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செயலாற்றுகை அறிக்கை
PERFORMANCE REPORT

2018

හාණ්ඩාගාර මෙහෙයුම් දෙපාර්තමේන්තුව
திறைசேரி செயற்பாடுகள் திணைக்களம்
Department of Treasury Operations

මුදල් හා ජනමාධ්‍ය අමාත්‍යාංශය
කොළඹ 01

நிதி மற்றும் வெகுசன ஊடக
அமைச்சு கொழும்பு 01

Ministry of Finance and Mass Media
Colombo 01

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➤ **VISION**

“ To be the best Government fund manager in the South Asian Region ”

➤ **MISSION**

“ We are committed to ensure efficiency, economy and safety in handling funds belonging to the Consolidated Fund and other Treasury Funds in order to harmonize the Government expenditure programmes with the revenue plans and borrowing programme, while providing stewardship towards fund accounting, including foreign borrowings ”

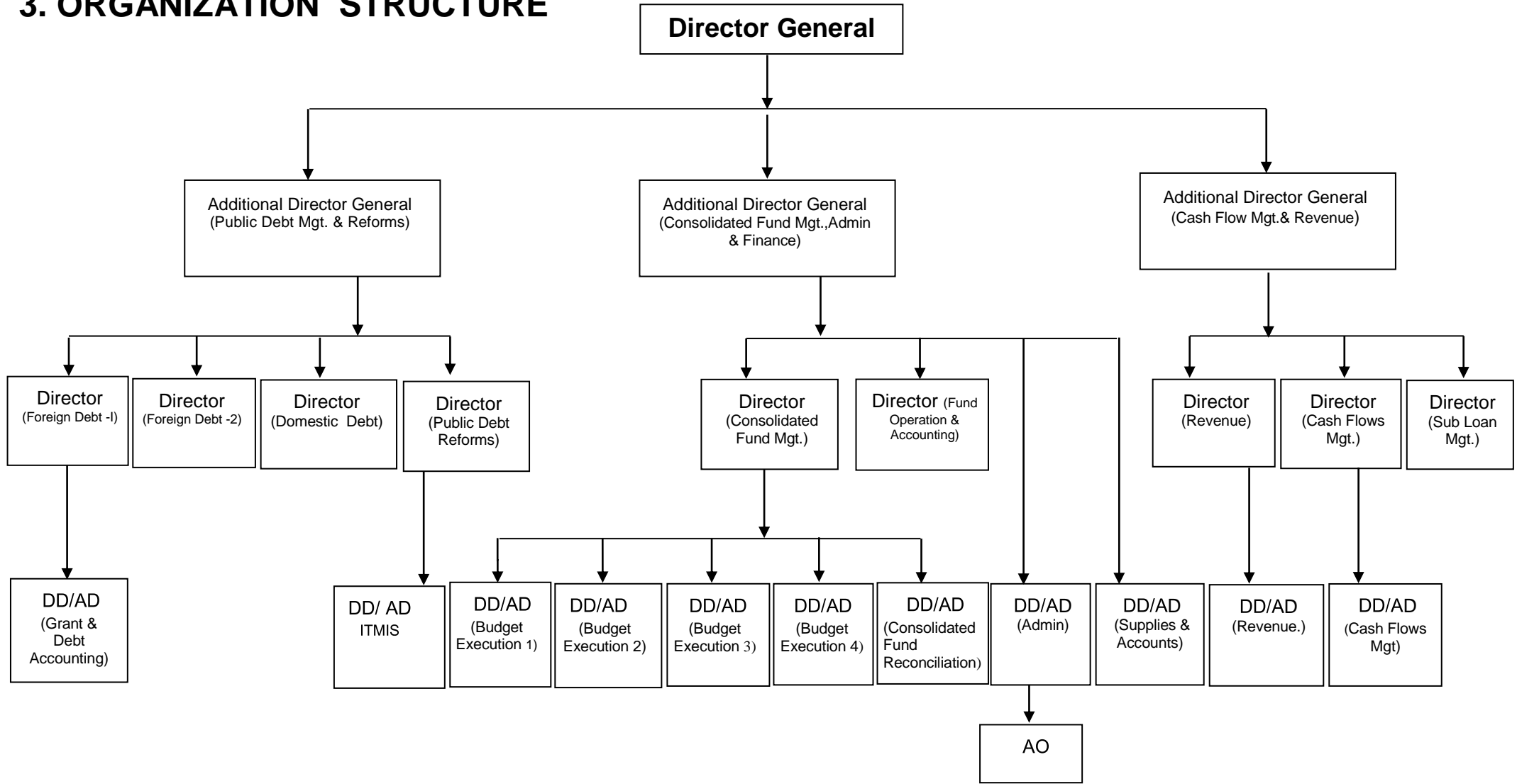
1. INTRODUCTION

The Department of Treasury Operations (TOD) was established on 28th July 2004 with the objectives of creating an efficient Organization within the Treasury to cater matters relating to the management of the Consolidated Fund and facilitate the public debt management function. In this endeavor, TOD translates estimated revenue and expenditure given in the National Budget into an operational cash inflow and outflow while identifying the deficit to be financed through the annual borrowing program. Public Debt Management Function of the department also includes debt servicing and reporting on behalf of the government.

2. MAJOR FUNCTIONS

- Management of Treasury Cash Flows
- Disbursement of Treasury Funds through the payment system.
- Assessment, prioritization and release of funds to spending agencies.
- Issuance of Treasury Guarantees.
- Receive of sub loan & Monetary relevant record in the Treasury Books.
- Estimation, Collection and Accounting for 11 Nos. Non-Tax Revenue heads assigned to the department.
- Facilitation for disbursement of funds under Foreign Aid Loans and Grants.
- Facilitation of Accounting for Foreign-Aid.
- Accounting for Government borrowings and debt servicing.
- Authorization and Supervision of Government bank accounts and imprest accounts.
- Operations of Public Officers Property Loan Guaranty Scheme.

3. ORGANIZATION STRUCTURE



4. CADRE INFORMATION

Table 4.1 : Staff Strength as at 31.12.2018

Designation	Approved Cadre	Exciting Cadre
Director General	01	01
Additional Director General	03	03*
S.L. Ac. S - Class I	09	08
S. L. Ac. S - Class II / III	10	08
S.L.A.S. - Class II / III	01	-
Administrative Officer	01	01
Development Officer	22	20**
P.M.A. -Class I/II/III	55	54
Information & Communication Technology Assistant	01	01
Driver	08	08
Office Employee Asst-Class I/II/III	12	11
Total	123	115

*Three (3) Class I Officers of SLAcS are acting on full time basis in the post of Additional Director General.

