

Government Notifications

VATTAPALAI KANNAKY AMBAL KOVIL FESTIVAL - 2004 - MULLAITIVU DISTRICT

It is hereby notified for general information that the above festival will commence at 6.00 a. m. on 24. 05. 2004 and terminate at 6.00 p.m. on 01. 06. 2004.

The attention of the general public is drawn to the regulations published in the *Government Gazette* Nos. 9,978 of 27.05.1949 and 10,105 of 26.05.1950.

The standing regulations published will be in force during the period of festival.

Mrs. EMELDA SUKUMAR,
District Secretary/Government Agent,
Mullaitivu.

05-501

TISSAMAHARAMA PILGRIMAGE REGULATION - 1952

I, Deetha Sriyani Pathmakulasooriya, Divisional Secretary, Tissamaharama Division do hereby declare the under-mentioned period to be the period during which the Tissamahara Pilgrimage Regulation of 1952 shall be in force.

2004 Poson Festival from 27th May, to 03rd June, 2004 (Both days inclusive).

D. S. PATHMAKULASOORIYA,
Divisional Secretary,
Tissamaharama.

Divisional Secretariat,
Tissamaharama,
06th May, 2004.

05-446

Revenue and Expenditure Returns

PUBLIC SERVICE PROVIDENT FUND

Annual Accounts - 2000

IN accordance with Section 24 of the Public Service Provident Fund Act, No. 18 of 1942, the above-mentioned Accounts have been prepared and are ready for submission to the Auditor General.

02. Amount of interest earned during the year under review was Rs. 609,101,876, as compared to Rs. 529,704,755 last year, which is an increase of 14.99%. In accordance with Section 10 of the P. S. P. F. Ordinance after setting off the administration expenses of the Fund amounting to Rs. 3,228,030 the amount available for appropriation as interest to the contributors in terms of Section 11(3) of the P. S. P. F. Ordinance is Rs. 605,873,846. The percentage of interest thus available is 11.66% when compared with the percentage of interest 12.02% during the previous year. The reasons for the decline in the rate of interest earned, is due to decline in the rate of interest from the Government securities, such as Treasury Bonds, Treasury Bills and Rupee Loans. We expect this trend will continue in the year 2001 too. However the percentage of interest rounded up to the nearest quarter being 11.75% was amounted to Rs. 610,393,421 and is shown below. The deficit amounting to Rs. 4,519,575 was transferred from the General Reserve :

		Rs.
1. Compulsory	-	247,335,729
2. Voluntary	-	740,159
3. Govt. Bonus	-	362,317,533
		<hr/>
		610,393,421
		=====

03. The approval of the Board of Management is solicited for the investments and other transactions up to 31.12.2000.

T. O. R. WANIGARATNE,
Secretary and Accountant,
Board of Management P. S. P. F.

Board of Management :

1. Director of Pensions,
2. Solicitor General,
3. Commissioner of Labour,
4. Deputy Director of Irrigation,
5. Mr. J. A. Marambe (Member).

DEMOCRATIC SOCIALIST REPUBLIC OF SRI LANKA PUBLIC SERVICE PROVIDENT FUND

ANNUAL ACCOUNTS FOR THE YEAR 2000

REVIEW OF THE BOARD OF MANAGEMENT

(1) *Objective.*— The objective and the purpose of the Fund, is to afford Provident Fund Benefits to those public servants who are not pensionable.

(2) *Functions.*— The main functions of the P. S. P. F. are,

- (a) To recover and credit the Fund by an amount equivalent to 8% of the monthly salaries of those who are non - pensionable and are serving in the various departments of the Island and in the foreign missions abroad ;
- (b) To receive the contributions and to store, such contributions in a methodical manner ;
- (c) To process and maintain individual accounts of such contributors to enable the contributors to be notified of the amount lying to their credit at the end of each year. And refund the Benefits at the end of contributor's service ;
- (d) To invest the excess money of the Fund in "Government Securities" to enable the contributors to secure a higher interest.

(3) *Financial Results.*— The amount received as Compulsory contribution and Government Bonus during the year under review was Rs. 146,530,648 and Rs. 254,415,430 respectively, while the contributions received during the year 1999 was Rs. 130,440,920 and Rs. 266,554,536 respectively. The total income from investment of the Fund was Rs. 609,101,876 as compared with Rs. 529,704,755 last year, which is an increase of 14.99%. After providing for administrative expenses of the Fund amounting to Rs. 3,228,030, a sum of Rs. 605,873,846 was available for appropriation as interest to the contributors. The percentage of interest thus available was 11.66% as compared with the percentage of interest of 12.02% during the previous year. However the percentage of interest rounded up to the nearest quarter being 11.75% amounting to Rs. 610,393,421 was appropriated and the deficit amounting to Rs. 4,519,575 was transferred from the General reserve.

(4) *Accounting Policies :*

- (a) *Basis of Accounting.*— The financial statements are prepared in accordance with generally accepted accounting principals and the provision of the Public Service Provident Fund Ordinance, No. 18 of 1942.
- (b) *Rent Electricity and Water Supply.*— The Board of Management of the Public Service Provident Fund decided to bear the expenses of Rent, Electricity and Water Supply from the P. S. P. F. commencing from the year 1993. The expenses already incurred by the Director of Pensions have been provided in the accounts on the following basis.

