



**Annual Performance Report 2019**  
**Department of Posts**  
**Head - 308**

**Postal Headquarters**  
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## **01. Institutional Profile / Executive Summary**

### **1.1 Introduction**

Department of Posts which functions under the Ministry of Information and Mass Media is a government agency that provides vital services locally and internationally as a leader in the communication services. With over 200 years of proud history, following are some of the highlights.

- Opening of the first five (5) Post Offices in Galle, Colombo, Mannar, Jaffna and Trincomalee in 1798.
- Commencement of Postal Exchange between Colombo and Kandy by horse-drawn carriages in 1832
- Issuing of the first postage stamp worth six pence in 1857
- Introduction of MOSS signaling telegraph exchange in 1859
- Inaugurated the Railway Transport in 1865
- Beginning of the local money ordering system in 1877
- Establishment of Post Office Savings Bank in 1885
- Launching of the Travelling Post Office between Colombo- Peradeniya in 1892
- Entering in to the General Post Office building, Colombo in 1895
- Inauguration of motor transport mail delivery in 1899
- Opening of the first six Sub Post Offices in Akmeemana, Anamaduwa, Silawathurai, Divulapitiya, Kiriella and Muttur in 1921.
- Launching of the Air Mail Service and sending air mail to the Marshalls to be sent by the United Kingdom Airline Service in 1928
- Commencement of the Postal Identity Cards in 1936
- Commencement of the payments of Public Aid Monthly Allowance by the Post Offices in 1947
- Commencement of the Motor Mail Transport Service by using 15 vans in 1948
- Acceptance of the Membership of the Universal Postal Union (UPU) in 1949
- Commencement of the payments of Pensions through the Post Offices in 1949
- Affiliation of the Ceylon Transport Board for Postal Transport in 1958
- Acceptance of Membership of the Asia Pacific Postal Union (APPU) in 1979
- Inauguration of the Expediated Mail Service (EMS) in 1989- International Courier Service
- Launching of the Speed Post Courier in 1990- Local Courier Service
- Provincial decentralization of the postal administration in 1992

One of the most critical moments in postal history is the drastic restriction of profit making opportunities in the Department by having separated the Post Office Savings Bank in 1972 and the Telecommunication sector in 1980 of which remained unitedly.

After that, though it is introduced as a loss making entity, as a Service Oriented Government Organization which is fulfilled a great deal of responsibilities to the society beyond the profit-making objective, Sri Lanka Post is operated by providing a wide range of services to the people for the Government regardless of the cost.

Accordingly, services are completely provided now for less than the actual cost, and some services are free of charge. However the department has to bear the cost for every transaction.

Elder's Allowances, Public Aids Allowances, disease allowances and Government Pension Payments are community services that are operated free of charge through the postal network, and the cost incurred for those services has never been valued. It is appropriate to nominally calculate a percentage of total revenue to meet the cost of these community services. As calculated now, annual cost for these services is Rs. 134.0 Mn.

From the sovereignty to the privatization and competition, the Postal Department had to face to many challenges for its advancement. Among them, the rapid advancement in Information Communication Technology is the key. Provision of quick and profitable services through the Information Communication services has also contributed to the satisfaction of the majority. Even though the external parties have speculated that there will be a decrease in circulation of mail and a decrease in the need and importance of the postal service, when considering the global trends of the world post so far, business orientation towards the following sectors has improved.

1. Providing services by connecting with online business affairs (E –commerce)
2. Financial Inclusion
3. Logistics Services

Accordingly, the Postal Department of Sri Lanka is implementing efficient and qualitative services providing programmes by adopting modern technology and marketing concepts in keeping with the latest trends in the international and local market. Here, it will provide postal departmental services as well as agent services for other government, semi-government and private sector agencies.

### **Main Functions of the Department of Posts**

- Postal Services

(Local and Foreign Postal Goods Exchange)

Value added postal services - Business postal service  
 Bulk Mail Service  
 Speed Post Courier Service  
 EMS (International mail service)  
 Logi Post (For local parcel exchange)  
 Ad Mail (For advertising post)  
 E-Telemail  
 PMT (Electric money order service)

- Money transfer

- Issuing stamps and stamp related items

- Agency services -

Insurance services  
 Utility Bill Payments  
 Paying examinations fees  
 Money transfer (Western Union, NSB)  
 Bank Transactions  
 Acceptance of Social Security Funds  
 Collection of Motor Vehicles fines

- Social welfare services

1. Pension Payments
2. Elder’s allowances Payments
3. Public aids monthly allowances
4. Disease allowances (Cancer, leprosy, tuberculosis)
5. Farmers’ Pension
6. Fisheries Pension

} Services providing free of charge

- Issuing postal identity cards

However, as a result of non-improving of the revenue compared with the continuously increasing annual expenses of the Department of Posts, there is a trend to highly increase the annual operational loss. Analyzing this situation, a Business Development Plan has been introduced under 11 strategies for the Department to create a more effective public postal service with the primary objective of generating more revenue at a lower cost and it is scheduled to be submitted to the Cabinet to obtain approval and allocation for its implementation. Currently the projects are being implemented without any allocation in relations to that plan.

## 1.2 Vision, Mission, Objectives of the Institution

### 1.2.1 Vision

**Become the partner of excellence in relations, by providing innovative and diverse services**

### 1.2.2 Mission

**To provide a highly innovative, efficient and reliable postal service utilizing motivated staff and modern technology in a pleasant work environment to maximize customer satisfaction while adhering to the standards of the Universal Postal Union, and upholding the policies of the Government of Sri Lanka.**

### 1.2.3 Goals

- Increasing the value of current services and creating innovative services by responding to the digital life style of the customers
- Achieving trust of the local and international customers and thereby improving the number of the stakeholders who have jointed with the Department
- Connecting the customers in all capacities easily and quickly through the local and international postal delivery network
- Minimizing the unfavorable pressure made by the Department to the Treasury by promoting the revenue.
- Fulfilling a prime task to achieve sustainable development goals through the target performance of the Department