** A Graduate Trainee has been attached to this department since 03.08.2018 under the cadre position of development officer's.

5. HUMAN RESOURCE DEVELOPMENT

As a part of continuous effort of enhancing the knowledge, skills and attitudes, of employees the Department, provided several capacity development programmes opportunities which are given in the following table.

Local and Foreign Training 2018

Table 5.1 : Local Training

Category of Staff	Number of Training Courses	Number of officers trained	Field of training	Institute/ Location
Staff Officers	05	01	Diploma in English Professionals (DEP)	Miloda
		01	Lecture on "Developing the right organizational culture in the public service"	SL Foundation
		02	Workshop on Pubic Private Partnership	Hilton
		01	Diploma in Public Procurement and Contract Administration	Miloda
		01	Personal File Management	Miloda
Public Management Assistant	07	02	Certificate in English for Employment Purposes	Miloda
		02	Advance Ms. Excel Applications	Miloda
		01	CIGAS	Miloda
		02	Government Auditing Standards & Answering Queries	Miloda
		01	Essence of Public Procurement Management	Miloda
		03	Advance Ms. Excel Skills for Junior Officers	Miloda
		01	The roles and responsibilities of the Leave officer	National Institute of Labour Studies

Development Officer	05	01	Diploma in English for Junior Executives	Miloda
		01	Advance Ms. Excel Applications	Miloda
		01	Government Auditing Standards & Answering Queries	Miloda
		02	File Management, General Office Administration & E-code	Miloda
		01	Advance Ms. Excel Skills for Junior Officers	Miloda
All Staff	01	100	Awareness Programme for the Department officials	TOD

In addition to the above, two day workshop was conducted on 10th to 11th November at Provincil Training Institute in Trincomlee with the objective of attitudes and skills development of the staff. It was helpful to improve the self-development as well as mutual relationships among the staff members of the department. Hundred (100) employees of the Department actively participated in the programme.

Table 5.2 : Foreign Training and participation in conferences -2018

	Training / Seminar or Forum	Service Category	Country	Period	Number of Officers
1	Workshop online of Credit Guild lines and Procedures for the officials of the Government of Sri Lanka	Staff Officer	India	11.01.2018 12.01.2018	01
2	Training of trainers in Enter partnership and skill Development	Development Officer	India	22.01.2018 16.03.2018	01
3	Workshop on Implementing Sustainable E-Government Solutions	Staff Officer	Singapore	26.02.2018 02.03.2018	08
4	Free Balance International Steering Committee	Staff Officer	USA	14.03.2018 18.03.2018	01
5	Debt Management Performance Assessment	Staff Officer	Malaysia	19.03.2018 23.03.2018	02
6	Training programme on International Exposure on Financial Management Strategies	Staff Officer Development Officer ICT Assistant	Thailand	29.04.2018 06.05.2018	07 01 01
7	Public Debt Management	Staff Officer	Thailand	07.05.2018 12.05.2018	01
8	2018 Ministerial Workshop on Financial Strategy for Developing Countries	Staff Officer	China	11.06.2018 17.06.2018	01

9	2018 seminar on Bank and Monetary Management for Developing Countries	Staff Officer	China	04.07.2018 24.07.2018	01
10	Trade and Sustainability	Development Officer	India	09.07.2018 20.07.2018	01
11	DIPPCA country visit	Staff Officer	Japan	09.09.2018 19.09.2018	01
12	Seminar on the Construction and Management of Industrial Park	Staff Officer	China	24.09.2018 16.10.2018	01
13	Seminar on Aid for Trade for Senior Officials of Developing Countries	Staff Officer Development Officer	China	16.10.2018 29.10.2018	01 01
14	Workshop on External Balance Assessment	Staff Officer	India	10.12.2018 12.12.2018	01

6. Circulars and Instructions

The Department issued following circular instructions which are given below during the year 2018 with a view to improving fund management of the government.

Table 6.1

Date	Circular No.	Title
14-05-2018	01/2018	Revenue Estimates for year 2019
24-05-2018	02/2018	Statement of Arrears of Revenue -30.06.2018
12-06-2018	3/2017(i)	Payment of 2018 June salary in advance on account of Ramzan festival due on 15th June 2018
26-07-2018	03/2018	Closure of Non-Operative Official Bank Accounts
06-09-2018	04/2018	Payment of Salaries, Salary Advances and Pensions for the Year 2019
14-09-2018	05/2018	Collection, administration, monitoring and reporting of the revenue collected under the Revenue codes which the Director General, Department of Treasury Operations act as the revenue accounting officer

05-11-2018	06/2018	Closing of Cash Books for 2018 and Settlement of Imprest Accounts
28-11-2018	07/2018	Statement of Arrears of Revenue -31.12.2018
19-12-2018	3/2017(ii)	Payment of 2018 December salary in advance for Government Officers of Christian Religious on account of Christmas festival due on 25th December 2018

7. FINANCIAL PERFORMANCE - 2018

Table 7.1

								Thousands of Rupees
Item	Category/ Object/ Item/ Description	2017		2018		Based on Actual Expenditure 2017		
		Estimate	Actual	Estimate	Actual	Increase/ (Decrease) of 2018 Expenditure	Percentage of Expenditure Difference	
	RECURRENT EXPENDITURE	963,736	926,838	1,285,985	1,120,718	164,579	17.76	
	Personal Emoluments	75,650	67,104	73,610	72,785	5,681	8.47	
1001	Salaries & Wages	41,000	38,593	45,700	45,561	6,968	18.06	
1002	Overtime and Holiday Payments	650	640	950	927	287	44.84	
1003	Other Allowances	34,000	27,871	26,960	26,297	(1,574)	(5.65)	
	Travelling Expenses	3,330	3,089	1,615	674	(2,415)	(78.18)	
1101	Domestic	130	129	215	204	75	58.14	
1102	Foreign	3,200	2,960	1,400	470	(2,490)	(84.12)	
	Supplies	4,250	4,172	5,300	5,198	1,026	24.59	
1201	Stationery and Office Requisites	2,200	2,174	2,500	2,497	323	14.86	
1202	Fuel	1,970	1,919	2,700	2,602	683	35.59	
1203	Diets and Uniforms	80	79	100	99	20	25.32	
	Maintenance Expenditure	3,220	2,285	3,531	3,502	1,217	53.26	
1301	Vehicle	2,400	1,926	2,881	2,858	932	48.39	
1302	Plant and Machinery	500	285	500	498	213	74.74	
1303	Building and Structures	320	74	150	146	72	97.30	
	Services	4,790	3,671	4,579	4,509	838	22.83	
1401	Transport	2,400	1,863	2,400	2,399	536	28.77	
1402	Postal and Communication	2,200	1,626	2,019	1,952	326	20.05	
1405	Other	190	182	160	158	(24)	(13.19)	
	Transfers	866,676	840,697	1,162,228	998,929	158,232	18.82	
1503-01	Refund of Lottery Proceeds	365,676	339,747	460,978	297,686	(42,061)	(12.38)	
1505-01	Government Contribution of Public servant's Insurance Fund	500,000	500,000	700,000	700,000	200,000	40.00	
1506	Property Loan Interest to Public Servants	1,000	950	1,250	1,243	293	30.84	
	Other Recurrent Expenditure	5,820	5,820	35,122	35,121	29,301	503.45	
1701	Losses and Write off	5,820	5,820	35,122	35,121	29,301	503.45	