<i>Expense</i>	<i>Basis</i>
Rent and Electricity	Floor area
Water Supply	No. of employees

(c) Fixed Assets and Depreciation :

- (i) The cost of fixed assets is stated at their purchase price.
- (ii) No depreciation is charged in the year of purchase and is provided in the year of disposal.
- (iii) Depreciation is provided at the following rates on reducing balance method.

	<i>Percentage</i>
Furniture and fittings	10
Office Equipment	10
Computer Equipment	15

(d) Revenue Recognition - Interest Income.– Interest receivable is generally recognised on an accrued basis.

(e) Investment.– Investments are stated in the Balance Sheet at cost.

(5) Notes to the Accounts :

(1) Interest Income	2000	1999
Interest received during the year	576,030,661	495,322,512
<i>Less :</i>		
Interest receivable as at 01st January	<u>190,616,394</u>	156,234,151
Adjustment	<u>4,221,856</u>	—
Interest received for the year	381,192,411	339,088,361
<i>Add :</i>		
Interest receivable as at 31st December, 2000		
Treasury Bills	34,341,836	33,240,494
Treasury Bonds	40,980,575	7,092,934
Rupee Loans	<u>152,587,054</u>	<u>150,282,966</u>
Interest for the year	<u>609,101,876</u>	<u>529,704,755</u>

(2) Fixed Assets :

	<i>Furniture and Fitting</i>	<i>Office Equipment</i>	<i>Computer Equipment</i>	<i>Total Value</i>
<i>Cost :</i>				
As at 01.01.2000	21,375	383,930	141,800	547,105
Additions	<u>—</u>	<u>66,523</u>	<u>19,295</u>	<u>85,827</u>
As at 31.12.2000	<u>21,375</u>	<u>450,462</u>	<u>161,095</u>	<u>632,932</u>
<i>Accumulated Depreciation :</i>				
As at 01.01.2000	14,578	152,651	87,641	254,870
Charge for the year	<u>680</u>	<u>23,128</u>	<u>8,124</u>	<u>31,932</u>
As at 31.12.2000	<u>15,258</u>	<u>175,779</u>	<u>95,765</u>	<u>286,802</u>
Net book value as at 31.12.2000	<u>6,117</u>	<u>274,683</u>	<u>65,330</u>	<u>346,130</u>
Net book value as at 31.12.1999	<u>6,797</u>	<u>231,279</u>	<u>54,159</u>	<u>292,335</u>

(3) *Investment*.— The purchase price of the Investments with the Central Bank was Rs. 4,903 million and the market value of it was Rs. 4,145 million.

(4) *Govt. Contribution Receivable*.— This represents the Government Contribution receivable from the Consolidated Fund being 12% on the compulsory contribution of the contributors, which is 8%.

(5) *Adjustment Accounts*.— This account represents the net result of the erroneous debits and credits raised by the various departments. The balance in this account gets adjusted when the erroneous debits and credits are, adjusted by such departments.

(6) *Accumulated Fund*.— This account represents the amount lying to the credit of the contributors being the share of contributions of the contributors and the interest thereon together with the Government contributions with interest.

(7) *General Reserve*.— The balance in this account is the amount after appropriation of interest to the nearest quarter percent. A sum of Rs. 4,519,575 was transferred from this accounts for the purpose of appropriation to the nearest quarter percent.

(8) *Accrued Expenses*.— This represents the expenses charged from the consolidated fund during the year under review, including Rs. 82,401 paid by the Department of Pensions as electricity and water.

	2000	1999
Electricity and Water	82,401	69,216
Administration	<u>2,875,481</u>	<u>2,806,665</u>
	2,957,882	2,875,881
	=====	=====

(9) *Creditors*.— This represents Fixed Assets purchased from voted expenditure provided for the year under review. This amount will be finally charged to the Fund in the subsequent year.

T. O. R. WANIGARATNE,
Secretary and Accountant
Board of Management,
Public Service Provident Fund.
08th November, 2001.

S. W. RAJAPAKSA,
Director of Pensions and Chairmen,
Board of Management,
Public Service Provident Fund.
08th November, 2001.

Public Service Provident Fund
Receipts and Payments Account for the year ended 31.12.2000

	2000	1999
	Rs.	Rs.
Balance with D. S. T's a/c at 01st January	620,692,179	272,215,538
Receipts :		
Compulsory Contribution	146,530,648	130,440,920
Government Contribution (Bonus)	254,415,430	266,554,536
Interest Income	576,030,661	477,202,512
Erroneous	217,671	106,599
Investments Realised	<u>1,210,539,542</u>	<u>237,273,393</u>
	2,187,733,952	1,111,577,960
Less :		
Payments		
Compulsory Contribution	26,294,670	23,496,609
Government Contribution (Bonus)	14,736,760	13,534,729
Voluntary Contribution	54,488	
Unpaid Govt. Bonus Transferred to Consolidated Fund	19,726,876	18,110,240
Administration expenses	2,875,881	2,103,815
Audit fees	350,000	175,000
Erroneous	1,024,154	117,176
Investments	<u>1,780,653,053</u>	<u>705,563,750</u>
	342,018,070	348,476,641
Balance with D. S. T's a/c as at 31st Decmeber	<u>962,710,249</u>	<u>620,692,179</u>
	=====	=====

