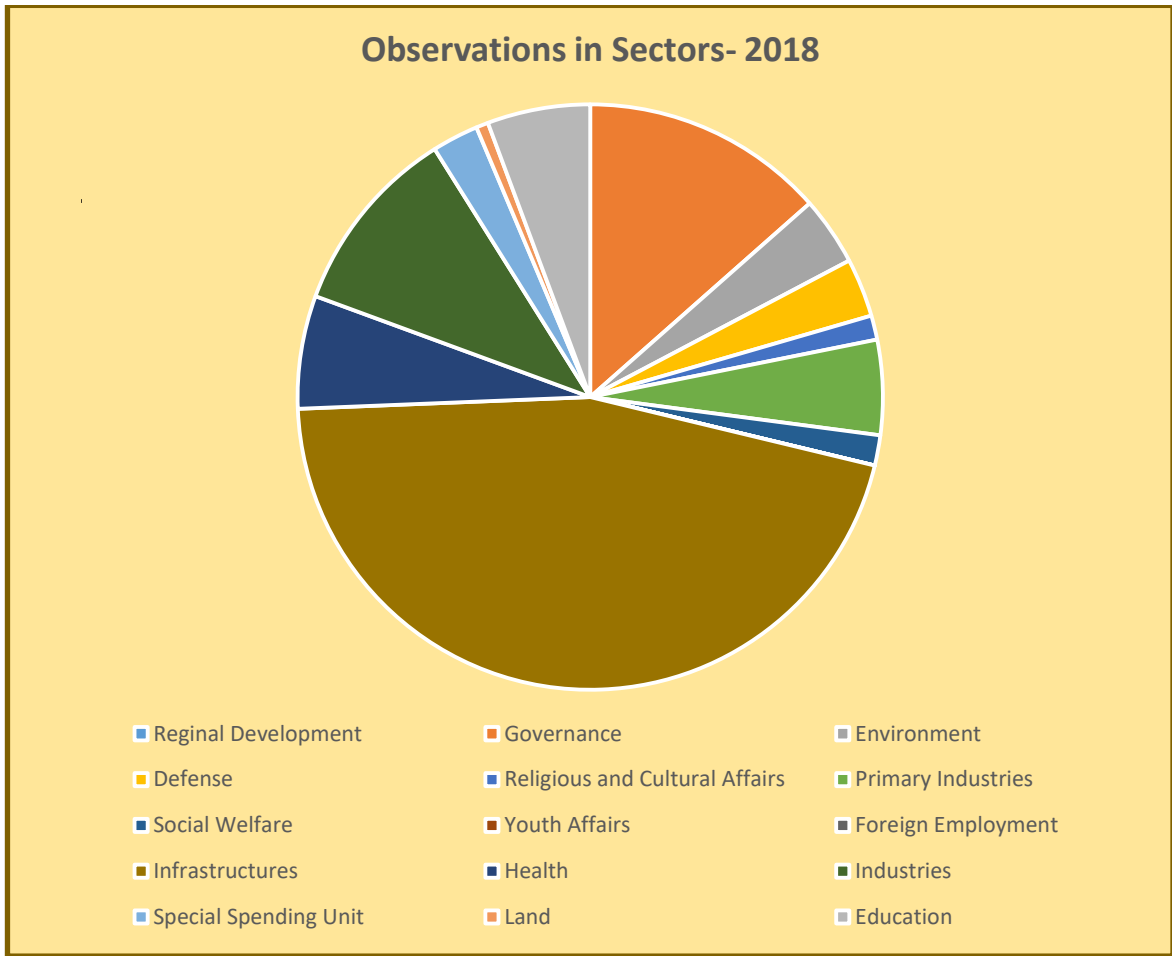
Approximately 50 percent of the Cabinet Memoranda referred by the Cabinet of Ministers to Hon. Minister of Finance for his observations have implication on Public finance. As such the Department is spent required to usage significant amount of its time and resources to prepare observations or recommendations for Cabinet Memoranda.

Accordingly, 865 observations and 223 comments have been provided for Cabinet Memorandums during the year 2018.