							Thousands of Rupees	
Item	Category/ Object/ Item/ Description	2017		2018		Based on Actual Expenditure 2017		
		Estimate	Actual	Estimate	Actual	Increase/ (Decrease) of 2018 Expenditure	Percentage of Expenditure Difference	
	CAPITAL EXPENDITURE	9,500	3,598	7,400	6,453	2,855	79.35	
	Rehabilitation and Improvement of Capital Assets	2,700	1,456	2,900	2,749	1,293	88.80	
2001	Buildings & Structures	100	-	1,100	1,090	1,090	100.00	
2002	Plant, Machinery and Equipment							
2002-1	Implementation of treasury Single Accounts System	1,500	981	1,000	981	-	-	
2002-2	Other	100	41	100	-	(41)	(100.00)	
2003	Vehicles	1,000	434	700	678	244	56.22	
	Acquisition of Capital Assets	5,000	377	1,000	801	424	112.47	
2102	Furniture & Office Equipment	5,000	377	1,000	801	424	112.47	
	Capacity Building	1,800	1,765	3,500	2,903	1,138	64.48	
2401	Staff Training	1,800	1,765	3,500	2,903	1,138	64.48	

8. Physical Performance

8.1 Cash Management

8.1.1 Treasury Cash Flow Management

Cash flow management is the process of articulating the government policy document or the government budget in to an implementable work plan. It facilitates the implementation of government policies through allocation of resources among the desired strategic units in the economy to maintain services to the public as well as to ensure an adequate public investments. Accordingly, Department of Treasury Operations (TOD) performs the tasks of forecasting and facilitating the collection of budgeted government revenue and redistributing such revenue among the spending agencies such as Ministries, Departments and other Institutions in effective and efficient manner.

In order to achieve the budgetary targets in effective and efficient manner, TOD performed government cash flow management activities focusing on prioritizing the cash requirements of the budget executing agencies and minimizing the cost of finance, in the year under review. The Department faces the critical challenge of meeting the demand for cash by spending agencies in the face of the inability of revenue collection agencies in achieving their revenue collection targets and the fluctuations occurred in the collection pattern.

Based on the Appropriation Act No 30 of 2017, as approved by the parliament and other variables gathered from the main revenue collection agencies as well as spending agencies, TOD prepared projected annual Cash Flow statements for 2018 with monthly break ups. Projected borrowing programme was also prepared based on these information in order to borrow at a minimal cost to the government as appropriately. Further, Department started to prepare Borrowing Calendar for a quarter ahead by fulfilling the requirement of Public Debt Department, Central Bank of Sri Lanka to publish the Borrowing Calendar as a measure of improving transparency on the issuances of borrowing instruments by the Government.

Table 8.1 :Statement on Government Treasury Cash Flow Operations - 2018

Item	Rs. Billion		
	2017	2018	
	Actual	Estimate	Actual
Opening Cash balance as at 1 st January	(160.3)	(186.2)	(186.2)
Total cash inflow from revenue and other receipts	1,765.3	2,144.9	1,870.2
Total cash outflow for recurrent payments	(1,853.6)	(2,102.2)	(2,000.7)
Total cash outflow for capital payments*	(646.1)	(819.9)	(594.0)
Net cash surplus / (deficit)	(734.4)	(777.2)	(724.5)
Gross borrowing *	1,564.5	1,927.2	1,853.9
Debt repayment	(868.9)	(1,150.0)	(1,232.3)
Net borrowing	695.6	777.2	621.6
(Temporary Employed Balances (TEB), net deposits, etc.)	12.9	-	14.9
Closing Cash balance as at 31 st December	(186.2)	(186.2)	(274.2)

Source: Department of Treasury Operations

*Includes project/programme loans received by the Government and recorded in the CS-DRMS as at December 31st, 2018

Treasury cash inflows from revenue and other receipts during the year under review were Rs. 1,870.2 billion while total cash outflows for the recurrent and capital payments were recorded as Rs. 2,594.7 billion resulting a net cash deficit of Rs. 724.5 billion. Accordingly, net cash deficit has decreased by Rs.9.9 billion during the period under review, compared to the same period of 2017. Decrease in net cash deficit was occurred mainly due to the reduction in cash outflow for the capital expenditure by 8.1 percent as a consequence of increase in revenue.–Further, increase of debt repayments from Rs. 868.9 billion to Rs.1,232.3 billion in 2018 has resulted in increasing the overall negative cash/bank balance as at 31st December 2018 up to Rs. 274.2 billion from overall negative year end cash balance of 2017 which was amounted to Rs. 186.2 billion.