Public Service Provident Fund

Balance Sheet as at 31st December, 2000

	Note	2000 Rs.		1999 Rs.	
Assets :					
Non Current Assets	2				
Furniture and Fittings		6,117		6,797	
Office Equipment		274,683		231,279	
Computer Equipment		<u>65,330</u>	346,130	<u>54,159</u>	292,235
Investment at cost	3		4,903,532,573		4,337,640,918
Current Assets :					
Interest receivable		227,909,465		190,616,394	
Government contribution receivable	4	—		33,632,127	
Adjustment a/c	5	4,847,181		4,055,401	
Balance with D. S. T's a/c		<u>962,710,249</u>	<u>1,195,466,895</u>	<u>620,692,179</u>	<u>848,996,101</u>
Total Assets			6,099,345,598		5,186,929,254
			=====		=====
Equity and Liabilities :					
Accumulated Fund	6				
Compulsory contribution		2,418,599,293		2,050,854,561	
Voluntary contribution		6,984,894		6,299,224	
Government contribution (Bonus)		<u>3,663,984,132</u>	6,089,568,319	<u>3,116,544,045</u>	5,173,697,830
Reserves :					
Capital reserve		3,790		3,790	
General reserve	7	<u>5,516,539</u>	5,520,329	<u>10,036,115</u>	10,039,905
Current Liabilities :					
Accrued Audit fees		200,407		312,191	
Accrued expenses	8	2,961,329		2,879,328	
Govt. Contribution payable		1,009,386		—	
Creditors	9	<u>85,828</u>	<u>4,256,950</u>	—	<u>3,191,519</u>
Total Equity and Liabilities			6,099,345,598		5,186,929,254
			=====		=====

T. O. R. WANIGARATNE,
Secretary and Accountant
Board of Management,
Public Service Provident Fund.
08th November, 2001.

S. W. RAJAPAKSA,
Director of Pensions and Chairmen,
Board of Management,
Public Service Provident Fund.
08th November, 2001.

Income and Expenditure Account for the Year ended 31.12.2000

	Note	2000 Rs.	1999 Rs.
Income :			
Interest Income	01	609,101,876	529,704,755
Less : Expenditure			
Electricity		70,707	56,842
Water		11,694	12,374
Personal Emoluments		2,581,873	2,568,959
Travelling		31,216	42,752
Stationary and Office Requisites		49,652	47,208
Repairs and Maintenance		29,130	12,860
Transportation, Communication and Holiday Warrants		172,351	130,708
Audit Fees		238,216	168,190
Depreciation		31,932	36,010
Uniforms		3,157	2,485
Other recurrent expenditure		<u>8,102</u>	<u>1,693</u>
		<u>3,228,030</u>	<u>3,080,081</u>
Income over Expenditure		605,873,846	526,624,674
Income Available for Appropriation		605,873,846	526,624,674
Appropriation of Interest to the contributors			
Compulsory		247,335,729	212,816,467
Voluntary		740,159	678,443
Government Bonus		<u>362,317,533</u>	<u>312,430,787</u>
		<u>610,393,421</u>	<u>525,925,697</u>
Balance Transferred (from)/to General Reserve		(4,519,575)	698,977
		=====	=====

Cash flow Statement for the year ended 31st december, 2000

	2000 Rs.	1999 Rs.
Cash flow from operating activities :		
Compulsory Contribution receipts	146,530,648	130,440,920
Government Bonus receipts	254,415,430	266,554,536
Erroneous Contribution receipts	<u>217,671</u>	<u>106,599</u>
	401,163,749	397,102,055
Compulsory Contribution paid	(26,294,670)	(23,496,609)
Government Bonus paid	(14,736,760)	(13,534,729)
Voluntary Contribution paid	(54,488)	
Unpaid Govt. Bonus Transferred to Consolidated fund	(19,726,876)	(18,110,240)
Erroneous Contribution paid	<u>(1,024,154)</u>	<u>(117,176)</u>
Cash generated from operations	339,316,801	341,843,301
Administration expenses paid	(2,875,881)	(2,103,815)
Audit fees paid	<u>(350,000)</u>	<u>(175,000)</u>
Cash flow before other Income	336,100,920	339,564,486
Net Cash flow from operating activities	336,100,920	339,564,486
Cash flow from Investing Activities :		
Interest Income received	576,030,661	495,322,512
Investment realised	1,210,539,542	237,273,393
Investment	<u>(1,780,653,053)</u>	<u>(723,683,750)</u>
Net cash used in investing activities	5,917,150	8,912,155
	342,018,070	348,476,641
Net increased in cash and cash equivalents		
Cash and cash equivalents at beginning of the period	620,692,179	272,215,538
	Note 1 962,710,249	620,692,179
Note 1	=====	=====
Cash in hand		
Cash at Bank	962,710,249	620,692,179
Cash with D. S. T's A/c	962,710,249	620,692,179
	=====	=====

REPORT OF THE AUDITOR GENERAL ON THE ACCOUNTS OF THE PUBLIC SERVICE

PROVIDENT FUND FOR THE YEAR ENDED 31ST DECEMBER, 2000

THE audit of accounts of the Public Service Provident Fund for the year ended 31st December, 2000 was carried out under my direction in pursuance of provisions in Article 154(3) of the Constitution of the Democratic Socialist Republic of Sri Lanka read in conjunction with Section 24(1) of the Public Service Provident Fund Ordinance (Chapter 621).

