

Head-103- Ministry of Defence

1. Financial Statements

1.1 Qualified Opinion

The audit of the financial statements of the Ministry of Defence for the year ended 31 December 2019 comprising the statement of financial position as at 31 December 2019 and the statement of financial performance and cash flow statement for the year then ended, was carried out under my direction in pursuance of provisions in Article 154(1) of the Constitution of the Democratic Socialist Republic of Sri Lanka read in conjunction with provisions of the National Audit Act No. 19 of 2018. The summary report containing my comments and observations on the financial statements of the Ministry of Defence was issued to the Chief Accounting Officers on 11 June 2020 in terms of Section 11 (1) of the National Audit Act No. 19 of 2018. The Annual Detailed Management Audit Report relevant to the Ministry was issued to the Chief Accounting Officer on 21 September 2020 in terms of Section 11 (2) of the National Audit Act No. 19 of 2018. This report will be tabled in Parliament in pursuance of provisions in Article 154 (6) of the Constitution to be read in conjunction with Section 10 of the National Audit Act, No.19 of 2018.

In my opinion, except for the effects of the matters described in the Paragraph 1.6 of this report, the accompanying financial statements prepared in accordance with the provisions in the State Finance Circular No.271/2019 dated 03 December 2019 give a true and fair view of the financial position of the Ministry of Defence as at 31 December 2019, and of its financial performance and its cash flows for the year then ended in accordance with Generally Accepted Accounting Principles.

1.2 Basis for Qualified Opinion

I conducted my audit in accordance with Sri Lanka Auditing Standards (SLAuSs). My responsibilities, under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

1.3 Responsibility of the Chief Accounting Officer for the Financial Statements

The Chief Accounting Officer and the Accounting Officer are responsible for the preparation of financial statements that give a true and fair view in accordance with Generally Accepted Accounting Principles and provisions in Section 38 of the National Audit Act, No.19 of 2018 and for such internal control as management determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

As per Sub-section 16(1) of the National Audit Act No. 19 of 2018, the Ministry is required to maintain proper books and records of all its income, expenditure, assets and liabilities, to enable annual and periodic financial statements to be prepared.

In terms of Sub-section 38 (1) of the National Audit Act, the Chief Accounting Officer shall ensure that an effective internal control system for the financial control exists in the District Secretariat and carry out periodic reviews to monitor the effectiveness of such systems and accordingly make any alterations as required for such systems to be effectively carried out.

1.4 Auditor's Responsibilities for the Audit of the Financial Statements

My objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Sri Lanka Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Sri Lanka Auditing Standards, I exercise professional judgment and maintain professional scepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Ministry's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation

I communicate with the Chief Accounting Officer regarding, among other matters, significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

1.5 Report on Other Legal and Regulatory Requirements

I express the following matters in accordance with Section 6 (1) (d) and Section 38 of National Audit Act, No. 19 of 2018.

- (a) In the presentation of financial statements for the preceding year, relevant adjustments had not been made in the Imprest Adjustments Accounts and in the presentation of financial statements for the year under review, relevant adjustments had been made and

revised values had been stated as the corresponding values in the statement of financial performance. Therefore, I'm unable to express that the financial statements presented are consistent with the financial statements preceding year.

- (b) The recommendations made by me with regard to the financial statements of the preceding year had been implemented in the presentation of financial statements.

1.6 Comments of the Financial Statements

1.6.1 Statement of Financial Position

The following observations are made.

Audit Observation	Recommendation	Comment of the Chief Accounting Officer
<p>(a) Out of the value of Property, Plant and Equipment in the financial statements for the year 2018, a sum of Rs.16,955 million had been omitted in accounting for as the opening balance in the 2019 accounts.</p>	<p>The value of Property, Plant and Equipment at the end of the year under review should be accurately stated in the financial statements.</p>	<p>This omission was due to accounting errors caused in stating the opening balance of the Property, Plant and Equipment, and necessary steps are being taken to identify and include them under the assets.</p>
<p>(b) Although the closing balance of the Property, Plant and Equipment in financial statements for the year 2018 amounted to Rs. 6,076.73 million, the opening balance of the financial statements for the year under review had been shown as Rs. 8,812.79. Accordingly, a sum of Rs. 2,736.06 million had been overstated.</p>	<p>The correct value of the assets should be stated in the financial statements.</p>	<p>Measures are being taken to include the non-financial assets into the Sigaz software and rectify the defects under the instructions and guidance of the Department of Public Accounts.</p>