## 1.3 Major functions

- Formulation and implementation of a strategic development plan that enables the postal improvement and focuses on new technological market.
- Implementation, monitoring and evaluation of development programmes and projects
- Well-positioning, deploying, maintaining and development of the resources of the department to utilize them with maximum efficiency
- Transforming the island wide smart Post Office network into multipurpose service providing commercial centers
- Acceptance, transport and delivery of postal goods efficiently by compiling competitive advantage laws to strengthen the postal network that gained customer loyalty and delivers the services to the door to door on a daily basis
- Making revision of delivery zones to ensure smart postal service for all households on a daily basis
- Following appointments, promotions, transfers and disciplinary actions required to promote human resource and maintain industrial peace.
- Empowering the staff and maintaining the expected discipline through introducing a continuous training plan and formal performance appraisal system to develop the knowledge, skills and attitudes of the staff
- Actively using the creative contributions of trade unions to promote the organization and create industrial peace.
- Regulating the governance through strengthening of audit and investigation
- Improving the quality and efficiency of the services provided by using rapidly developing infrastructure.
- Entering in to agreements on new business proposals received from the public and private sectors to support for the advancement of the department
- Identifying timely customer needs and market demand by carrying out efficient market analysis
- Providing with revenue targets in accordance with scientific method and follow-up
- Offering high quality stamps and related products under attractive themes
- Dissemination of stamp hobby locally and internationally to bring Sri Lankan identity internationally.
- Maintaining postage that is affordable to every customer in the mail
- Modernizing the existing services and introducing new services to suit the changing market and consumer needs with modern communication technology
- Development and implementation of guidelines for simplifying the systems and streamlining processes to meet changing conditions

## 1.4 Organizational Chart – Annexure 1

## 1.5 Main Administrative Fields

Main functions of the Department of Posts have been divided into 5 divisions for the easiness of the administrative. They are:

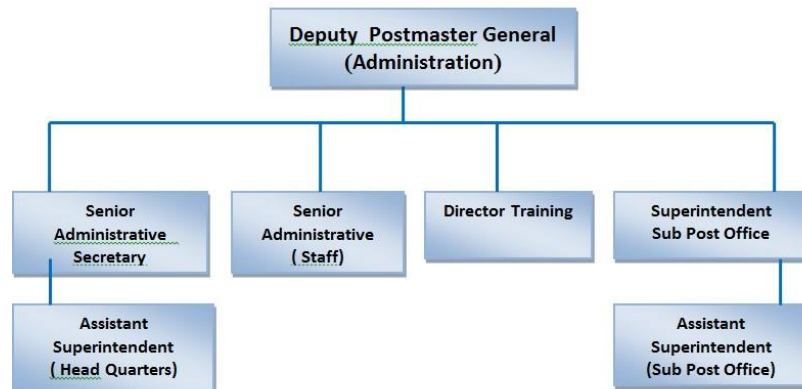
- Administration
- Operations
- Development
- Finance
- Internal Audit

### Division of Administration

Under the supervision of the Deputy Postmaster General (Administrations), department administrative process is put in practices through the following sections.

- Personal Section I
- Personal Section II and miscellaneous
- Examinations
- Sub post offices
- Call center, record room I / II
- Investigations
- Director (Training)

**Figure 1.1: Organizational Structure - Division of Administration**

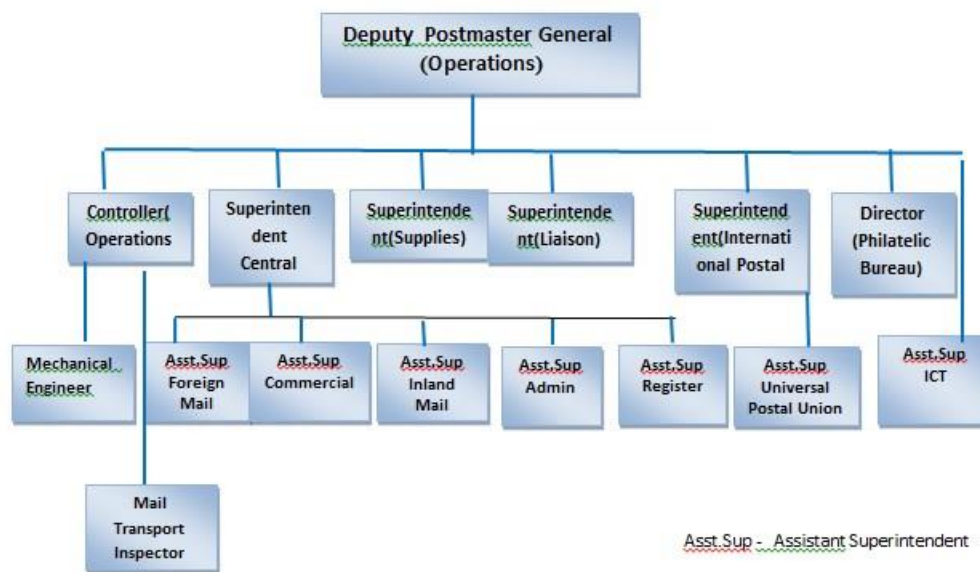


### Division of Operation

Operational process is executed through following sections under the absolute supervision of Deputy Postmaster General (Operations).

- Postal transport
- Mechanical engineer
- International postal services
- Informational technology
- Liaison
- Supplies
- Central Mail Exchange
- Philatelic bureau

Figure 1.2: Organizational Structure - Division of Operation

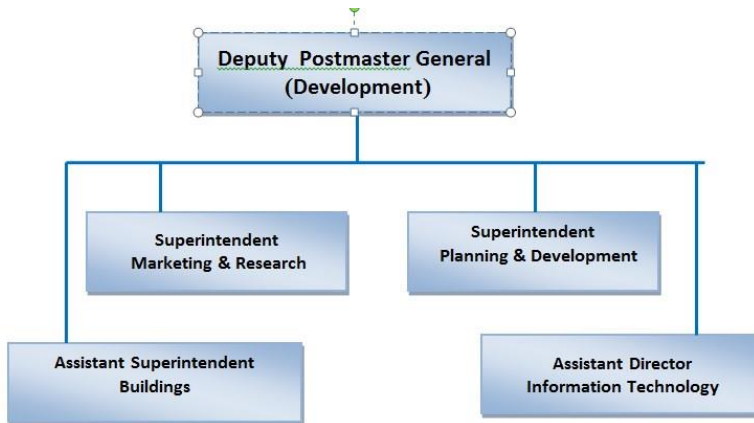


### Division of Development

Department development process is executed through following sections under the absolute supervision of Deputy Postmaster General (Operations).

- Planning and Development Section
- Building section
- Information Technology Section –Software Development
- Marketing section

Figure 1.3: Organizational Structure - Division of Development



### Division of Finance

Department accounting process is executed through following sections under the absolute supervision of Chief Accountant and Chief Accountant (Stamps Vault).

- Procurement section
- Assets Management section
- Revenue section
- International accounts section
- Salary section
- Book-keeping section
- Stamps

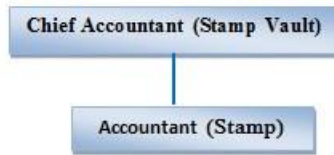
Figure 1.4: - Organizational Structures – Division of Finance



### Stamp Vault

Department Stamp Vault and related accounting process are executed under the absolute supervision of Chief Accountant (Stamps Vault).

Figure 1.5: Organizational Structure - Stamp Vault



**Internal Audit Division**

Internal audit process of the Department is executed under the absolute supervision of Chief Internal Auditor.