1.2 Scope of Audit.— Audit opinion, comments and findings in this report are based on a review of the financial statements presented to audit and substantive tests of samples of transactions. The scope and extent of such review and tests were such as to enable as wide an audit coverage as possible within the limitations of staff, other resources and time available to me. The audit was carried out in accordance with the Sri Lanka Auditing Standards, methods and practices to obtain reasonable assurance as to whether the financial statements are free of material misstatements. The audit included examination of evidence supporting the amounts and disclosures in financial statements and assessment of accounting principles and significant estimates and judgements made in the preparation of financial statements, evaluation of their overall presentation and determining whether accounting policies adopted were appropriate, consistently applied and adequately disclosed.

2. Accounts :

- 2.1 *Rendition of Accounts.*— In terms of Treasury Circular No. 836 of 16th August, 1977 the annual accounts relating to Funds should be furnished for audit before 30th April of the year following the relevant year. However, the accounts of the Fund for the year ended 31st December, 2000 were furnished for audit only on 13th December, 2001.
- 2.2 *Audit Opinion.*— Except for the effects of the adjustments arising from the matters referred to in paragraph 2.5 of this report, I am of opinion that the financial statements have been satisfactorily prepared to present fairly in all materials respects, the financial position of the Fund as at 31st December, 2000 and the results of its operations for the year then ended in accordance with Sri Lanka Accounting Standards and the stated accounting policies as set out in Notes 01 to 03 to the financial statements.
- 2.3 *Financial Results.*— According to the accounts presented, the activities of the Fund for the year ended 31st December, 2000 had resulted in a deficit of Rs. 4,519,575 as against the surplus of Rs. 698,977 for the previous year. The income and expenditure for the year under review as compared with those for preceding year are given below.

	Year ended 31st December		1999	
	2000			
	Rs.	Rs.	Rs.	Rs.
Income :				
Interest on Investments		609,101,876		529,704,755
Expenditure :				
Interest on Compulsory Contribution	247,335,729		212,816,467	
Interest on Voluntary Contribution	740,159		678,443	
Interest on Bonus	362,317,533		312,430,787	
Electricity	70,707		56,842	
Water	11,694		12,374	
Personal Emoluments	2,581,873		2,568,959	
Travelling Expenses	31,216		42,752	
Stationery and Office Equipment	49,652		47,208	
Repairs and Maintenance	29,130		12,860	
Holiday Railway Warrants	172,351		130,708	
Audit Fees	238,216		168,190	
Depreciation on Fixed Assets	31,932		36,010	
Uniforms	3,157		2,485	
Other Services Expenditure	8,102	613,621,451	1,693	529,005,778
Surplus/(Deficit) for the year		(4,519,575)		698,977
Balance brought forward		10,036,115		9,337,138
Balance carried forward		5,516,540		10,036,115
		=====		=====

2.4 *Financial Structure.*—The financial structure of the Fund as at 31st December, 2000 as compared with that as at 31st December, 1999 according to the accounts presented is given below :

	<i>As at 31st December</i>	
	<i>2000</i>	<i>1999</i>
	<i>Rs.</i>	<i>Rs.</i>
<i>Resources :</i>		
Contribution	6,089,568,319	5,173,697,830
Capital Reserve	3,790	3,790
General Reserve	5,516,539	10,036,115
	<hr/>	<hr/>
	6,095,088,648	5,183,737,735
	<hr/>	<hr/>
<i>Utilization :</i>		
Fixed Assets	346,130	292,235
Investments	4,903,532,573	4,337,640,918
Net Current Assets	1,191,209,945	845,804,582
	<hr/>	<hr/>
	6,095,088,648	5,183,737,735
	<hr/>	<hr/>

2.5 Comments on Accounts :

2.5.1 *Unexplained Differences.*— Following differences between the Treasury Printouts and the accounts of the Fund were observed :

<i>Particulars</i>	<i>According to the Treasury Printouts Rs.</i>	<i>According to the Accounts Rs.</i>	<i>Difference Rs.</i>
Opening Balance in the Treasury Account	620,592,179	620,692,179	100,000
Closing Balance in the Treasury Account	962,610,249	962,710,249	100,000

2.5.2 *Accounts Receivable and Payable.*— A sum of Rs. 4,935,171 receivable from Government Departments and Ministries and a sum of Rs. 87,990 payable to Government Departments and Ministries remaining over several years had been set off against each other and the net balance of Rs. 4,847,181 had been shown in the accounts as an Adjustment Account under the current assets. However, action had not been taken for the recovery of the receivables and the settlement of the payables.