1.6.2 Non-maintenance of books and registers

Audit Observation	Recommendation	Comment of the Chief Accounting Officer
<p>No security register containing details of officers and employees required to give security had been maintained in accordance with Financial Regulation 891 (1).</p>	<p>A security register should be maintained in accordance with Financial Regulation 891 (1).</p>	<p>A system is being developed to identify the officers and to deposit securities.</p>

1.6.3 Certification to be made by the Chief Accounting Officer

Audit Observation	Recommendation	Comment of the Chief Accounting Officer
According to the provisions of Section 38 of the National Audit Act No. 19 of 2018, the Chief Accounting Officer shall ensure that all audit queries are answered within the specified time frame as required by the Auditor General, whereas answering the audit queries had been delayed according to the Paragraph 3.7 of the report.	Action should be taken in accordance with Section 38 of the National Audit Act No. 19 of 2018.	Not commented.

1.6.4 Non-compliance with Laws, Rules, and Regulations

Instances of non-compliance with Laws, Rules and Regulation observed during the course of audit test checks are analyzed below.

Reference to Laws, Rules and Regulations	Non-compliance	Recommendation	Comment of the Chief Accounting Officer
(a) Sections 51,05 (1), 23 (3), 22 (2) (g) of Chapter 182 including 10 amendments from Firearms Ordinance No.33 of 1916 to Firearms Act No.22 of 1996.	There observed instances of non-renewal of licenses 2288 firearms according to the Act over a long period of time including 12 bore guns and 16 bore guns, that had been issued for 4 districts for the protection of life and property and for agricultural and non-agricultural activities.	Action should be taken in accordance with the provisions of the Act.	Action will be taken to inform District Secretaries and District Superintendents of Police regarding non-renewal of licenses and to take relevant legal action thereon.

(b) Financial Regulations of the Democratic Socialist Republic of Sri Lanka

-
- (i) Financial Regulations 136,137,138 and the Letter No . PFD/DEF/103 /GN/2018 (2) dated 18.12.2018 of the Director General of Public Finance.
- During the year under review, a sum of Rs.3.08 million in excess of the approved limit had been paid to the officers engaged in the survey conducted for the formal transfer of vehicles acquired by the three forces.
- Payments should be made within the limits approved by the General Treasury.
- A Board has been appointed to look into that matter and necessary future action will be taken after receiving the relevant report of the Board.
- (ii) Financial Regulations 756 and Public Finance Circular No. 05/2016 dated 31 March 2016
- The Board of Survey Report of the Ministry of Defense for the year 2019 comprising 65 divisions had not been submitted to the Auditor General even up to 31 August 2020.
- Action should be taken in terms of Financial Regulations and provisions in the circulars.
- Boards of Survey have been appointed and the survey has been delayed due to the epidemic situation.
- (c) Paragraphs 5 and 6.1 of Public Administration Circular No. 02/2018 dated 24 January 2018
- The requirement of providing at least 12 hours of training for each staff member by the Human Resource Plan had not been fulfilled.
- Action should be taken in terms of provisions in the circulars.
- Arrangements have been made to prepare Human Resource Development Plans in the future.