Table 7- List of Cabinet Observations according to Sectors

| No | Sector | No of Comments | No of Observations |
|----|--------------------------------|----------------|--------------------|
| 01 | Reginal Development | 04 | - |
| 02 | Governance | 48 | 111 |
| 03 | Environment | 10 | 34 |
| 04 | Defense | 12 | 29 |
| 05 | Religious and Cultural Affairs | 05 | 12 |
| 06 | Primary Industries | 06 | 47 |
| 07 | Social Welfare | 17 | 15 |
| 08 | Youth Affairs | 08 | - |
| 09 | Foreign Employment | 07 | - |
| 10 | Infrastructures | 51 | 399 |
| 11 | Health | 08 | 54 |
| 12 | Industries | 17 | 84 |
| 13 | Special Spending Unit | 10 | 23 |
| 14 | Land | 01 | 06 |
| 15 | Education | 19 | 51 |
| | Total | 223 | 865 |

Figure 10 - Observations in Different Economic Sectors - 2018



6. Administration and Finance Division

6.1. Staff

Department activities are organized under 4 divisions and they consists of following staff.

Table 8 - List of Staff as at 31.12.2018

| Designation | Approved Cadre | Existing Cadre as at 31.12.2018 | Vacant |
|--|----------------|---------------------------------|--------|
| Director General | 01 | 01 | - |
| Additional Director General | 03 | 01 | 02 |
| Director | 12 | 11 | 01 |
| Deputy Director/Assistant Director | 12 | 07 | 05 |
| Administrative Officer | 01 | 01 | - |
| Translator | 01 | 01 | - |
| Development Officer Public Finance Assistant Plan Implementation Assistant | 16 | 15 | 01 |
| Management Assistant | 14 | 14 | - |
| Driver | 07 | 07 | - |
| O.E.A | 08 | 07 | 01 |
| Total Cadre | 75 | 65 | 10 |

6.2. Officers Appointed during 2018

Table 9 - List of officers joined in 2018

| No | Name | Designation |
|----|--------------------------|-----------------------------|
| 01 | Mr. S.U.Chandrakumaran | Additional Director General |
| 02 | Mr. J.M.U.P.Jayamaha | Director |
| 03 | Ms. T.Prashanth | Director |
| 04 | Ms. D.M.S.N.T.Jayasekara | Assistant Director |
| 05 | Ms. C.D.Liyanage | Assistant Director |
| 06 | Ms. S.V.Wettasinghe | Assistant Director |
| 07 | Mr. P.C.Wimalasooriya | Development Officer |
| 08 | Ms. G.D.C.Shanthidewa | Management Assistant |
| 09 | Mr. D.D.A.S.Jayarathna | Management Assistant |
| 10 | Mr. D.S.W.Seram | Management Assistant |
| 11 | Mr. M.S.Gamini | Driver |
| 12 | Mr. T.M.C.S.Tennakoon | Driver |

| | | |
|----|---------------------------|-----------------|
| 13 | Mr. D.R.S.Priyantha | Driver |
| 14 | Mr. Y.L.M.U.P.Yakandawala | Driver |
| 15 | Mr. K.M.O.R.Kulasekara | Office Employee |
| 16 | Mr. K.A.S.Kumara | Office Employee |
| 17 | Mr. W.P.P.K.Wijesinghe | Office Employee |
| 18 | Mr. C.S.Abewikrama | Office Employee |

6.3.Officers transferred out from the department 2018

Table 10- List officers transferred out in 2018

| No | Name | Designation |
|----|------------------------|-----------------------------|
| 01 | Ms. K.D.R. Olga | Additional Director General |
| 02 | Ms. W.G.Chandrika | Director |
| 03 | Ms. D.K.T.Samanmali | Deputy Director |
| 04 | Ms. H.A.T.Erandi | Assistant Director |
| 05 | Ms. R.K.S.N.Ranasinghe | Development Officer |
| 06 | Ms. N.S.K.Arachchi | Development Officer |
| 07 | Mr. A.Weerasinghe | Development Officer |
| 08 | Mr. H.A.S.Darshana | Management Assistant |
| 09 | Mr.y A.R.A.S.B.Athauda | Management Assistant |
| 10 | Ms. M.A.R. Priyanthi | Management Assistant |
| 11 | Mr. G.Suranja | Driver |
| 12 | Mr. R.A.J.Sampath | Driver |
| 13 | Mr. M.A.H.I.Hassan | Driver |
| 14 | Mr. D.R.S.Piyarathna | Driver |
| 15 | Mr. K.A.S.C.Kulathunga | Office Employee |
| 16 | Mr. D.Amarasinghe | Office Employee |