2.5.3 *Lack of Evidence for Audit.*— Vouchers in support of repayments of contributions aggregating Rs. 1,093,776 had not been furnished for audit.

2.5.4 *Non-compliance with Laws, Rules, Regulations and Management Decisions.*— Following instances of non-compliance were observed in audit.

Reference to Laws, Rules, Regulations, etc.

Particulars

- | | | |
|-----|---|---|
| (a) | Public Service Provident Fund Ordinance (Chapter 621) Section 25 | The balance lying to the credit of each contributor as at the end of each year should be notified to the contributor. However, only about 35 percent of the contributors had been so notified. |
| (b) | Treasury Circular No. 836 of 16th August, 1977 Paragraph 4 | A budget had not been prepared for the year under review. |
| (c) | Circular No. 57 of the Department of Pensions dated 30th November, 1979 (Public Service Provident Fund Circular No. 03) | Although Abatement Registers in respect of each year should be obtained from the relevant Departments before 31st January of the year following, Abatement Registers of the Ministry of Education and Higher Education and the Department of Posts only had been so obtained. |

3. Financial and Operating Review :

3.1 Financial Results :

The financial result for the year under review had been a deficit of Rs. 4,519,575 as against a surplus of Rs. 698,977 for the preceding year thus showing a deterioration of Rs. 5,218,552 in the financial result for the year under review as compared with the preceding year. It can be analysed as follows.

	Variance		
	Favourable Rs.	Adverse Rs.	Rs.
<i>Income :</i>			
Interest on Investments	79,397,121	—	
	79,397,121	—	79,397,121
<i>Expenditure :</i>			
Interest paid on Compulsory Contributions	—	34,519,262	
Interest paid on Voluntary Contributions	—	61,716	
Interest paid on Bonus	—	49,886,746	
Electricity	—	13,865	
Water	680	—	
Personal Emoluments	—	12,914	
Travelling Expenses	11,536	—	
Stationery and Office Equipment	—	2,444	
Repairs and Maintenance	—	16,270	
Transportation, Communications and Holiday Railway Warrants—	—	41,643	
Audit Fees	—	70,026	
Depreciation on Fixed Assets	4,078	—	
Uniforms	—	672	
Other Services Expenditure	—	6,409	
	16,294	84,631,967	(84,615,673)
Net deterioration in the financial results			(5,218,552)

3.2 *Interest and Bonus.*— The percentage of annual interest paid on contributions and the interest and bonus paid as a percentage of the total receipt of contributions for the year under review and the preceding 05 years are given below :

Year	Percentage of Interest	Interest and Bonus paid as a percentage of the total receipt of Contributions
1995	14.25%	58.74%
1996	14%	60.74%
1997	13.25%	62.47%
1998	12.5%	65.54%
1999	12%	61.71%
2000	11.75%	62.45%

3.3 *Performance.*— Particulars of performance in regard to contributions and investments are given below :

3.3.1 Contributions :

(a) *Receipt of Contributions.*— According to the Receipts and Payments Account for the year under review furnished by the Fund, the compulsory contribution amounted to Rs. 146,530,648 and the Government Contribution amounted to Rs. 254,415,430. The compulsory contribution and the Government contribution for the preceding year amounted to

Rs. 130,440,920 and Rs. 266,554,536 respectively thus disclosing an increase of Rs. 16,089,728 in the compulsory contribution and a decrease of Rs. 12,139,106 in the Government contribution. Their percentages had been 12.33 and 4.55 respectively.

3.3.2 *Investments*.— According to the accounts, the balance of investments as at the end of the year under review amounted to Rs. 4,903,532,573, which can be analysed as follows :

	Rs.	Rs.
Balance on 01st January, 2000		4,337,640,918
<i>Add :</i>		
Reinvestment of Investments Matured during the year - in Government Loans (Securities)		199,817,000
Direct Investments		56,600,000
<i>New Investments :</i>		
Government Loans (Securities)	679,355,400	
Treasury Bills	419,447,016	
Treasury Bonds	425,433,637	1,524,236,053
		6,118,293,971
<i>Less :</i>		
Treasury Bonds	(80,443,568)	
Government Loans (Securities)	(765,926,100)	
Treasury Bills	(364,169,874)	
Difference in Face Value exceeding the Cost	(4,221,856)	(1,214,761,398)
Balance on 31st December, 2000		4,903,532,573
		=====

An interest (Return) amounting to Rs. 609,101,876 had been received on investments for the year under review. This, if expressed as a percentage of the balance of investments as at end of the year under review would amount to 12.42%. Investments made in the Central Bank of Sri Lanka and the Bank of Ceylon amounted to Rs. 4,903,532,573 at cost which was made up of Sri Lanka Government Rupee Loans amounting to Rs. 3,995,179,900, investments in Treasury Bills amounting to Rs. 423,620,267 and Treasury Bonds in the Bank of Ceylon amounting to Rs. 484,732,406.