2. Financial Review

2.1 Revenue Management

The following observations are made

Audit Observation	Recommendation	Comment of the Chief Accounting Officer
(a) Under Revenue Code 10.03.07.05, the licensing fee revenue estimate of the Ministry of Defense for the year under review amounted to Rs. 11.4 million. It had been estimated at 50 per cent lower than that of the estimate compared to the preceding year. The revenue collected during the year was 22.77 million rupees.	Revenue estimate should be accurately prepared.	It has been informed that a revised estimate for the year 2019 has been submitted to the Department of Public Finance taking into account the revenue received.
(b) The outstanding licensing fee revenue as at the end of the year under review was Rs.1.128 million. Out of which a sum of Rs. 0.304 million remained in arrears for more than two years.	Action should be taken to recover the revenue in arrears as per the provisions of Circular 261/2017 dated 21 December 2017.	Action will be taken to educate all officers to monitor the progress of recovery of arrears of revenue and to recover arrears in the future at the time of renewal of licenses.
(c) Although charges should be revised as appropriate to the time in accordance with the Circular No. PED / 04/08/01/59 dated 11 December 2015 of the Director General of Public Finance, the firearms license fee in the Firearms (Amendment) Act No. 22 of 1996 has not been revised over a long time.	The Firearms Act No. 22 of 1996 should be amended.	This has been referred to the Department of Legal Draftsman in order to amend the Firearms Act in such a way as to empower the Minister to impose regulations.
(d) The estimated revenue from peace operations during the year under review stood at Rs. 3,850 million under the Revenue Code 20.03.06.00, whereas the revenue collected amounted to Rs. 1,681.41 million or 43.67 per cent.	Realistic calculations should be made in the preparation of estimates	The revenue estimate has been sent to the Department of Fiscal Policy for revision. Action will be taken to initiate follow up actions regarding that matter.

- | | | | |
|-----|---|--|--|
| (e) | There was a total revenue in arrears of Rs. 2404.35 million as at the end of the year under review in relation to engaging the Sri Lanka Army in peacekeeping missions in Lebanon and Sudan and the Sri Lanka Air Force in Central Africa and South Sudan. Out of this, Rs. 1563.19 million remained in arrears for operations duties performed by the Sri Lanka Air Force in Central Africa, of which Rs. 280.07 million and Rs. 585.60 million was applicable for the years 2017 and 2018 respectively. | Action should be taken to duly submit the outstanding revenue reports and recovery of arrears of income properly in accordance with Financial Regulation 128 (2) and to carry out continuous follow up on that matter. | Follow-up actions are being taken to prevent further accumulation of arrears by informing the relevant institutions and maintaining sound coordination with such institutions. |
| (f) | The action plan on collecting revenue of 05 Revenue Heads including the Telecommunications Regulatory Commission, United Nations Peacekeeping Operations Revenue and the Ministry's Licensing Fees Revenue had not been incorporated in the Annual Action Plan. | Action should be taken in accordance with Public Finance Circular No. 01/2014 dated 17 February 2014. | Action will be taken to included it in the annual action plan from the year 2020. |
| (g) | Revenue of US \$ 6,604,752 or Rs. 1,197.96 million received for performing peacekeeping operations by the Sri Lanka Army in Mali State had not been disclosed in its annual estimates and financial statements | Action should be taken to recover the outstanding income expeditiously by including it in the annual estimates. | Since the revenue to be received for UN peacekeeping duties in the Mali State had been estimated and submitted to the Ministry by the Sri Lanka Army after the preparation of the financial statements, it has not been disclosed in the financial statements. |

2.2 Expenditure Management

The following observations are made

Audit Observation	Recommendation	Comment of the Chief Accounting Officer
(a) Savings totaling Rs 1,081.89 million related to 47 Capital Objects and savings totaling Rs, 434.09 related to 79 Recurrent Objects remained without being used. These savings were within the range from 10 per cent to 99 per cent of the allocated net provision	As per Financial regulation 50(11), Annual Estimates should be prepared as correctly and perfectly as possible and provisions should be invested in accordance with the Action Plan of the year.	Provisions remained unutilized due to non-receipt of sufficient Imprest, nonoccurrence of expenses in the Minister's Office and due to informing to limit middle year capital expenses and recurrent expenses.
(b) Provisions related to four Recurrent Objects and ten Capital Objects worth Rs.1.65 million and 23.65 million respectively had been completely saved. In addition, supplementary provisions worth Rs 36 million related to an Object had been completely saved.	Estimates should be prepared by properly identifying the needs and the allocated provisions should be Properly utilized. Provisions should not be requested assuming the occurrence of expenses.	Provisions were saved due to non-arising of expected expenses in the Defense Ministry and State Ministry offices and due to the cancellation of Media Center and temporary withholding of purchasing of vehicles.
(c) Although Provisions had been transferred through 23 applications under Financial Regulation 66, citing reasons such as essentiality and insufficiency of provisions, provisions totaling Rs, 39.41million out of said provisions had not been utilized in the year under review.	Provisions transferred as per Financial Regulation 66 should be properly utilized.	Provisions have been transferred only on the requirement.
(d) Since the host country had not expended for the officer since the delay caused in informing the participation of the officer in a seminar, Ministry had to incur a sum of Rs.979, 366.for visiting the foreign country.	Actions should be taken as per provisions in Circulars and Establishment Code.	Delay was caused in informing the participation and therefore the Ministry incurred the expenses.