Figure 1.6: Organizational Structure – Internal Audit Division

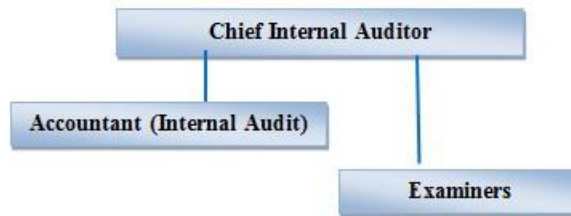
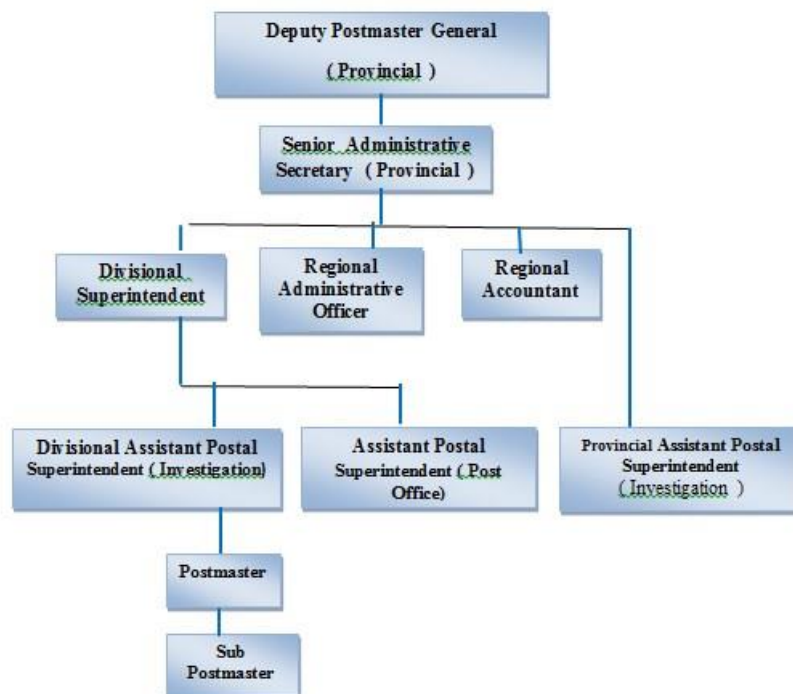


Figure 1.7: Structure of Provincial Administration



## 02. Progress and the Future Outlook

### 2.1 Special Achievements

#### 2.1.1 Submissions of Sri Lanka Post for Regional Awards of the Asia Pacific Postal Union (APPU) affiliated to the Universal Postal Union

Figure 2.1 – Receiving Regional Evaluations Award under Sustainable Project Category



Sri Lanka Post is a government institute that consists of service delivery and business affairs and it is an island wide social institute. We therefore believe that we are committed for the welfare of the community and the environment. Accordingly, we have initiated various community based projects to improve the living standards of the people and to protect the environment. These projects have helped the institute to build positive relationships with local communities by building credibility and trust between the customers and our own postal staff.

Accordingly, the projects under the following categories were submitted for the evaluations made by the 8<sup>th</sup> APPU Postal Business Forum held in the month of December 2019.

- Best Sustainable Project
- Best Corporative Social Responsibility (CSR) Project
- Best employing activities and capacity development project

Sri Lanka Post won the Regional Evaluations Award under the Best Sustainable Project category.

Here, under the best sustainable project category, Postal Department of Sri Lanka has won the regional evaluations award for the following tree planting activities under the green security.

To coincide with World Postal Day 2019, Sri Lanka Post organized a tree planting activity called "Green Security"

The main objective of this was to raise the awareness among postal staff and external customers about the importance of tree planting and protection as well as minimize the unfavorable impact of climate change by considering about the environment.

Tree Planting Activities were held at 4063 Postal premises during the postal week from 1<sup>st</sup> October to 9<sup>th</sup> October 2019 and the staff and the customers participated to this event.

Action was taken to plant around 25,000 plants of fruit varieties, economically valuable plants, medicinal and other herbs. This project created an occasion for the postal staff and customers to fulfill a very valuable duty for the environment.

## 2.1.2 Productivity Awards

Figure 2.2 – Receiving National Productivity Award Government Sector Inter Department



The following offices of the Department of Posts were able to win the Public Sector Awards at the National Productivity Awards Ceremony organized by the National Productivity Secretariat.

### **Government Sector – Inter-Departments**

Postal Complex – Kandy – Third place

### **Government Sector –Micro Category**

1. Dummalasooriya Post Office -Third place
2. Welimada Post Office -Special evaluations award
3. Bulathsinhala Post Office - Evaluations award
4. Chawacahchri Post Office - Evaluations award
5. Medirigiya Post Office - Evaluations award

## 2.2 Challenges

2.2.1 Impact and competition of market concurrent services supplying institutes.

E.g. Local and Foreign Postal Courier Service

2.2.2 Inadequate allocations to the Postal Department to develop the infrastructure facilities required to provide IT based services in line with the competition from market concurrent service providers.

Inability to expand the Post Office Networking works up to 3410 Sub Post Offices which are the service providing centers for the rural masses up to now.

2.2.3 None-receiving of adequate provision for the physical development activities of the Postal Department. Currently, a large number of post offices located in the buildings belonging to the Postal Department are in a very old state. Also, inability to renovate those post offices as attractive service stations with modern facilities providing qualitative services through the repair.

2.2.4 Lack of cost-based pricing method


Since the Sri Lanka Postal Service is operating as a service oriented Government Department and the pricing structure is not controlled on the market effect and but it is fully controlled by the Treasury and Parliament, the cost truly expended for the services is not included to the pricing mechanism for the services. As a result, the Treasury has to cover the difference in the current prices and actual costs of postal services through its annual accounts.

- 2.2.5 Departmental vehicles and Public Transport Service are mainly used for postal transport. Here, more than 50% out of departmental vehicles used for the transport are older than 15 years. There is weakness and breakdowns in the Public Transport Service (Trains and CTB). This has also been made an unfavorable effect to the quality of the postal delivery service. But this is an uncontrolled phenomenon of post.
- 2.2.6 Use of weak and old equipments  
Even though, the budgetary allocations have been continuously requested for several years to remove stamp seal machines that are more than 15 years old and to buy new machines, it was unable to purchase as required due to non receiving of sufficient provisions.
- 2.2.7 Inadequate provision for staff training  
Since it is not sufficient the annual provisions given to plan capacity building and attitudes development programmes for the staff of approximately 26,000 owned to various grades of the Department, it has been a difficult task to prepare the Human Resources Plan to provide at least 12 hours of training for each member of the staff according to the circular 02/2018.
- 2.2.8 Trade union actions- Trade unions actions that are occurred frequently due to not receiving of due solutions for their demands submitted for improving their working conditions over a long period of time have been affected largely to the institutional development.