3.4 *Budgetary Control*.— Attention had not been paid to prepare a budget for the Fund and to make use of it as an effective instrument of management control.

4. *Systems and Controls*.— Special attention should be paid to obtain the Abatement Registers and the paid vouchers from the relevant Departments.

S. C. MAYADUNNE,
Auditor General.

05-499/2

OBSERVATIONS OF THE BOARD OF MANAGEMENT ON THE REPORT OF THE AUDITOR GENERAL IN RESPECT OF THE ANNUAL ACCOUNTS OF THE PUBLIC SERVICE PROVIDENT FUND FOR THE YEAR ENDED 31ST DECEMBER, 2000

2.1 *Rendition of accounts*.— The delay in the rendition of accounts on the due date was due to the delay in the receipt of Treasury Computer print outs (Decem for final). The final print outs for the year 2000 were received by us during the month of August, 2001. The accounts should be prepared only after the reconciliation of the cash book with that of the Treasury computer print outs.

2.5 Comments on accounts :

- 2.5.1 (a) I do not agree with the observations actual receipts of interest by way of cash are recorded in the cash book. The sum of Rs. 56,600,000 being interest invested directary has been shown as an enty in the cash books.
- (b) The re-investments of the realized investments during the year are done on an application to the Central Bank of Sri Lanka. Such applications are filed in the investment file. A photostat copy of the application is annexed herewith for your perusal please.
- 2.5.2 (a) *Unexplained of differences.*– I agree with the observation. The sum of Rs. 100,000 being amount deposited but not accounted for is brought foward from the year 1987 action will be taken to write off this amount during the eneuing year with the approval of the Board of Management.
- (b) I do not agree with the observation. The awards validated for 90 days issued to various institutions during the year are recorded in the sanction register and the payments are effected by such institutions. The payments so effected are delited to the Fund through the monthly summary of accounts. Therefore it is not possible to reconate the sanction register with that of the cash books.
- 2.5.3 *Accounts receivable and payable.*– This account represents the erroneous debits and credits raised to the Fund by the various departments and ministries. Such institutions have been notified to rectify these errors. The letters sent to the respective institutions have been filed in the annual accounts file for the year 1999 photostat copies of the letters are forwarded herewith for your perusal please.
- 2.5.4 *Non-availability of evidence to the Audit.*– The relevant departments and the ministries have been notified to forward the vouchers relating to the debits raised to the Fund, This has also been stated in the award letters as well.
- 2.5.5 Non-compliance with the rules and regulations and the observations of the Management :
- (a) Observations are correct ;
- (b) Observations are correct ;
- (c) The respective departments and the ministries have been instructed by circulars to forward the abatement registers of a particular year before the 31st January of the following year. Sometimes officers have been sent to these institutions and obtained the abatement registers. However some institutions do not pay attention to this requirement.

3.3 *Performance.*– The realization of the investments stated herein should be as follows :-

	Rs.
1. Rupeeloans -	765,926,100
2. Treasury Bills -	36,416,974
3. Treasury Bonds -	80,443,568
	<hr/>
	1,210,539,542
	=====

S. W. RAJAPAKSA,
Chairman,
Board of Management P. S. P. F.

05-499/3

PUBLIC SERVICE PROVIDENT FUND

Annual Accounts 1999

IN accordance with Section 24 of the Public Service Provident Fund Act, No. 18 of 1942, the above-mentioned Accounts have been prepared and are ready for submission to the Auditor General.

02. Amount of interest earned during the year under review was Rs. 529,704,755, as compared to Rs. 455,808,622 last year, which is an increase of 16.21%. In accordance with Section 10 of the P. S. P. F. Ordinance after setting off the administration expenses of the Fund amounting to Rs. 3,080,081 the amount available for appropriation as interest to the contributors in terms of Section 11(3) of the P. S. P. F. ordinance is Rs. 526,624,674. The percentage of interest thus available is 12.02% when compared with the percentage of interest 12.42% during the previous year. The reasons for the decline in the rate of interest earned, is due to decline in the rate of interest from the Government securities, such as Treasury Bonds, Treasury Bills and Rupee Loans. We expect this trend will continue in the year 2000 too. However the percentage of interest rounded up to the nearest quarter being 12% was amounted to Rs. 525,925,697 and is shown below. The balance amounting to Rs. 698,977 was transferred to General Reserve :

1. Compulsory	-	212,816,467
2. Voluntary	-	672,443
3. Govt. Bonus	-	312,430,787
		<hr/>
		525,925,697
		=====

03. The approval of the Board of Management is solicited for the investments and other transactions up to 31.12.1999.

T. O. R. Wanigaratne,
Secretary and Accountant,
Board of Management P. S. P. F.

Board of Management

Approval

Name

Signature

1. Director of Pensions
2. Deputy Solicitor General
3. Commissioner of Labour
4. Director of Irrigation
5. Mr. J. A. Marambe (Member)

Democratic Socialist Republic of Sri Lanka Public Service Provident Fund

Annual Accounts for the year 1999

Review of the Board of Management

(1) *Objective.*— The objective and the purpose of the Fund, is to afford Provident Fund Benefits to those public servants who are not pensionable.