2.3 Issuing and Settling of Advances

The following observations are made to Advances to Public Officers' Account

Audit Observation	Recommendation	Comment of the Chief Accounting Officer
Rs.8.87 million loan balance was due from officers who had taken transfers from the Ministry, who had died while serving in the ministry, who had retired from service, who had been dismissed from service, who had vacated service including from other 150 officers. Of this amount, the loan balance over 05 years was Rs.3.23 million.	Should act in accordance with the Public Finance Circular No5/2019 dated 27 June 2019	All procedures have been followed to recover loans and it has been referred to the Department of Public Finance for writing off some percentage.

2.4 Deposit Balances

Audit Observation	Recommendation	Comment of the Chief Accounting Officer
Rs 169.9 million balance which was over two years remained in 04 Deposit accounts at end of the year under review. Further, balances of 02 deposit accounts totaling Rs.0.49 million for which actions had not been taken as per Financial Regulation 571 remained	Should act in accordance with Financial Regulation 571.	Actions are being taken in respect of Retentions and other deposits as per Financial regulation 571

3 Operating Review

3.1 Nonperformance of Functions

The following observations are made

Audit Observation	Recommendation	Comment of the Chief Accounting Officer
(a) The circular in respect of explosives and fire arms under duties and functions of the Ministry of Defense, introduced under the chairmanship of the Secretary to the President and	Activities such as Providing required legal provisions to disallow the misuse of fire Arms, strengthening the internal control system by	Operation of the circular has been temporarily suspended.

- with the participation of officers of the ministries and Government institutions related to that subject, had not taken effect even up to now.
- establishing suitable control methods and proper supervision and monitoring should be initiated.
- (b) Although a proper system should have been prepared on the ratio by which income earned by the Tri Forces and Department of Civil security by providing services to external parties, is credited to the Consolidated Fund, no such system had been prepared even by the end of the year.
- Assurance was given to act in accordance with the decision taken at the Audit and Management meeting held on 26th October 2016,
- No comments have been made.
- (c) Although 320 officers had been selected and trained in 2016 and 2019 following the approval being granted by the cabinet decision No CDS/16/10738/703/033 dated 11 May 2016 for establishing a combat battalion of the Special Task Force in Mali and for making purchases for that purpose, Participation of Special Task force in peace keeping missions in United nations had been further delayed,. Moreover, it was observed at the audit that although Rs.880.73 million had been incurred for purchasing required equipment, they had been inactively stored.
- Immediate actions should be taken to achieve the goal of getting the Special Task Force participated in peace keeping missions in United nations as per the basic agreements reached for that purpose.
- Delay in receiving the relevant approval for procurement, non-receipt of provisions and delays in procurement activities should be responsible.
- (d) Although approval had been given by the Cabinet decision No CDS/16/0498/703/017 dated 30 March 2016 for establishing the Institute of National Security Studies Sri Lanka to educate the Government on national security and affairs of such institution had been started, no Act had been passed related to that institution even as of the end of 2019.
- The Act for establishing the institution should be passed and permanent staff should be recruited as per the given approval.
- The Act has been referred to the Legal Draftsman's Department. Actions are being taken to obtain the cabinet approval.

3.2 Not Reaching Expected Output Level

The following observations are made regarding the strategic Defence communication network project.