### **2.3 Goals Ahead**

- 2.3.1 Implementation of the Business Development Plan prepared under 12 strategies with a view to achieving the balance between income and expenditure within a period of five (05) years to mitigate the adverse impact of the Postal Department on the annual budget.
- 2.3.2 Achieving a 10% revenue growth for the year 2020 compared to the previous year.
- 2.3.3 Reducing departmental operating expenses by 5% by taking measures to maintain expenditure management and financial discipline as per National Budget Circular 04/2019.
- 2.3.4 Providing necessary infrastructure facilities to the Post and Sub Post Offices to utilize modern technology.
- 2.3.5 Attractive Business Centers - SMART POST OFFICE  
Convert all the post offices to commercial hubs that provide multiple services as maximizing the customer satisfaction by building an attractive environment.
- 2.3.6 Regulation of Postal Distribution Mechanism  
Creating a growth to deliver the postal goods received to deliver in major cities within 12 hours and deliver the local mail items accepted for delivery within 24 hours.

- 2.3.7 Human Resource Development - Organizing necessary training programmes to motivate the staff by developing the knowledge, skills and attitudes of them to fulfill the targets of the Department.
- 2.3.8 Making innovations and adding value to the current goods and services
- 2.3.8.1 Increasing the percentage of the market for speed post courier service to a higher growth.
- Provision of 20 new motor bicycles to the Local Express Courier service (speed post) and Improvement of Express Postal goods Delivery.
  - Development of Transport facilities for Local Express Mail
  - Installation of all business units in one building for maintaining the proper and efficient operation of the business and establishing a separate unit for Speed Post, Logipost and e-commerce in relations to the Central Mail Exchange
  - Local Express Post (Courier Service) brand development
  - Implementing programmes for marketing promotions
- 2.3.8.2 Providing Cash on Delivery facility through e-pay software to modernize currently operative Value Payable Post (VPP) and simplifying the current limitations for the transport and Door Step Delivery of goods within a short period.
- 2.3.9 Following a participatory approach instead of competing with local institutions in the field of e-commerce  
Ex: - Identifying foreign companies operating e-commerce (eg: amazon / ebay / alibaba/others) and acting as a local representative for those companies (Last Mile Delivery).
- 2.3.10 Implementation of Productivity Programs
- 2.3.11 Carrying out the Programs to implement the Declaration of the Ten Commandments Policy on the Prosperity of the Country, under the theme of "Surakshitha Deshayak – Saubhagyamath Ratak" (A secure Nation and a Prosperous Country").
- 2.3.11.1 Sustainable Environmental Management.
- Carrying out the Programs in line with the government policy on Sustainable Environmental Management
  - Converting all premises into non-hazardous waste disposal sites
  - Operating Post Offices as E-waste Collecting Center t
  - Disposal of garbage from the coastal belt of the Island within a day with the staff labor contribution.
  - Implementation of tree planting programs
- 2.3.11.2 A technology based society
- Making modernization works in current software system
  - Creating a new software
  - Preparing project proposals to obtain necessary provisions to procure hardware
  - Convert the post offices as a hubs that enable the public of rural areas to get online services

  
.....  
Postmaster General  
**Ranjith Ariyaratne**  
Postmaster General

### 03. Overall Financial Performance for the year ended 31.12.2019

#### 3.1 Statement of Financial Performance

ACA -F

Statement of Financial Performance for the year ended 31<sup>st</sup> day of December 2019

Table 3.1

Rs..000

Budget (Current year)		Note	Actual	
			Current year 2019	Previous year 2018
	Revenue receipts			
	Income taxes	1		
	Taxes on Domestic goods & Services	2		
	Taxes on international trade	3		
	Non tax revenue and others	4	8,396,064,408.00	7,709,579,363.00
	<b>Total Revenue receipts (a)</b>		<b>8,396,064,408.00</b>	<b>7,709,579,363.00</b>
	<b>Non-Revenue receipts</b>			
	Treasury imprest		2,916,000,000.00	3,755,000,000.00
	Deposits		160,389,977.00	198,320,137.00
	Advance Accounts		787,438,669.00	773,929,766.00
	PSPF		210,560.00	11,200,570.00
	Other receipts		3,259,116,002.00	2,939,341,089.00
	<b>Total Non-Revenue receipts (b)</b>		<b>7,123,155,208.00</b>	<b>7,677,691,562.00</b>
	<b>Total Revenue receipts and Total non-Revenue receipts c = (a) + (b)</b>		<b>15,519,219,616.00</b>	<b>15,387,370,925.00</b>
	<b>Less :Expenditure</b>			
	<b>Recurrent expenditure</b>			
11,500,000,000.00	Wages, salaries and other employees benefit	5	12,422,583,387.00	11,722,695,964.00
1,272,000,000.00	Other goods and services	6	1,199,366,234.00	1,089,863,678.00
95,000,000.00	Subsidies, Subsidies grants and transfers	7	89,622,526.00	82,332,318.00
	Interest payments	8	-	-
6,200,000.00	Other Recurrent expenditure	9	9,221,609.00	1,673,793.00
12,873,200,000.00	<b>Total Recurrent expenditure (d)</b>		<b>13,720,793,756.00</b>	<b>12,896,565,753.00</b>
	<b>Capital expenditure</b>			
153,000,000.00	Renovation and improvements of capital assets	10	114,195,180.00	171,527,444.00
229,000,000.00	Acquisition of capital assets	11	168,209,550.00	84,238,529.00

ACA1

ACA3  
ACA4  
ACA5-5a

ACA  
2(ii)

ACA  
2(ii)

Overall Financial Performance for the year

20,000,000.00 3,000,000.00 405,000,000.00	Capital transfers	12	-	-	ACA 2(ii)
	Acquisition of financial assets	13	-	-	
	Capacity building	14	16,573,573.00	19,595,681.00	
	Other Capital expenditure	15	2,871,435.00	2,519,748.00	ACA 4 ACA5/5a
	<b>Total Capital expenditure (e)</b>		<b>301,849,738.00</b>	<b>277,881,402.00</b>	
	<b>Deposits payments</b>		165,208,358.00	215,293,649.00	
	<b>Advance payments</b>		843,463,156.00	845,851,052.00	
	<b>PSPF</b>		210,560.00	4,382,021.00	
	<b>Payments to Treasury</b>		600,000,000.00	690,083,977.00	
	<b>Total Expenditure g=(d+e+f)</b>		<b>15,631,525,568.00</b>	<b>14,930,057,854.00</b>	
<b>Imprest balance as at 31 December 2019 h=(c-g)</b>		<b>(112,305,952.00)</b>	<b>457,313,071.00</b>		