8.1.1.1 Treasury Cash inflows

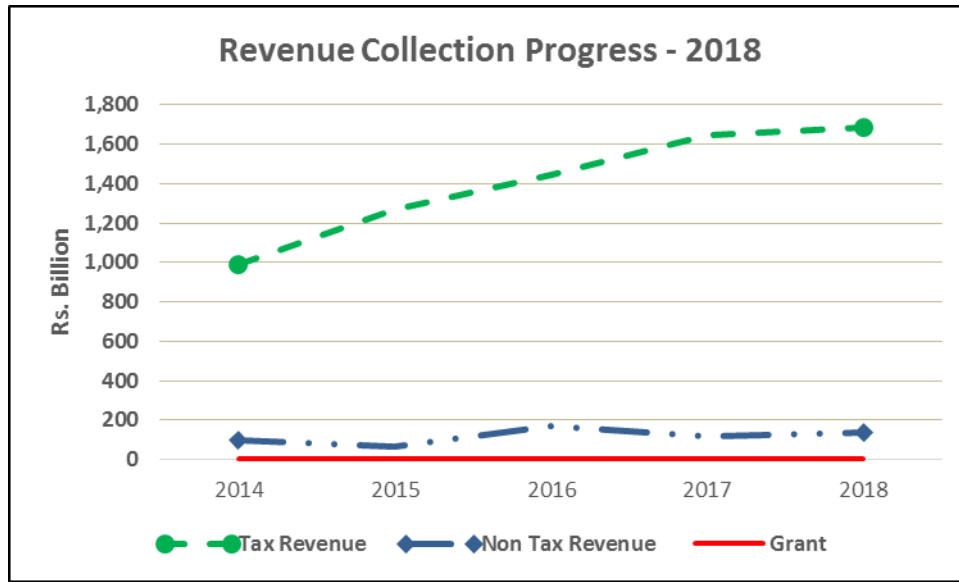
The General Treasury has recorded Rs.1,870.2 billion as its inflows for 2018 through Tax revenue, non-tax revenue and foreign grants which are considered as the three main sources of collections of the Treasury cash inflows. All though the revenue collections indicated 5.9 percent increase over the previous year it has been able to collect only a 87.2 percent of the total estimated revenue for the year. Further, 90.1 percent of revenue has been raised in the form of tax revenue. Tax revenue collection during the past five years from 2014 to 2018 as illustrated in the table 8.2 has shown an increasing trend from Rs.987.7 billion to Rs.1,685.3 billion representing a 70.6 percent increase. Grant receipt of the total revenue has shown continuous decreasing trend after 2015 mainly due to the upgrading of the position of the Sri Lanka as the state of middle income country. However during the year 2017 the receipt of grant has shown an increase due to the receipt of disaster relief grants since the country was faced several natural disasters during the period. Further, in the year 2018 a sum of Rs.107.0 billion received as the proceeds from the sales of capital Assets, from which a sum of Rs.43.8 billion was utilized for the Treasury cash flow purposes.

Table 8.2 : Revenue collection from 2014-2018

	Rs. Billion				
	2014	2015	2016	2017	2018
Tax Revenue	987.7	1,270.1	1,446.4	1,645.3	1,685.3
Non Tax Revenue	97.2	63.0	168.3	117.4	139.1
Grant	2.5	1.5	1.5	2.6	2.0
Utilization of Hambantota Proceeds					43.8
Total	1,087.4	1,334.6	1,616.2	1,765.3	1,870.2

Source: Department of Treasury Operations(Cash Management)

Chart : 8.1 Revenue collection from 2014-2018



8.1.1.2 Treasury Cash Outflows

As per the total Cash out flows of the year 2018 as illustrated in the table 8.3 releases to various expending agencies for the recurrent expenditure has increased by 3.8 percent while capital expenditure has declined by 1.9 percent compared with the year 2017. When the total composition of the cash outflows of the year under review were considered, It reveals that 59.2 percent of the total releases represents the public sector salary bills and other social welfare programmers such as Samadhi, Pension, and assistance for kidney patients etc.

Table: 8.3. Cash Releases - Capital & Recurrent/ Agency wise - 2015 to 2018

Institution	Rs. Billion							
	2015		2016		2017		2018	
	Recurrent	Capital	Recurrent	Capital	Recurrent	Capital	Recurrent	Capital
Special Spending Units	10.2	1.7	7.2	2.6	9.3	3.3	11.8	2.9
Ministries	234.7	173.4	224.1	185.7	239.3	230.5	242.6	219.2
Department	579.3	72.0	594.8	64.5	611.7	81.0	625.9	76.0
District Secretaries	40.2	44.0	44.5	49.7	50.1	47.3	48.4	57.5
Provincial Council	167.5	21.7	169.0	15.7	165.5	23.8	180.2	16.0
Universities	26.8	9.6	29.1	22.0	31.1	17.5	37.2	21.0
Other Board & Corporation	21.1	19.5	23.3	14.3	24.4	11.8	28.6	14.5
Total	1079.6	341.8	1092.1	354.4	1131.3	415.0	1174.6	407.1

Source: Department of Treasury Operations(Consolidated Fund Management)

8.2 Public Debt Management

8.2.1 Government Borrowing Programme - 2018

Parliament had granted the approval for the gross borrowing limit of Rs.1,893 billion from the Appropriation Act No. 30 of 2017 for financing the resource gap under budget 2018.

Actual borrowing recorded during the year was Rs:1,881 billion. This was contributed by domestic sources amounting to Rs.1,109 billion while foreign sources amounting to Rs.772 billion. Borrowings from foreign sources were comprised with the International Sovereign bond of Rs. 391 billion issued at the foreign market, Foreign Term Financing Facilities of Rs.171 billion and Development Policy, Project and Program loans of Rs. 210 billion. Total borrowing of Rs.1,881 billion in 2018 has indicated 16 percent increase compared to that of Rs. 1,620 billion in 2017.

The actual total domestic borrowing of Rs. 1,109 billion in 2018 was a 9 percent increase over that of Rs. 1,018 billion in 2017. This is mainly attributed the issuance of Treasury Bonds and loans taken from FCBU/Off-shore banking units in order to facilitate to the debt service payments.

Table 8.4 Government Borrowing Limits and Usage (Rs. Million)

Item	2017		2018	
	Approved Limit	Usage	Approved Limit	Usage
Gross Borrowing	1,629,000	1,619,625	1,893,844	1,880,706
Domestic	1,179,000	1,018,320	1,313,844	1,109,098
Foreign	450,000	601,305	580,000	771,608
Total Financing	1,629,000	1,619,625	1,893,844	1,880,706