Audit Observation	Recommendation	Comment of the Chief Accounting Officer
(a) After obtaining the relevant approval having completed the preliminary studies, locations of three towers had been changed owing to issues at the locations following the Constructions done to the value of Rs,5.47 million.	Proper study should be done on proposed sites under prior procurement activities. Identification, minimization and reporting of uneconomic cost of constructions should be done.	Agree with the observations, Sorting out issues at locations in Jaffna and Kurunegala failed. Since a tower had to be built at Panama Camp, that location had to be changed.
(b) 22 generators purchased at the value Rs 35 million have been lying inactively since 2017.	Immediate steps should be taken to build generator rooms at locations where there are towers and use them for the proposed objective.	Agree with the observations. Steps have been taken to properly cover the generators.
(c) Utilization of provisions in the year under review was 45 per cent. However during the time period from 2014 to 2018 it was hovering within a range as low as 3 per cent to 17 per cent.	Annual budgetary provisions should be utilized in a maximum way in respect of project affairs and proper supervision and monitoring should be maintained on projects.	Agree with the observation.
(d) Awarding of the contract for the construction of towers had been delayed up to the end of 2018 since the granting of approval for the towers had been delayed by 02 years. Accordingly, procurement was at the uncertainty level due to inability to complete constructions of towers even in the year under review and on cancellation at the evaluation stage after inviting bids on two occasions, of the procurement of Micro Wave Systems planned to purchase since 2016 and on timeliness of such estimates, suitability of specifications and disagreements of bidders. Although the Data strategic Defence communication network system meant for the communication need of the Tri Forces and the	Actions should be taken to achieve the expected goals by completing the project within scheduled period through Updating of entire project plan and preparation of financial plan showing requirement of provisions for future years.	Agree with the observation. When carrying out relevant activities delays were caused In each sector and in the technical Evaluation committee. Taking into consideration the delays, project time period was extended up to December 2020 on the approval of the Cabinet of Ministers.

police was to start in 2014 and to end in 2016, achieving the expected goal had been further delayed due to non-completion of the project even after taking additional 04 years.

3.3 Annual Performance Report

Audit Observation	Recommendation	Comment of the Chief Accounting Officer
As per the State Financial circular No 402 dated 12 September 2002, the Annual Performance Report- 2019 of the Ministry was to be tabled in Parliament within 150 days after completion of the fiscal year. However such task had not happened.	Actions should be taken as per the State Financial circular No 402 dated 12 September 2002	Actions had been taken to table the report on 16 September 2020

3.4 Projects Implemented with Local Funds

The following observations are made.

Audit observation	Recommendation	Comments of the Chief Accounting Officer
(a) <u>Construction of Tri Forces Headquarters</u>		
Although it had been planned to complete the construction of the building complex for Tri Forces Headquarters in 2014, the total progress as at 31 December 2019 stood at 56.4 per cent. The progress of the construction of the Ministry of Defense, Navy and Air Force headquarters under stage 1 stood at around 50 per cent while the construction of the auditorium stood as low as at 8 per cent.	Project Management Unit and Construction Management units should achieve the expected targets of the projects.	No comments have been made.
(b) Although procurement plans had been prepared indicating financial requirement of Rs.12,291 million for 192 contracts under 10 priority stages in the year under review, Rs Rs 3,990 million had been incurred with budgetary allocations being limited to Rs4,070 million.	Project Management Unit and Construction Management units should achieve the expected targets of the projects.	No comments have been made.

- | | | | |
|-----|--|---|----------------------------|
| (c) | 19 procurement activities had not been carried out due to non-availability, cancellation and temporary discontinuing of provisions in the procurement plan, | Relevant activates should be carried out as per Procurement Manual and procurement plan | No comments have been made |
| (d) | 05 contractors of the project had claimed for 17 time extensions to the value of Rs.674.25 million as at the end of the year under review and one of such contractors had been paid Rs.5.18 million. | Actions should be taken to minimize the extra claims by properly carrying out supervision and monitoring activities of the contracts. | No comments have been made |
| (e) | The total asset value of the project as at the end of the year under review, which was to be completed in 2014 was Rs.25,645.And out of that amount Rs,23,711 represented an uncompleted work value. Other offices except the Army Headquarters had not been housed in the headquarters complex even by now. | Establishing of proposed offices should be done as per the action plan. | No comments have been made |

3.5 Public Officers Giving Securities

Audit Observation	Recommendation	Comment of the Chief Accounting Officer
Although securities should be given as per Public officers Securities Act Cap 612 and Financial Regulation 880 ,the officers of the Ministry had not given securities in the year under review.	Securities should be given as per Public officers Securities Act Cap 612 and Financial Regulation 880	No comments have been given.