3.3 Statement of Financial Position

ACA -P

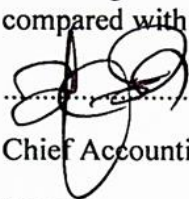
Table 3.3

Statement of Financial Position as at 31 December 2019

Rs..000

	Note	Actual	
		Current year 2019	Previous year 2018
<b>Non-Financial Assets</b>			
Property, Plant and Equipment	ACA -6	2,957,700,464.00	1,290,817,826.00
<b>Financial Assets</b>			
Advance account	ACA -5/5(a)	1,958,368,294.00	1,902,343,808.00
Stamp bulk account		1,453,500,787.00	1,357,244,688.00
Cash and cash equivalent	ACA -3	354,796,533.00	455,954,301.00
<b>Total assets</b>		<b>6,724,366,078.00</b>	<b>5,006,360,623.00</b>
<b>Net assets/equity</b>			
Net worth to treasury		2,549,806,783.00	2,612,750,774.00
Property, Plant and Equipment		2,957,700,464.00	1,290,817,826.00
Reserve			
Rent and works advance reserve	ACA -5(b)		
<b>Current liabilities</b>			
Deposit accounts	ACA -4	29,295,032.00	340,475,567.00
Agent's payments		832,767,266.00	306,362,155.00
Imprst balance	ACA -3	354,796,533.00	455,954,301.00
<b>Total Liabilities</b>		<b>6,724,366,078.00</b>	<b>5,006,360,623.00</b>

Accounts information presenting in the formats from ACA 1 to ACA 6 mentioned from page .79. to page.80. and accounts notes included from page .79. to page..80. are included parts of this final account. As revealed by the notes in these financial statements, most suitable accounting policies have been used. It is hereby certified that the figures mentioned in the following final accounts, relevant accounts notes and other accounts information have been compared with the Treasury accounts books and those agreed with that futures.



Chief Accounting Officer

Name :

**W. A. CHULANANDA PERERA**

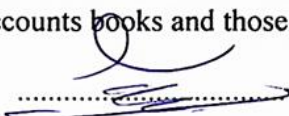
Designation

Ministry of information and Mass Media

Postal Headquarters Building

310, D.R. Wijewardana Mawatha,

Colombo 10.



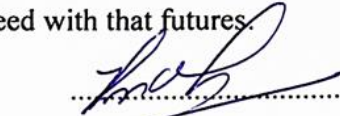
Accounting Officer

Name: **Ranjith Ariyaratne**

Designation: **Postmaster General**

Designation:

Date: 24.07.2020.



Chief Accountant

Name: **N. A. H. K. WIJERATHNA**

Designation: **CHIEF ACCOUNTANT**

Designation:

**POSTAL HEADQUARTERS**

**COLOMBO-10.**

Date: 2020.07.24

### 3.4 Statement of Cash Flow

Table 3.4

#### 3.4 Statement of Cash Flow for the year ended 31 December 2019

ACA-C

	Actual Rs.	
	Current Year	Previous Year
<b>Cash flows from operating activities</b>		
Total taxes receipts	-	-
Fees, Surplus, fines ,penalties and licenses	-	-
Profit	-	-
Non-revenue receipts	8,396,064,408.00	7,709,579,363.00
Revenue collected for other heads	3,259,116,002.00	2,939,341,090.00
Imprest receipts	2,916,000,000.00	3,755,000,000.00
Deposit receipts	160,389,977.00	198,347,363.00
Receipts from Agents	170,556,272,936.00	152,741,510,116.00
Receipts to stock stamp accounts	3,438,668,413.00	3,366,987,447.00
PSPF	210,560.00	11,200,568.00
<b>Total Cash generated from operations (a)</b>	<b>188,726,722,296.00</b>	<b>170,721,965,947.00</b>
<b>Less Cash – Cash disbursed for:</b>		
Personal emoluments and operational expenses	13,366,963,038.00	12,618,605,275.00
Subsidies and transfers payments	39,661,617	40,633,134.00

Expenditure on other heads	441,413,373.00	396,193,742.00
Imprest settlement to Treasury	600,000,000.00	690,083,977.00
Deposit payments	165,208,358.00	215,303,649.00
Payments to Agents	170,029,867,824.00	152,781,647,633.00
Payments to to stock stamp accounts	3,534,924,512.00	3,418,873,316.00
PSPF	210,560.00	4,382,021.00
<b>Total Cash disbursed for operations (b)</b>	<b>188,478,249,282.00</b>	<b>170,165,722,748.00</b>
<b>Net Cash flow from operating activities (c) =(a)-(b)</b>	<b>248,473,014.00</b>	<b>556,243,199.00</b>
<b>Cash flows from investing activities</b>		
Interest	-	-
Dividends	-	-
Divestiture proceeds & sale of physical assets	-	-
Recoveries from on lending	-	-
Recoveries from advances	786,156,928.00	773,965,088.00
<b>Total cash generated from investing activities (d)</b>	<b>786,156,928.00</b>	<b>773,965,088.00</b>
<b>Less – Cash disbursed for:</b>		
Purchase or construction of physical assets and acquisition of advance paymenta	292,344,773.00	488,730,308.00
	843,442,937.00	847,264,318.00
<b>Total cash disbursed for investing activities (e)</b>	<b>1,135,787,710.00</b> (349,630,782.00)	<b>1,335,994,626.00</b> (562,029,537.00)
<b>Net Cash flows from operating and investments activities (g)=(c)+(f)</b>	<b>(101,157,768.00)</b>	<b>(5,786,338.00)</b>
<b>Cash flows from financial activities</b>		
Local borrowings	-	-
Foreign borrowings	-	-
Grants receipts	-	-
Deposit receipts	-	-
<b>Total Cash granted from financing activities (h)</b>	<b>-</b>	<b>-</b>
<b>Less – cash disbursed for: payments of Local borrowings</b>	<b>-</b>	<b>-</b>
<b>Total Cash disbursed from financing activities (i)</b>	<b>-</b>	<b>-</b>
<b>Net movement in cash (k) =(g)-(i)</b>	<b>(101,157,768.00)</b>	<b>(5,786,338.00)</b>
<b>Opening cash balance as at 1<sup>st</sup> January</b>	<b>455,954,301.00</b>	<b>461,740,639.00</b>
<b>Closing cash balance as at 31<sup>st</sup> December</b>	<b>354,796,533.00</b>	<b>455,954,301.00</b>

### 3.5 Financial Statement Note

#### Basis of Reporting

- **Reporting Period**

The reporting period for these financial Statements is from 01<sup>st</sup> January to 31<sup>st</sup> December 2019

- **Basic of Measurement**

The financial statements have been prepared on historical cost modified by the revaluation of certain assets and accounted on modified cash basis, unless otherwise specified.

The figures of the financial statements are presented in Sri Lankan rupees rounded to the nearest rupee.