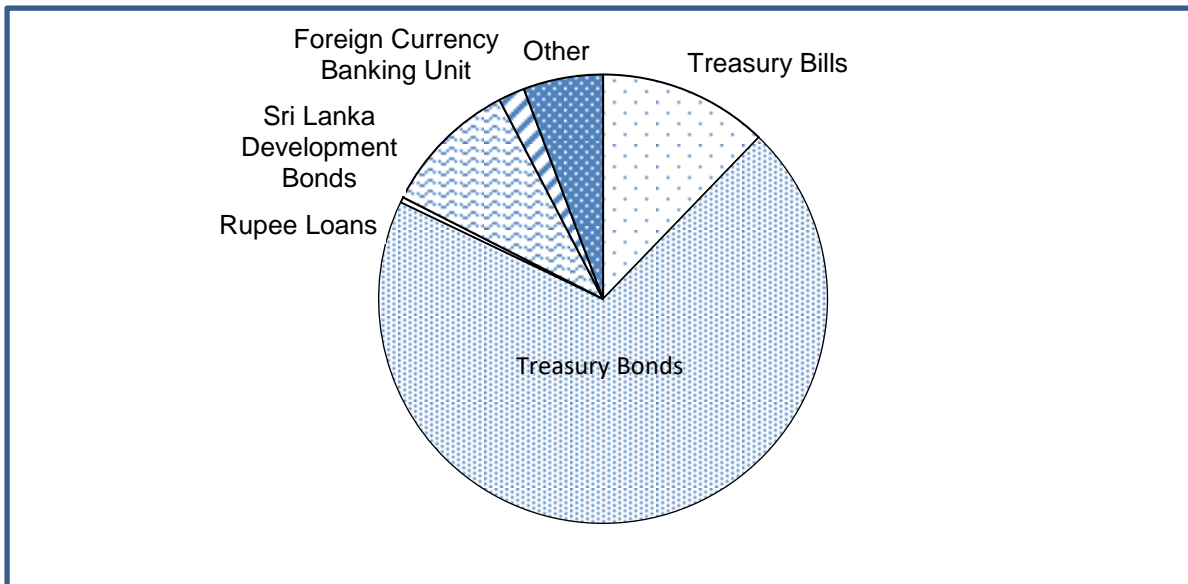
Sources : Department of Treasury Operations

8.2.2 Domestic Financing

8.2.2.1 Outstanding Domestic Debt

Total outstanding domestic debt at end of 2018 was comprised with Treasury bonds, Treasury bills and SLDBs accounted for 69.9 percent, 12.2 percent and 9.9 percent respectively. The balance represented the provisional advances from the Central Bank of Sri Lanka (3.2 percent), Rupee loans (0.4 percent) Loans from FCBU (1.9 percent) and other borrowings (2.5 percent). Treasury bonds holding has increased by 2.6 percent over the previous year while the share of Treasury bills increased from 12.1 percent as of end 2017 to 12.2 percent as at end 2018. Outstanding SLDBs Stock marginally decreased over the previous year by 0.4 percent.

Chart 8.2 Outstanding Domestic Debt



8.2.2.2 Domestic Debt Service Payments

Total government domestic debt service payments in 2018 increased by 28 percent to Rs. 1,597 billion in comparison to Rs. 1,245 billion recorded in 2017. Out of the total debt service payments, Debt repayments amounted to Rs. 929 billion (58 percent) while the balance Rs. 668 billion (42 percent) represented the interest payment. Both the loan repayments and the interest payments on domestic debt increased by Rs. 281 billion and Rs. 71 billion respectively in 2018 over the previous year.

Table 8.5 :Domestic Debt Service Payments

Year	(Rs.Million)		
	Principal payments	Interest payments	Total
2017	648,134	597,020	1,245,154
2018	929,346	667,658	1,597,004

Sources : Department of Treasury Operations

8.2.3 Foreign Financing

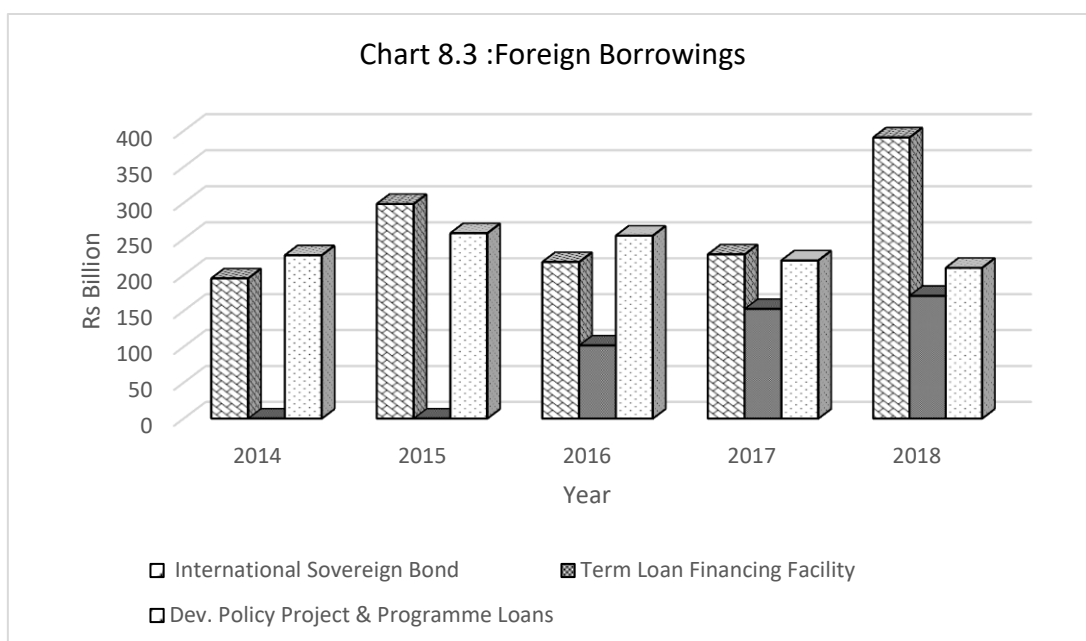
The external financing plays a significant role as a source of deficit financing of the Budget by providing funds to bridge domestic savings-investment gap in order to meet the required investment levels to support the targeted growth of the economy. External financing is mainly received under two categories such of foreign loans and foreign grants. Accordingly, foreign financing during the year comprise from foreign loans amounted to Rs.771.5 Bn. and foreign grants amounted to Rs.12.5 Bn. Comparing to the previous year, foreign loans and grants have increased by 28.3 percent and 55.7 percent respectively in the year 2018.

8.2.3.1 Foreign Loan

Total foreign loan in 2018 was also comprised with International Sovereign Bond (ISB) of Rs.391 billion, Foreign Currency Term Financing Facility (FCTFF) of Rs.171 billion and Development Policy Project and Program loans of Rs.210 billion. The importance of the ISB increased due to the favorable terms and comparatively medium to longer term tenor.