3.6 Irregular Transactions

The following observations are made

Audit Observation	Recommendation	Comment of the Chief Accounting Officer
(a) Although a survey had been done on 1880 vehicles captured by the Army from the terrorists, there were issues such as non-preparing of background reports, having drawbacks in the report and non-confirmation for transferring authority to the Ministry for disposal and acquisition.	Formal approval should be obtained after preparing a background report for disposal and transferring of ownership of assets	No background report has been prepared. Rechecking of printing mistakes has been undertaken and 57 out of 70 vehicles which were recommended by the initial survey for disposal had been obtained for use on the road
(b) A building located in Kolpity had been taken on lease for offices of the Ministry of Defense for a period of one year from January 2019 for an annual lease amount of Rs.40 million. The following observations are made in this regard.	Decisions should be taken in such a way that economically benefits the Government most by publishing notices in print media by considering the costs involved.	Rs 12 million will have to be incurred as additional engineering services costs for making this building suitable for use and it has been observed that it may take at least nearly 03 months for that.
(i) The Ministry had been deprived of a financial advantage of Rs.13 million which could have been obtained by covering engineering services due to choosing the lowest bid out of the bids forwarded without publishing in the print media and without calling sealed bids against the backdrop of prior identification of a requirement of an office building.		

(ii) Although the building has been recommended as suitable, it was found to be largely insecure as 03 concrete columns and the staircase had cracked.	A report should be obtained following a suitability test carried out based on technical aspects when taking buildings on lease.	No comments have been done.
--	---	-----------------------------

3.7 Non- answering the Audit queries

Audit Observation	Recommendation	Comment of the Chief Accounting Officer
A delay of from 01 to 03 months had been taken to answer 07 audit queries referred to the Ministry.	The chief Accounting Officer should ensure that all audit queries are answered within stipulated time period.	No comments have been made.

4. Achieving Sustainable Development Goals

Audit Observation	Recommendation	Comment of the Chief Accounting Officer
Correct reporting on achieving goals had not been done following a data system being established to measure achieving sustainable development goals.	As per the circular No PS/SP/SB/3/201 of the Secretary to the President, an index should be made and data system maintained to measure the progress.	Planning Division is taking steps in this regard.

5.15 Good Governance

5.1 Internal Audit

Audit Observation	Recommendation	Comment of the Chief Accounting Officer
Although the Ministry's Internal Audit Division had, in the year under review, pointed out through audit queries instances of non-compliance with Procurement Manual and Circulars and also pointed out drawbacks and control system weaknesses in maintenance of vehicles, stocks and in maintenance of documents and books and accounting and operations, correction of such drawbacks was not reported to the audit.	Should follow the provisions mentioned in section 40 of the National Audit Act No 19 of 2018.	No comments have been made.

6 Human Resource Management

6.1 Approved Cadre and Actual Cadre

348 officers were serving in the Ministry of the 447 approved cadre in the year under review and there was dearth of 111 posts while 12 posts were in excess. 13 such vacancies were of seniority level. Details are as follows.

Type of post	Approved cadre	Actual Cadre	Number of Vacancies
-----	-----	-----	-----
(i) Senior Level	65	52	13
(ii) Tertiary Level	09	07	02
(iii) Secondary Level	237	167	70
(iv) Primary Level	<u>136</u>	<u>122</u>	<u>14</u>
Total	<u>447</u>	<u>348</u>	<u>99</u>

The following observations are made in this regard.

Audit Observation	Recommendation	comments
(a) An Assistant Controller of Explosives had been appointed to act in the vacant post of Deputy Controller of Explosives and 01 vacancy in the post of Deputy controller of explosives and 02 vacancies in the post of Additional Deputy Controller of Explosives remained without being filled to this date.	Recruitments should be made to vacant posts so as to execute explosive related functions assigned to the Civil Defense Sector.	Necessary actions are being taken.
(b) A Director General and 3 Directors and 1 Reserch Analyst and 4 Reserch Assistants had been temporarily appointed to the improperly established Institute of National Security Studies and salaries were being paid with service extensions being given every six months.	Permanent staff should be recruited as per the granted approval.	No comments have been made.