- **Recognition of Revenue**

Exchange and Non exchange revenues are recognized on the cash receipts during the accounting period irrespective of relevant revenue period

- **Recognition and Measurement of prosperity, Plant and equipment (PP&E)**

An item of prosperity, Plant and equipment is recognized when it is probable that future economic benefit associated with the assets will flow to the entity and the cost of the assets can be reliably measured.

PP & E are measured at a cost and revaluation model is applied when cost model is not applicable.

- **Property, Plant and Equipment Reserve**

This revaluation reserve account is the corresponding account of PP& E

- **Cash & Cash equivalents**

Cash & cash equivalents include local currency notes and coins on hand as at 31<sup>st</sup> December 2019

- **Lease Asset**

Market price of Postmaster General’s assigned vehicle is 12mn rupees.

### 3.6 Performance of the Revenue Collection

Table 3.6

Rs..000

Revenue Code	Description of the Revenue code	Revenue Estimate		Collected Revenue	
		Original	Final	Amount	AS a % of final revenue
2001.0200	Postal revenue	8,000,000.00	8,000,000.00	8,396,064.00	105

## 3.7 Performance of the utilization of Allocation

Table 3.7

Rs..000

Type of Allocation	Allocation		Actual Expenditure	Allocation as a % of Final Allocation	Utilization of Final
	Original	Finale			
Recurrent Capital	12,873,200	13,794,122	13,720,794		99%
	405,000	406,220	301,850		74%

## 3.8 In terms of F.R. 208 grant of Allocations to this Department as an agent of the other Ministries/ Department

Table 3.8

Rs..000

Serial No.	Allocation Received from which Ministry/Department	Purpose of the Allocation	Allocation		Actual Expenditure	Allocation utilization as a % of Final Allocation
			Original	Final		
1	Election Service Commission	For payment of election duties	418,700.0	418,700.0	377,762.0	90
2	Ministry of National Policies, Economic Affairs, Resettlement and Rehabilitation, Northern Province Development and Youth Affairs	For Payment of Graduate Trainees' Allowance	1,237.8	1,237.8	1,143.0	92
3	Department of Pensions	For Payment of gratuities	38,012.0	38,012.0	38,012.0	100
4	Ministry of Development Strategies and International Trade	For Logipost services	942.0	942.0	942.0	100

5	Department of Printing	For postage	741.0	741.0	741.0	100
6	Department of Examinations	For postage	20,807.5	20,807.5	20,807.5	100
7	Sri Lanka Customs	Establishment of a storage room	133.0	133.0	0	0
8	Sri Lanka Railways	For postage	6.0	6.0	6.0	100
9	The Sri Lanka Army	For postage	2,000.0	2,000.0	2,000.0	100

### 3.9 Performance of the Reporting of Non Financial Assets

Table 3.9

Rs..000

Assets code	Code description	Balance as per Board of Survey Report as at 31.12.2019	Balance as per financial position Report as at 31.12.2019	Yet to be Accounted	Reporting Progress as a.%
9151	Building and Structure	340,824.3	340,824.3	0	0
9152	Machinery and Equipment	1,829,999.5	1,829,999.5	0	0
9153	Land	705,043.7	705,043.7	0	0
9154	Intangible Assets	-	-	-	-
9155	Biological Assets	-	-	-	-
9160	Work in progress	80,616.7	80,616.7	0	0
9180	Lease Assets	1.2	1.2	0	0

### 3.10 Auditor General’s Report – Annexure 02

## 04. Performance Indicators

### 4.1 Performance indicators of the institute (Based on the Action Plan)

Table 4.1

Specific Indicators	Actual output as a percentage(%) of the expected Output		
	100% - 90%	75%-80%	100% - 90%
1.1 Achieving 100% of the estimated revenue target	105% Estimated revenue target is Rs. 8,000.0m and the department was able to earn Rs.8, 396.0m for the year 2019. Therefore, a growth of 105% has been received by exceeding estimated revenue target		
1.2 Total revenues grew by 10% over the previous year		Total revenue in 2018 is Rs. 7,709.5m. Whole revenue in 2019 is Rs. 8,396.0m. Revenue growth is 8.9% and Revenue growth receiving progress is 89%.	
2. Renovation of 133 administrative and post office building projects under the Head of Capital and Improvement Expenditure	Physical Progress 100% Financial Progress 99%		
3. Revenue was increased 10% over the previous year due to the operating of the philatelic bureau as a business institute on a business plan.	100% 2018 - Rs.39,398,255.46 2019 - Rs.43,370,441.87 Revenue growth is 10.1%		
4. The negative impact to the Treasury through recurrent expenditure was reduced by 5% compared to the previous year.	*Failure to achieve the target		
5. Speed Post Courier service and revenue was improved by 10%		2018 – Rs.113,277,253.41 2019 – Rs.104,866,897.75 Revenue growth is 8%	

\* Deterioration of the public life with the Ester attack on 21.04.2019 has affected to this largely.

## 05. Performance of the achieving sustainable Developing Goals (SDG)

### 5.1. Indicate the identified respective sustainable Development Goals bepost.lk e-business development programme

Table 5.1

Goal/objective	Targets	Indicators of the achievement
1. Ending poverty in all its forms	(i) Total Small and Medium scale entrepreneurs registered under the bepost program  (ii) Number of registered products  (iii) Number of orders / value	In line with the Poverty Alleviation Program, the Postal Department bepost.lk e-Business Development Program is being implemented with the aim of introducing the local and international market to the small and medium scale enterprises (SMEs). The website contains information about entrepreneurs and products, and facilitates to order the required product in required quantity and bring to the home by paying to the post office.
2. To promote sustainable agriculture by eliminating hunger and achieving food security and good nutrition	(i) Number of animal food products certified free of poisons and registered through bepost	The indicators mentioned here were identified at the beginning of the project. The program is not up to the target level. Therefore, the program needs to be further popularized among the people.
	(ii) Number of those products sold	The Breakdown and slowdown caused from time to time in the postal department's software system in 2019 also contributed to the failure of the program.
3. Ensuring a perfect reasonable and qualitative education and providing opportunities for all to learn over the lifetime	(i) Number of exhibitions / workshops involved in promoting the bepost program  (ii) Number of Entrepreneurs informed by the bepost Coordination officers	
4. Building of strong infrastructure, promoting of inclusive and sustainable industrialization and encouraging innovation	(i) Number industrial products registered under bepost  (ii) Number of those industrial products sold through the bepost	
5. Strengthening of implementation methods and Revival of the Global Cooperation for and Sustainable Development		

## 06. Human Resource Profile

### 6.1. Cadre Management

Table 6.1

	Approved Cadre	Existing Cadre	Vacancies / (excess)**
Senior	125	67	(58)
Territory	147	115	(32)
Secondary	8,865	7,770	(1,378)
Primary	12,879	12,714	(165)

### 6.2 How the shortage or excess in human resources has been affected to the performance of the institute

There are about 1633 vacancies belonging to various grades in the Postal Department and this shortage has adversely affected the efficiency and quality of operations. Although there has been a decrease in the circulation of personal letters, there has been a significant increase in business mailing capacity. As a result, there is a barrier to make the delivery efficiently due to the large number of postal vacancies. The Human Rights Commission has also advised to prepare a mechanism to address the issue of letter distribution for estate-related housing and the shortage of human resources impact to implement such a system.