Table 8.6 : Composition of Foreign Borrowings 2014 - 2018 by Sources

	Rs.Billion				
Source of Foreign Loan	2014	2015	2016	2017	2018
International Sovereign Bond	195.2	298.5	217.9	228.5	390.8
Term Loan Financing Facility	-	-	101.8	152.7	170.9
Dev. Policy Project & Programme Loans	227.3	257.9	254.5	220.1	209.8
Total	422.5	556.4	574.2	601.3	771.5



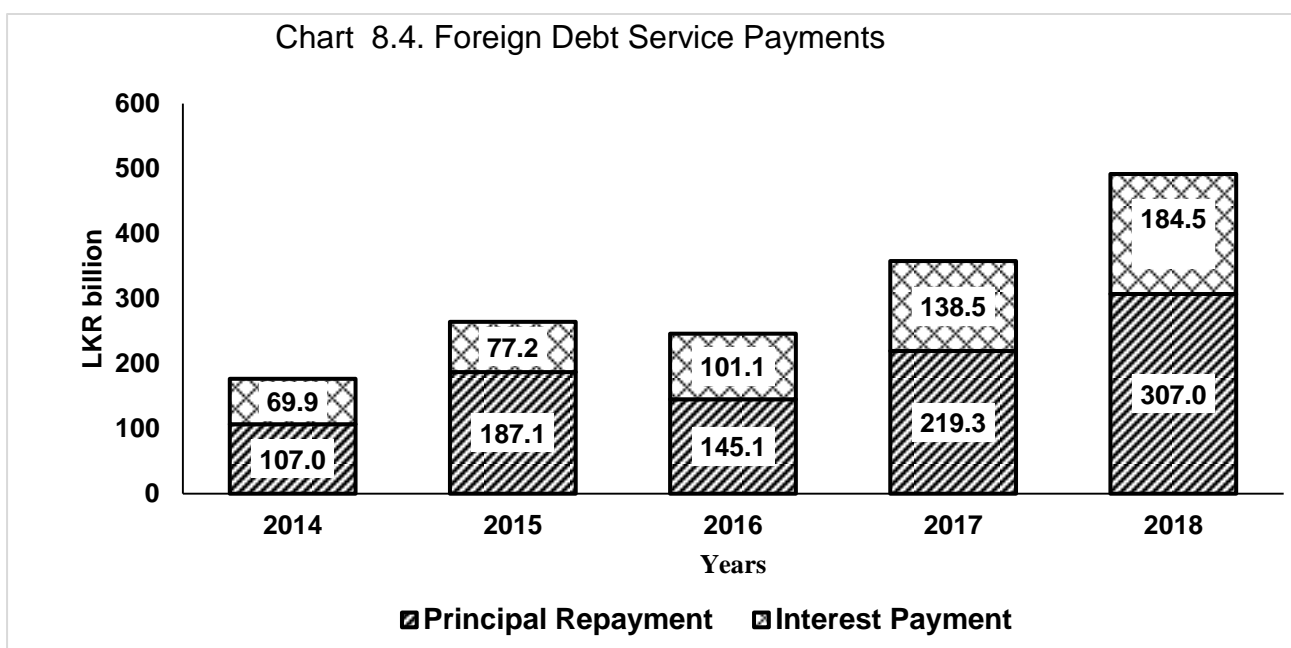
Source : Financial Statements - MOF& MM

8.2.3.1.1 Foreign Debt Services Payments

Total government foreign debt services payment increased by 37.4 percent per cent to Rs, 491.5 billion in 2018 from Rs.357.8 billion in 2017. Out of the total foreign debt services payments, principal repayment amounted to Rs.307.0 billion while the balance Rs.184.5 billion represented the interest payment. Both the principal repayment and the interest payment on foreign debt increased by Rs.87.7 billion and Rs.46.0 billion respectively in 2018 over the previous Year.

Table 8.7 : Foreign Debt Service Payments 2014 – 2018

Year	Rs. Billion		
	Principal Repayment	Interest Payment	Total
2014	107.0	69.9	176.9
2015	187.1	77.2	264.3
2016	145.1	101.1	246.2
2017	219.3	138.5	357.8
2018	307.0	184.5	491.5



Sources: Financial statements of MOF & MM

8.2.3.1.2 Outstanding Foreign Debt Stock

The total outstanding external debt stock recorded as Rs.5,744.7 billion at the end of 2018, which is an increase of Rs.1,388.4 billion when compared to Rs.4,356.3 billion of 2017. Majority of the external debt stock consisted project and program loans at the end of 2018.

Table 8.8 : Outstanding Foreign Debt Stock during 2014 -2018

Year	2014	2015	2016	2017	2018
Outstanding Debt Stock	2,615.0	3,200.4	3,780.7	4,356.3	5,744.7

Rs. Billion

Sources : Financial Statements of MOF & MM

8.2.3.1.3 Foreign Grants

Foreign grants received from various multilateral and bilateral sources and Development partners were also continued to be received during the year under review. Total Foreign Grants recorded by the Treasury during the year increased by 55 percent to Rs.12.48 billion in 2018.

Table 8.9 : Total Foreign Grants recorded 2014-2018.

	Rs. Billion				
Year	2014	2015	2016	2017	2018
Total Foreign Grants recorded	9.40	6.01	7.50	8.03	12.48

8.3. Collection of Non-Tax Revenue assigned to TOD

Director General of Treasury Operations oversees 11 Revenue Heads as the Revenue Accounting Officer. Two revenue heads out of these 11, under the Department of Treasury Operations were set for accounting both loan repayments and interest collections of sub-loans while other two revenue heads were allocated to record foreign grants and the premium of the treasury Bonds issued if any. Balance 7 revenue heads have been created to collect revenues those could not be directly allocated to a single Ministry or a Department. The Department was able to collect a sum of Rs.86.6 Billion as Non Tax revenue under the following 09 non tax revenue heads which was equal to 40.1 percent of the total estimated Non-Tax Revenue of Rs.216.0 Billion for the year under review.