(2) *Functions.*— The main functions of the P. S. P. F. are,

- (a) To recover and credit the Fund by an amount equivalent to 8% of the monthly salaries of those who are non - pensionable and are serving in the various departments of the Island and in the foreign missions abroad.
- (b) To receive the contributions and to store, such contributions in a methodical manner.
- (c) To process and maintain individual accounts of such contributors to enable the contributors to be notified of the amount lying to their credit at the end of each year. And refund the Benefits at the end of contributor's service.
- (d) To invest the excess money of the Fund in "Government Securities" to enable the contributors to secure a higher interest.

(3) *Financial Results.*— The amount received as Compulsory contribution and Government Bonus during the year under review was Rs. 130,440,920 and Rs. 266,554,536 respectively, while the contributions received during the year 1998 was Rs. 137,009,784 and Rs. 142,744,928 respectively. The total income from investment of the Fund was Rs. 529,704,755 as compared with Rs. 455,808,622 last year, which is an increase of 16.21%. After providing for administrative expenses of the Fund amounting to Rs. 3,080,081, a sum of Rs. 526,624,674 was available for appropriation as interest to the contributors. The percentage of interest thus available was 12.02% as compared with the percentage of interest of 12.42% during the previous year. However the percentage of interest rounded up to the nearest quarter being 12% amounting to Rs. 525,925,697 was appropriated and the balance amounting to Rs. 698,977 was transferred to the General reserve.

(4) *Accounting Policies :*

- (a) *Basis of Accounting.*— The financial statements are prepared in accordance with generally accepted accounting principals and the provision of the Public Service Provident Fund Ordinance No. 18 of 1942.
- (b) *Rent Electricity and Water Supply.*— The Board of Management of the Public Service Provident Fund decided to bear the expenses of Rent, Electricity and Water Supply from the P. S. P. F. commencing from the year 1993. The expenses already incurred by the Director of Pensions have been provided in the accounts on the following basis :-

<i>Expense</i>	<i>Basis</i>
Rent and Electricity	Floor area
Water Supply	No. of employees

(c) *Fixed Assets and Depreciation :*

- (i) The cost of fixed assets is stated at their purchase price.
- (ii) No depreciation is charged in the year of purchase and is provided in the year of disposal.
- (iii) Depreciation is provided at the following rates on reducing balance method :-

	<i>Percentage</i>
Furniture and fittings	10
Office Equipment	10
Computer Equipment	15

(d) *Revenue Recognition - Interest Income.*— Interest receivable is generally recognised on an accrued basis.

(e) *Investment.*— Investments are stated in the Balance Sheet at cost.

(5) *Notes to the Accounts :*

(1) <i>Interest Income</i>	1999	1998
Interest received during the year	495,322,512	434,591,412
<i>Less :</i>		
Interest receivable as at 01st January	<u>156,234,151</u>	<u>135,016,941</u>
Interest received for the year	339,088,361	299,574,471
<i>Add :</i>		
Interest receivable as at 31st December		
Rupee Loans	150,282,966	132,714,183
Treasury Bills	33,240,494	16,526,869
Treasury Bonds	7,092,934	6,993,099
Interest for the year	<u>529,704,755</u>	<u>455,808,622</u>
	=====	=====

(2) *Fixed Assets :*

	<i>Furniture and Fitting</i>	<i>Office Equipment</i>	<i>Computer Equipment</i>	<i>Total Value</i>
<i>Cost :</i>				
As at 01.01.1999	<u>21,375</u>	<u>383,930</u>	<u>141,800</u>	<u>547,105</u>
As at 31.12.1999	<u>21,375</u>	<u>383,930</u>	<u>141,800</u>	<u>547,105</u>

	<i>Furniture and Fitting</i>	<i>Office Equipment</i>	<i>Computer Equipment</i>	<i>Total Value</i>
Accumulated Depreciation :				
As at 01.01.1999	13,823	126,953	78,084	218,860
Charge for the year	<u>755</u>	<u>25,698</u>	<u>9,557</u>	<u>36,010</u>
As at 31.12.1999	<u>14,578</u>	<u>152,651</u>	<u>87,641</u>	<u>254,870</u>
Net book value as at 31.12.1999	6,797	231,279	54,159	292,235
	=====	=====	=====	=====
Net book value as at 31.12.1998	<u>7,552</u>	<u>256,977</u>	<u>63,716</u>	<u>328,245</u>
	=====	=====	=====	=====

(3) *Investment*.— The purchase price of the Investments with the Central Bank was Rs. 4,337 million and the market value of it was Rs. 4,140 million.

(3) *Govt. Bonus Receivable*.— This represents the Government Contribution receivable from the Consolidated Fund being 12% on the compulsory contribution of the contributors, which is 8%.

(5) *Adjustment Accounts*.— This account represents the net result of the erroneous debits and credits raised by the various departments. The balance in this account gets adjusted when the erroneous debits and credits are, adjusted by such departments.