The extent of the vacant officers in Grade II/III of postal operational system is around ¼ from the approved cadre. This has affected to the works of the operational system and release of officers for the training programmes

### 6.3 Human Resource Development – Annexure 3

How the training program contributed to the performance of the institution

The training programs are implemented under the annual training plan of the department and annual budgetary allocations are made for this purpose. It is observed from the data in the table below that the income level is improving compared to the allocation.

Year	Annual Provisions	Annual Income
2010	5.5	4,572.0
2011	5.0	4,408.0
2012	5.5	4,952.0
2013	9.0	5,908.0
2014	10.0	6,557.0
2015	17.0	7,500.0
2016	11.0	6,578.0
2017	15.0	6,996.0
2018	20.0	7,709.0
2019	17.0	8,396.0
	*(20.0)	

\*Before reducing the 25% allocation

Accordingly, it is clear that the implementation of quality training programs has developed the attitudes of the staff and improved the capacity building and thereby it has contributed to the institutional performance. Specially, due to the training programme planned as making an attitude change of postmen, it is observed that adverting on the services and the revenue collection have been improved.

**.07. Compliance Report**

**Table 7.0**

No.	Applicable Requirement	Compliance status (complied/ Not complied)	Brief explanation for Non Compliance	Corrective actions proposed to avoid non compliance in future
<b>1</b>	<b>The following financial statements/accounts have been submitted on due date</b>			
1.1	Annual Financial statements	Complied		
1.2	Advance to public offers account	Complied		
1.3	Trading and manufacturing Advanced Accounts (commercial Advance Accounts)	Not complied		
1.4	Store advance Accounts	Not complied		
1.5	Special Advance accounts	Not complied		
1.6	others	Not complied		
<b>2</b>	<b>Maintenance of books and registers(F.R.445)</b>			
2.1	Fixed Assets register has been maintained and update in terms of public Administration circular 267/2018	Complied		
2.2	Personal emoluments register / Personal emoluments cards has been maintained and update	Complied		
2.3	Register of Internal Audit queries has been maintained and update	Complied		
2.4	Register of Internal Audit reports has been maintained and update	Complied		
2.5	All the monthly account summaries (CIGAS) are prepared and submitted to the Treasury on due date	Complied		
2.6	Register for cheques and money orders has been maintained and update	Complied		

2.7	Inventory register has been maintained and update	Complied		
2.8	Stock Register has been maintained and update	Complied		
2.9	Register of losses has been maintained and update	Complied		
2.10	Commitment Register has been maintained and update	Complied		
2.11	Register of counter foil books(GA – N20) has been maintained and update	Complied		
<b>03</b>	<b>Delegation of functions for financial control (F.R.135)</b>			
3.1	The financial authority has been delegated within the institute	Complied		
3.2	The delegation of financial authority has been communicated\within the institute	Complied		
3.3	The authority has been delegated in such manner so as to pass each transaction through two or more officers	Complied		
3.4	The controls has been	Complied		
<b>4</b>	<b>Preparation of Annual Plans</b>			
4.1	The annual action plan has been prepared	Complied		
4.2	The annual procurement plan has been prepared	Complied		
4.3	The annual internal audit plan has been prepared	Complied		
4.4	The annual estimate has been prepared and submitted to the NDB on due date	Complied		
4.5	The annual cash flow has been submitted to the Treasury Operations Department on time	Complied		
<b>5</b>	<b>Audit Queries</b>			
5.1	All the audit queries have been replied within the specified time by the auditor General.	Complied		
<b>6</b>	<b>Internal Audit</b>			
6.1	The internal audit plan has been prepared at the beginning of the year after consulting the Auditor General in terms of financial Regulation 134(2)DMA/1-2019	Complied		

6.2	All internal audit reports have been replied within one month	Complied	As per the current organizing structure, there will be a delay when getting the regional information to the Head Office. Replies have been provided to 85% within one month.	
6.3	Copies of all the internal audit has been submitted to the Management Audit Department in terms of sub-section 40(4)of the National Audit Act No.19 of 2018	Complied		
6.4	All the copies of Internal audit reports has been submitted to the Auditor General in term of F.TR. 134(3)	Complied		
7	Audit and Management Committee			
7.1	Minimum 04 meetings of the Audit and Management committee has been held during the year as per the DMA Circular 1-2019	Complied		
8	Asset Management			
8.1	The information about purchases of assets and disposals was submitted to the comptroller General’s office in terms of paragraph 07 of the Asset Management Circular No.01/2017	Complied		
8.2	A suitable liaisons officer was appointed to coordinate the implementation of the provisions of the circular and the details of the nominated officer was sent to the comptroller General’s office in terms of paragraph 13 of the aforesaid circular	Complied		

8.3	The board of survey was conducted and the relevant reports submitted to the Auditor General on due date in terms of Public Finance Circular No. 05/2016	Complied		
8.4	The excesses and deficits that were disclose through the board of survey and other relating recommendations, actions were carried out during the period specified in the circular	Complied		
8.5	The disposal of condemn articles had been carried out in terms of FR 772	Complied		
9	Vehicle Management			
9.1	The daily running charts and monthly summaries of the pool vehicles had been prepared and submitted to the auditors General on due date	Complied		
9.2	The condemned vehicles had been disposed of within a period of less than 6 months after condemning	Not complied	Identifying the recommendations of the various investigating committees and disposal methods takes more time.	
9.3	The vehicle logbooks had been maintained and update	Complied		
9.4	The action has been taken in terms of F.R. 103,104,109AND 110 with regard to every vehicle accident	Complied		

9.5	The fuel consumption of vehicles has been re-tested in terms of in terms of the provisions of paragraph 3.1 of the Public Administration Circular No.30/2016 of 29.12.2016	Complied		
9.6	The absolute ownership of the leased vehicle log books has been transferred after the lease term	Complied		
<b>10</b>	<b>Management Bank Accounts</b>			
10.1	The bank reconciliation statement had been prepared, got certified and made ready for audit by the due date	Complied		
10.2	The dormant accounts that had existed in the year under review or since previous year settled	Complied		
10.3	The action had been taken in terms of Financial Regulations regarding balances that had been disclosed through bank reconciliation statements and for which adjustments had to be made, and those balances been settled within one month	Complied		
<b>11</b>	<b>Utilizations of provisions</b>			
11.1	The provisions allocated had been spent without exceeding the limit			
11.2	The liabilities not exceeding the provisions that remained at the end of the year as per the FR94(1)	Complied		
<b>12</b>	<b>Advances to the public officers account</b>			
12.1	The limit has been complied with	Complied		
12.2	A time analysis had been carried out on the loans in arrears	Complied		