Table 8.10 : Non Tax Revenue Collected by Director General of Treasury Operations Department - 2017 – 2018

(Rs.Mn)

	2017		2018	
	Revenue Estimate	Collected Revenue	Original Revenue Estimate	Collected Revenue
Non Tax Revenue				
Other Rental	278.0	358.7	120.00	1,791.5
On Lending Interest	4,300.0	4,648.6	4,300.00	6,212.8
Other Interest	1,650.0	2,746.8	1,300.00	1,927.6
Departmental Sales	110.0	120.7	117.00	162.3
Sundries	5,000.0	6,143.4	11,500.00	8,642.7
Fines & Forfeits - Other	2,600.0	1,507.0	2,100.00	1,582.0
Other Receipts	11,000.0	12,894.8	15,000.00	37,456.5
Other Current Transfers	1,750.0	2,078.8	2,000.00	3,260.8
Recovery of Sub Loans	16,250.0	16,418.1	16,800.00	25,583.6
Sale of Capital Assets	100.0	144.1	-	-
Non Tax Revenue Sub Total	43,038.0	47,061.0	53,237.00	86,619.80

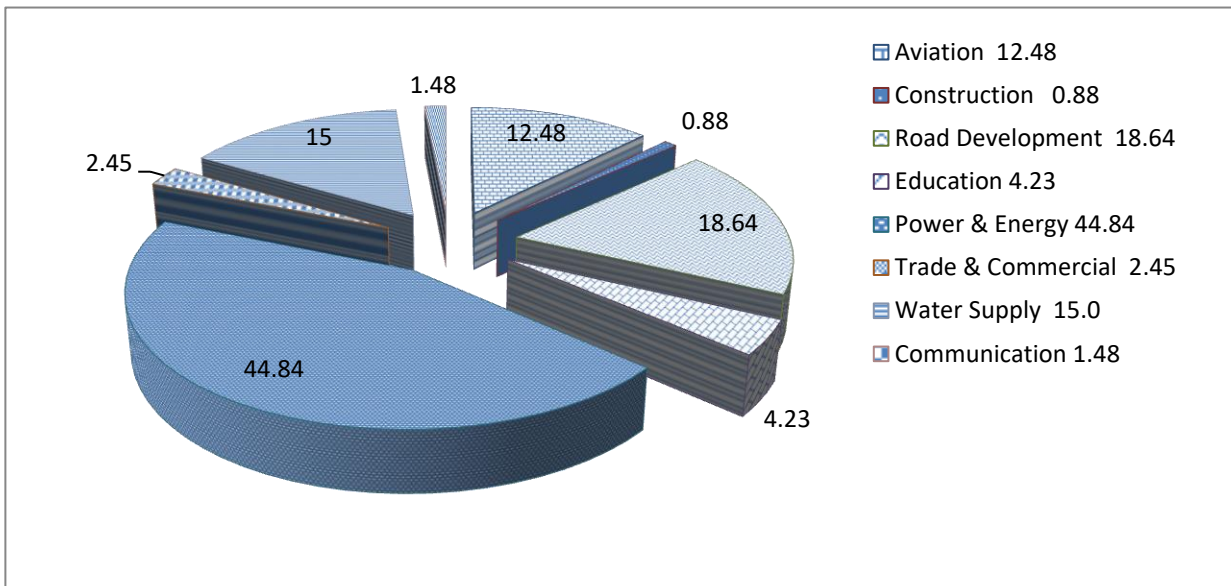
In addition to the Revenue collection under 09 Non-Tax revenue heads, Department was able to collect Rs.12.5 billion under foreign grant and recorded Rs.582.2 million under Treasury Bonds Premium during the year 2018. Accordingly, the Department has recorded Rs.99.7 Billion as revenue during the year under review through 11 Revenue Heads.

8.4 Treasury Guarantees

TOD issues Treasury Guarantees & Sovereign Guarantees to Public Enterprises when these Institutions seek collaterals to be submitted for obtaining Local & Foreign Loan facilities to fulfill commercial and working capital issues from financial institutions with the approval of the Cabinet of the Ministers within the provisions of the Fiscal Management (Responsibility) Act No. 03 of 2003 with its amendments.

TOD has issued Treasury Guarantees & Sovereign Guarantees for a sum of Rs.1,102.73 billion at the end of the 2018. Of which, 44.84 percent guarantees have been issued to the power & energy sector.

Chart 8.5. Sectoral as composition of the Treasury Guarantees 2018



8.5 On – lending

Government provides sub loans by the main loans received to the government from the major donors such as World Bank, ADB, JICA on concessional basis to Public Enterprises which are actively contribute to improve the essential infrastructure for the development of the country. The Department of Treasury Operations involves in disbursement and collection of the sub loan instalment which include both capital and interest components and also maintains a monthly updated data base.

The Department was able to release Rs.11.87 billion as new sub loans while a sum of Rs. 25.58 billion was recovered as sub loan instalments from Public Enterprises. In addition, Rs. 6.21 billion was collected as interest income on sub loans.

The total sub loan balance at the end of 2018 was Rs.184.16 billion comprised with nearly 50 number of borrowing Institutions including Public Enterprises, Commercial Banks, Developments Banks and Regional Development Banks.

Refunds from Revenue

1728 nos of Refunds from revenue application have been approved by the Department of Treasury Operations during the year 2018, accordingly the total value of refund from revenue was Rs. 1.2 billion

8.6 Treasury Single Accounting System (TSA) and Treasury Financial Management System

Requirement of proper banking system is a vital factor for effective and efficient fund management of the government Ministries and Departments. As a result of the connection of the banking system of the country through a network, the General Treasury was able to introduce Treasury Single Accounting (TSA) System with a view of utilizing public funds effectively and efficiently.

There are total number of 2,144 official bank accounts under TSA system and in the name of Deputy Secretary to the Treasury as at 31.12.2018 and the following table illustrates the distribution of those accounts among the banks;