6.4. Staff Training

6.4.1. Overseas Training – 2018

Table 11- List of officers participated in overseas training - 2018

| Officer's Name | Designation | Programme | Institute | Country |
|---------------------|-------------|---|--|-------------|
| Mr.P.Algama | DG | *5 th South Asia Region Public Procurement Conference | Department of Expenditure, Ministry of Finance-India | India |
| | | *2018 International Procurement Workshop on Cross- Border Participation and E-Procurement | Public Procurement Service(PPS) of Korea | Korea |
| | | *Learning Visit(e-GP) | WTO | Georgia |
| | | *Advance Global Government Procurement workshop | - | |
| Ms.K.D.R.Olga | ADG | Learning Visit(e-GP) | - | Georgia |
| Ms.J.C.Weligamage | D | *Implementing Sustainable E-Government solution | FMEP | Singapore |
| | | *IPSASB Strategy Roundtable and Capacity Building Forum | - | Philippines |
| | | *Public Finance Management | SLIDA | India |
| Mr.J.M.U.P.Jayamaha | D | *Public Finance Management | SLIDA | India |
| | | *PPP application and development for Sri Lanka | - | China |
| Mr.E.A.Rathnaseela | D | *5 th South Asia Region Public Procurement Conference | Department of Expenditure, Ministry of Finance-India | India |
| | | *Sustainable Development of Middle Income Countries | The Asia Foundation | Korea |
| Ms.W.G.Chandrika | D | *Implementing Sustainable E-Government Solution | FMEP | Singapore |
| Ms.R.M.Jayanthi | D | PPP application and development for Sri Lanka | - | China |

| | | | | |
|-------------------------------|----|---|--|------------------------|
| Mr.G.A.A.Priyantha | D | *2018 International Procurement Workshop on Cross- Border Participation and E-Procurement *Economic Development | *Public Procurement Service(PPS) of Korea Singapore cooperation programme | Korea Qatar |
| Ms.D.N.S.Welikala | D | Trade Promotion of Asian Countries | - | China |
| Ms.T.Prashanth | D | Study Visit | SLIDA | Malaysia |
| Ms.S.G.Pathirage | D | Asia Pacific Public E-procurement Network | ADB and IDB | America |
| Ms.H.D.D.P.Karunaratna | AD | Seminar on Paperless Trade and Cross-Border E-commerce for Asia Pacific Countries | Economic and Commercial Counselor's Office | China |
| Mr.M.G.G.Vidyarathna | DO | *Implementing Sustainable E-Government Solution *Seminar on Aid for Trade for Senior Officials of Developing Countries | FMEP Economic and Commercial Counselor's Office | Singapore China |
| Mr.P.C.Wimalasooriya | DO | 2018 Seminar on Infrastructure Construction Investment and Financing under the Belt and Road Initiative | - | China |
| Ms.P.I.Sandeepani | DO | Seminar on Paperless Trade and Cross-Border E-commerce for Asia Pacific Countries | Economic and Commercial Counselor's Office | China |

6.4.2. Local Training

Table 12- List of officers participated in local trainings - 2018

| Name Of The Officer | Designation | Name Of The Training Institute | Training Programme | Period | |
|-----------------------------|-------------|--------------------------------|--|-----------------------------|------------|
| | | | | From | To |
| Mr.E.A. Rathseela | Director | SLIDA | Speech craft Training With Toastmaster | 05.06.2018 Every Tuesday | 10 Weeks |
| Mr.J.M.U.P. Jayamaha | Director | SLIDA | Speech craft Training With Toastmaster | 05.06.2018 Every Tuesday | 10 Weeks |
| Ms.D.N.S.Welikala | Director | SLIDA | Speech craft Training With Toastmaster | 05.06.2018 Every Tuesday | 10 Weeks |
| | | Miloda | Joint IMF/World Bank Technical Assistance For Capacity Building On | 25.07.2018 | 07.08.2018 |