12.3	The loan balances in arrears for over one year had been settled	Not complied	Failure to identify borrowers, difficulty to finding people (Dying) and not finalizing the Investigation works.	Collecting the necessary information for recovery it is collecting what is recoverable. A flawless system has been introduced.
13	General Deposit Account			
13.1	The action had been taken as per F.R. 571 in relation to disposal of lapsed deposits	Complied about 95%	Problems at the local level due to the time taken to settle the overdue transactions	Necessary Circular instructions have been give to minimize problems.
13.2	The control register for general deposits had been updated and maintained	Complied	The control register for general deposits had been updated and maintained	Complied
14	Imprest Account			
14.1	The balance in the cash book at the end of the year under review remitted to TOD	Complied		
14.2	The ad-hoc sub imprests issued as per F.R. 371 settled within one month from the completion of the task	Complied		
14.3	The ad-hoc sub imprests had been issued exceeding the limit approved as per F.R. 371	Complied		
14.4	The balance of imprest account had been reconciled with the treasury books monthly	Complied		
15	Revenue Account			
15.1	The refunds from the revenue had been made in terms of the regulations	Complied		
15.2	The revenue collection had been directly credited to the revenue account without credited to the deposit account	Complied		
15.3	Returns of arrears of revenue forward to the Auditor General in terms of FR176	Complied		
16	Human Resource Management			

16.1	The staff had been paid within the approved cadre	Complied		
16.2	All members of staff have been issued a duty list in writing	Complied		
16.3	All reports have been submitted to MSD in terms of their circular no.04/2017 dated 20.09.2017	Complied		
<b>17</b>	<b>Provision of information to the public</b>			
17.1	An information officer has been appointed and a proper register of information is maintained and updated in terms of Right to Information Act and Regulations	Complied		
17.2	Information about the institution to the public have been provided by website or alternative measures and has it been facilitated to appreciate /allegation to public against the public authority by the website or alternative measures	Not complied		
17.3	Bi- Annual reports have been submitted as per section 08 and 10 of the RTI Act			
<b>18</b>	<b>Implementing citizens charter</b>			
18.1	A citizens charter /Citizens' clients charter has been formulated and implemented by the institution in terms of the Circular No.05/2008and 05/2008(1) of Ministry of Public Administration and Management	Not complied	Needs to be updated.	It is done without delay
18.2	A methodology has been devised by the Institution in order to monitor and asses the formulation and the implementation of citizens charter / Citizens' clients charter as per paragraph 2.30of the circular	Not complied		A methodology is in progress.
<b>19</b>	<b>Preparation of the Human Resource Plan</b>			
19.1	A human resource plan has been prepared in terms of the	Not complied		Arrangements have been made

	format in Annexure 02 of Public Administration Circular No.02/2018 dated 240.01.2018	Programs have been implemented at regional level.		to update the master plan.
19.2	A minimum training opportunity of not less than 12 hours per year for each member of the staff has been ensured in the aforesaid Human Resource Plan	Not complied Programs have been implemented at regional level.		The Human Resources Plan is being prepared.
19.3	Annual Performance Agreements have been signed for the entire staff based on the format in Annexure 01 of the aforesaid Circular	Not complied		Part of the staff has signed annual performance agreements. The rest have been informed.
<b>20</b>	<b>Response Audit Paras</b>			
20.1	The shortcomings pointed out in the audit paragraphs issued by the Auditor General for the previous years have been rectified	Not complied	The complexity of the organizational structure	Action has been taken to rectify the financial shortcomings. Advises will be given and necessary actions will be taken on the operational process

## Conclusion

Department of Posts has been categorized as a loss making entity with high operational cost. This is due to the fact that the most of the services are postal and agent services that are provided to the customers under the affordable and convenient fees or free of charge without collecting any money and covering the cost to be borne when implementing those services as well as the difficulties to get necessary infrastructure facilities to provide the current and new services having the ability to implement with business purpose. It is not correct the idea receiving with regard to the departmental role and responsibility by deciding this performance only from considering the accounting revenue without obtaining a certain percentage (%) as alternative cost (administrative expenses / cash transport / time management / risk) for the postal and other public institutes agent services maintained without collecting fees and a fair value to the stamps revenue from the Inland Revenue Department as administrative expenses for maintaining stamps bulk.

*Department of Posts – Performance Report 2019*

Through proper financial management over the past few years, the Postal Department is settled the difference between departmental revenues and expenditures as cash from the General Treasury and Net Cash Flow as mentioned below. Here, in the year 2019, actions were taken to settle an amount of 85% from the departmental net cash flows.

☺	2016 (Rs.)	2017 (Rs.)	2018 (Rs.)	2019 (Rs.)
Recurrent Expenditure	12,284,168,910.00	12,599,105,479.00	12,896,565,753.00	13,720,793,755.75
Capital Expenditure	135,560,238.00	505,214,647.00	277,881,402.08	301,849,737.57
Loan	749,715,158.00	879,965,066.00	839,605,909.09	837,428,519.95
Total	13,169,444,306.00	13,984,285,192.00	14,014,053,064.76	14,860,072,013.27
Receipt from the treasury	3,860,000,000.00	3,996,000,000.00	3,755,000,000.00	2,916,000,000.00
Cash transferred to the treasury	646,752,315.00	90,008,932.00	690,083,976.60	600,000,000.00
Manage by Department cash flow	9,956,196,621.00	10,078,294,124.00	10,949,137,041.36	12,544,072,013.27
Percentage covered by departmental net cash flow out of total expenditure	<b>75%</b>	<b>72%</b>	<b>78%</b>	<b>85%</b>

It will not be difficult to meet the current strong market requirement and the demand having for the goods and financial exchange as well as supply of agent services through receiving remedies for the empowering and developing the Island-wide network of post and sub-post offices, the labour force over 27,000 and postal operations and control systems and overcoming difficulties in procuring software and hardware to meet current needs of digital technology. In a context where it is difficult to obtain direct financial provisions for these functions, it will be a convenience to ease the constraints imposed by existing rules and regulations. Through this, it facilitates the use of methods such as Public-Private Partnerships (PPPs) and Income-Based Repayments. The support and guidance of the Treasury and other government institutes are very important in this regard.

It is imperative to pay prompt attention to the recommendations proposals forwarded with the aim of resolving issues relating to the Schemes of Recruitment to motivate the staff over 26,000 and maintain industrial peace. The Department of Posts has a high potential to be used to strengthen the economy of the country which no longer requires the Treasury allocations.