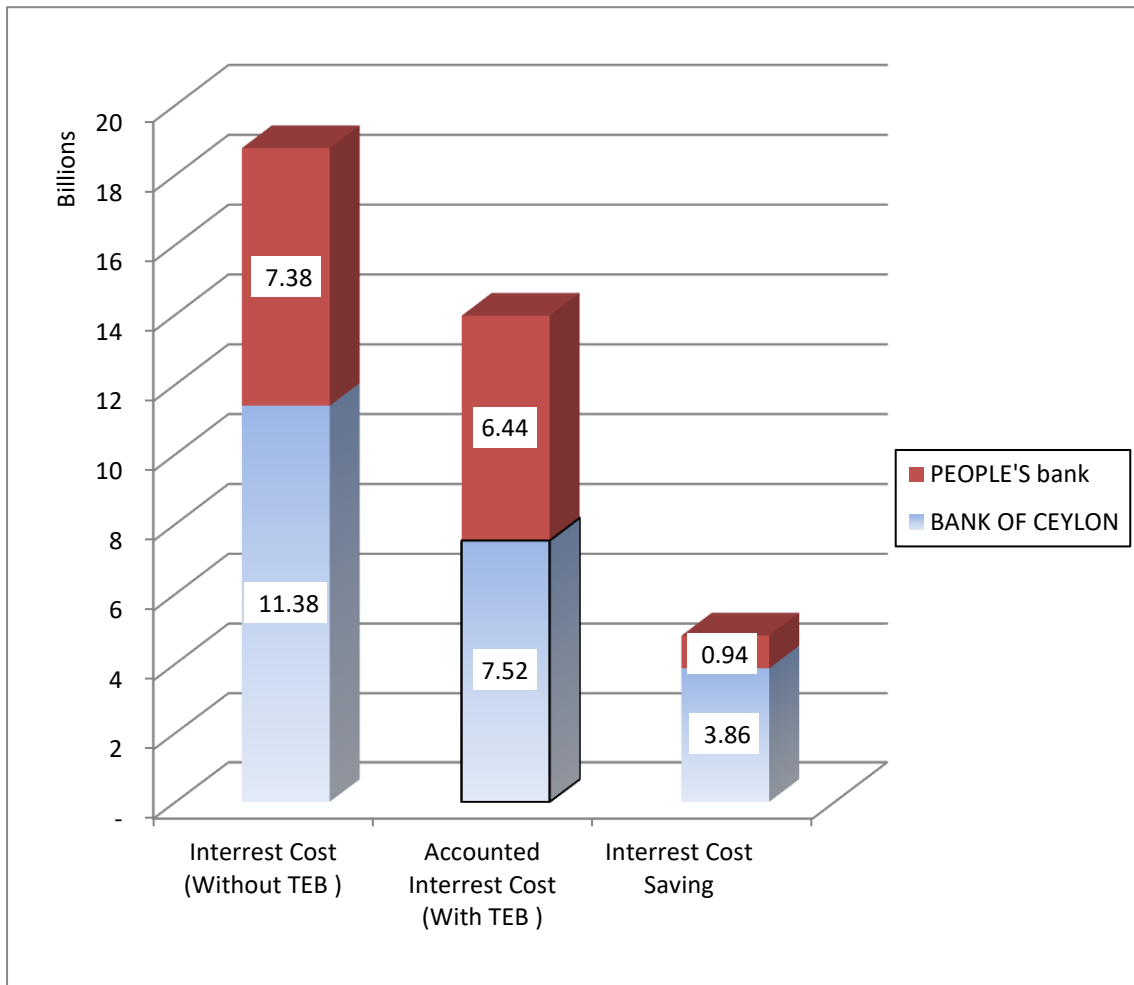
Table 8.11 Official Bank Accounts under TSA System

	Bank of Ceylon	Peoples Bank	Central Bank of Sri Lanka	Total
Official Bank Accounts under TSA	1,380	729	0	2,109
Main Official Bank Accounts maintained in the name of DST	1	1	10	12
Collection Bank accounts maintained by the Dept. of Inland Revenue, out of the TSA system	17	6	0	23
Total	1,398	736	10	2,144

As a result of introducing TSA system, the General Treasury was able to reduce its over Drafts on the DST's Main Bank accounts and cost on it by managing the financial transaction with banks effectively and economically. Therefore, TSA system leads to avoid maintaining the idle cash balances in the official bank accounts of the government throughout the country.

Average daily idle cash balances of the Government Ministries, Departments, District and Divisional Secretaries were approximately Rs. 47.29 Billion in 2018. Thus, it was saved about Rupees 4.80 Billion of interest expenditure since these idle cash balances could temporally be employed to DST's Main Accounts through the TSA system. The total interest cost on overdrawn fund would have been increased by 34.36% if the TSA system had not been in place. The following graph is illustrated this scenario.

Chart 8.6 : Performance of Single Accounting System in 2018



8.7 Property Loan Guaranty Scheme

This loan scheme has been introduced by 2005 budget using the facilities with the banking system having the prime intention to provide every government servant a valuable asset like a housing property.

Loan Guaranty Fund was established under the supervision of the Department of Treasury Operations in order to mitigate the repayment risk of the bank due to the death or permanent disability of the borrowers.

Accordingly, The Fund was started with an initial investment of Rs. 916 Mn. on 05.08.2005 in the Treasury bond as the seed Capital. This investment has progressively increased up to Rs. 1,385 Mn. by 31.12.2018.

Table 8.12 : Progress of the settlement of the loans from Property Loan Guaranty Scheme 2005-2018

Year	2005 –2016	2017	2018	Total
No. of officers died	509	72	81	662
No. of officers Permanent disable and retired on medical ground	36	06	03	45
Total settlement in Rs. Mn.	423.5	59	69	551.5

As illustrated in the above table, 707 number of Government servants who died/permanent disable/retired on medical ground have been benefited from the beginning of this fund to 31.12.2018 and total worth of Rs.551.5 Mn. due loans have been settled to the relevant public sector banks as the final payment. Aspiration of the Department is to further extend facilities offered to public servants through effective and efficient management of the Fund.

8.8 Treasury Financial Management System (TFMS)

Treasury Financial Management System (TFMS) was introduced in 2008 with the intention of fulfilling the requirement of financial management information to be used more effectively in user friendly manner. As a result of the continuous management review to uplift the efficiency of the system through necessary updates with the client institution which is responsible for technical & other maintenance and improvements of the system, TOD was able to further update the system during the year 2018. Ability to generate management reports within the system is very helpful for the Department to take its day-to-day key management decisions effectively. This system facilitates to carry out all the transactions of the Consolidated Fund including receipts & payments and it also provides the day end cash position report for the evaluation by the Management. The information generated through the system is effectively utilized by

the higher management as a management tool for the effective decision making.

TOD has recorded total receipts of Rs. 5,815.0 Billion and total payment of Rs. 5,826.0 Billion, excluding inter-bank transactions in 2018. Out of the total receipts of 5,815.0 billion, 99.45%, (Rs.5,782.9 bn) were received electronically to the DST'S Account. Further, out of the total payments of 5,826.0 billion 98.84% percent (Rs. 5,758.3 bn) were done without using the cheques through the Central Bank of Sri Lanka, Bank of Ceylon and People's Bank. These receipts and payments were made out of 6072 pay-in-vouchers and a payment voucher of 18168. In addition, the value of Rs.1,450.2 Billion in which 343 inter-bank transactions have been made through the Real Time Gross entry Settlement (RTGS).

8.9 Strategies to address the future challenges

Integrated Treasury Management Information System

The introduction of (ITMIS) is expected to facilitate more effective budgetary management, Commitment controls, Cash management and facilitate enhanced fiscal discipline. In fact the introduction of ITMIS is a structural benchmark for the country's extended fund facility (EFF) program with the international monetary fund (IMF). Department of Treasury Operations as a co- member of ITMIS implementation process plays a vital roll by providing fullest at the designing and implementing stages, which includes capacity building, infrastructure development, especially co-ordating the spending agencies and units at the periphery level.