| | | | | | |
|---------------------------------|------------------------|--------|---|-----------------------------|------------|
| | | | Medium-Term Debt Management Strategy | | |
| | | Miloda | Financial Management In Foreign Funded Project | 18.09.2018 | 19.09.2018 |
| Ms.S.G. Pathirage | Director | SLIDA | Speech craft Training With Toastmaster | 05.06.2018 Every Tuesday | 10 Weeks |
| Ms.C.D. Liyanage | Assistant Director | Miloda | Training Programme On Financial Regulation In The Public Sector 02 Days | 18.06.2018 | 19.06.2018 |
| | | Miloda | Certificate In English For Employment Purposes | 25.09.2018 | 36 Weeks |
| Ms.S.V.Weththasinghe | Assistant Director | Miloda | Training Programme On Financial Regulation In The Public Sector 02 Days | 18.06.2018 | 19.06.2018 |
| Ms.C.H.Ranathunga | Assistant Director | SLIDA | Capacity Building Training Programme | 31.10.2018 | |
| Ms.H.D.R.P. Senevirathna | Administrative Officer | Miloda | Personal File Management | 05.06.2018 | 06.06.2018 |
| Ms.P.A. Gunawardana | Financial Assistant | Miloda | Diploma In English For Junior Executives | 09.03.2018 | One Year |
| D.A.C.D.P. Peris | Development Officer | Miloda | File Management & General Office, E-Code | 12.06.208 | 14.06.2018 |
| Mr.K.H. Aberathna | Development Officer | Miloda | Financial Regulation In The Public Sector | 26.11.2018 | 28.11.2018 |
| Ms.K.S.S. Somarathna | Development Officer | Miloda | Report Writing Skills | 27.08.2018 | 28.08.2018 |
| D.W.N.D. Sumanaweera | Development Officer | Miloda | Preparation Of Financial Statement | 27.08.2018 | 29.08.2018 |
| | | Miloda | certificate in conversational tamil | 30.10.2018 | 31.10.2018 |
| S.C.Rathnayaka | Management Assistant | Miloda | Diploma In Information Communication Technology | Every Saturday | 06 Month |
| | | Miloda | Board Of Survey And Losses & Write Offs | 30.08.2018 | 31.08.2018 |
| A.V.S.Artigala | Management Assistant | Miloda | File Management & General Office, E-Code | 12.06.218 | 14.06.2018 |
| | | Miloda | english for office use | 13.11.2018 | 15.11.2018 |
| P.I.U. Fernando | Management Assistant | Miloda | Financial Regulation In The Public Sector | 26.11.2018 | 28.11.2018 |
| N.D.M.S. Karunathilaka | Management Assistant | Miloda | Preparation Of Financial Statement | 19.09.2018 | 21.09.2018 |
| | | Miloda | certificate in conversational tamil | 30.10.2018 | 31.10.2018 |
| D.S.W.Seram | Management Assistant | Miloda | File Management & General Office,E-Code | 14.08.2018 | 16.08.2018 |
| | | Miloda | Diploma In Information Communication Technology | Every Saturday | 06 Month |

7. Financial Management

The provisions had been allocated to this Department through budget estimates under vote 245 programs and 1 project for year 2018 and the manner of utilization of such assets are as follows.

Table 13- Departmental Expenditures in 2018

| Description | Net Provision 2018 (Rs.) | Actual Expense 2018 (Rs.) |
|-----------------------|--------------------------|---------------------------|
| Recurrent Expenses | | 47,812,458.15 |
| Personal Emoluments | 48,912,400.00 | |
| Other | 40,380,600.00 | 34,819,419.45 |
| Capital Expenses | 127,818,800.00 | 107,401,835.38 |
| Total Expenses | 217,111,800.00 | 190,033,712.98 |

7.1. Office refurbishment

The PFD office has been refurbished at the cost of Rs. 6.18 Mn. for an effective and efficient office management in year 2018

7.2. Approved Advanced “B” Account of Public Officers

The loans had been granted to the officers from public officials advanced “B” account in this Department for the year 2018 as follows.

Table 14 - Advance B Account

| Type of Loan | No. of officers | Amount Paid(Rs.) |
|---------------------------------|-----------------|---------------------|
| Distress | 42 | 3,989,782.18 |
| Special | 23 | 100,000.00 |
| Festival | 42 | 410,000.00 |
| Bicycle | 0 | 0 |
| Loans relieve from indebtedness | - | |
| Total | | 4,499,782.18 |