(6) *Accrued Expenses*.— This represents the expenses charged from the consolidated fund during the year under review, including Rs. 69,216 paid by the Department of Pensions as electricity and water :

	<i>1999</i>	<i>1998</i>
Electricity and Water	69,216	13,855
Administration	<u>2,806,665</u>	<u>2,089,960</u>
	<u>2,875,881</u>	<u>2,103,815</u>
	=====	=====

(7) *Accumulated Fund*.— This amount represents the amount lying to the credit of the contributors being the share of contributions of the contributors and the interest thereon together with the Government contributions with interest.

(8) *General Reserve*.— The balance in this account is the amount after appropriation of interest to the nearest quarter percent. A sum of Rs. 698,977 being the balance after appropriation was transferred to this account.

T. O. R. WANIGARATNE,
Secretary and Accountant,
Board of Management,
Public Service Provident Fund.
31st October, 2000.

P. M. P. JAYAWARDENA,
Director of Pensions and Chairmen,
Board of Management,
Public Service Provident Fund.
31st October, 2000.

Public Service Provident Fund
Balance Sheet as at 31st December, 1999

	<i>Note</i>	<i>1999 Rs.</i>	<i>1998 Rs.</i>
Fixed Assets :	2		
Furniture and Fittings		6,797	7,552
Office Equipment		231,279	256,977
Computer Equipment		<u>54,159</u>	<u>63,716</u>
			292,235
			328,245
Investment :			
At cost	3	4,337,640,918	3,851,230,561
Current Assets :			
Interest receivable		190,616,394	156,234,151
Govt. Bonus receivable	4	33,632,127	104,483,330

	Note	1999 Rs.	1998 Rs.
Adjustment a/c	5	4,055,401	4,061,454
Balance with D. S. T's. a/c		<u>620,692,179</u>	<u>272,215,538</u>
		848,996,101	536,994,473
Less : Current Liabilities :			
Accrued Audit fees		(312,191)	319,001
Accrued expenses	6	<u>(2,879,328)</u>	<u>2,107,261</u>
Net Current Assets :		<u>845,804,582</u>	<u>534,568,211</u>
		5,183,737,735	4,386,127,017
		=====	=====
Financed by			
Accumulated Fund :			
Compulsory contribution	7	2,050,854,561	1,731,077,504
Voluntary contribution		6,299,224	5,653,689
Govt. Bonus		<u>3,116,544,045</u>	<u>2,640,054,896</u>
		5,173,697,830	4,376,786,089
Reserves :			
Capital reserve		3,790	3,790
General reserve	8	<u>10,036,115</u>	<u>9,337,138</u>
		<u>10,039,905</u>	<u>9,340,928</u>
		5,183,737,735	4,386,127,017
		=====	=====
T. O. R. WANIGARATNE, Secretary and Accountant, Board of Management, Public Service Provident Fund. 31st October, 2000.		P. M. P. JAYAWARDENA, Director of Pensions and Chairmen, Board of Management, Public Service Provident Fund. 31st October, 2000.	

Public Service Provident Fund

Income and Expenditure Account for the year ended 31.12.1999

	Note	1999 Rs.	1998 Rs.
Income :			
Interest Income	1	529,704,755	455,808,622
Less : Expenditure			
Electricity		56,842	8,454
Water		12,374	5,401
Personal Emoluments		2,568,959	1,946,632
Travelling		42,752	35,149
Stationary and Office Requisites		47,208	53,899
Repairs and Maintenance		12,860	29,188
Transportation, Communication and Holiday			
Warrants		130,708	22,659
Audit Fees		168,190	158,620
Depreciation		36,010	40,636
Uniforms		2,485	1,185
Other recurrent Expenditure		<u>1,693</u>	<u>1,248</u>
		<u>3,080,081</u>	<u>2,303,071</u>
Income over Expenditure		526,624,674	453,505,551

	Note	1999 Rs.	1998 Rs.
<i>Income available for Appropriation :</i>			
Appropriation of Interest to the Contributors		526,624,674	453,505,351
Compulsory	212,816,467		185,211,088
Voluntary	678,443		628,188
Government Bonus	<u>312,430,787</u>		<u>270,556,598</u>
		<u>525,925,697</u>	<u>456,395,874</u>
Balance Transferred (From)/To General Reserve		698,977	(2,890,323)
		=====	=====

Public Service Provident Fund**Receipts and Payments Account for the year ended 31.12.1999**

	1999 Rs.	1998 Rs.
Balance with D. S. T's a/c as at 01st January	272,215,538	442,651,728
Receipts :		
Compulsory Contribution	130,440,920	137,009,784
Govt. Bonus	266,554,536	142,744,789
Interest Income	477,202,512	434,591,412
Erroneous	106,599	2,600
Investments Realised	<u>237,273,393</u>	<u>167,156,542</u>
	1,111,577,960	881,505,127
Less :		
Payments :		
Compulsory	23,496,609	36,009,933
Govt. Bonus	13,534,729	11,766,994
Unpaid Govt. Bonus Transferred to Consolidated Fund	18,110,240	25,363,338
Administration expenses	2,103,815	2,981,050
Audit fees	175,000	150,000
Erroneous	117,176	1,195,741
Investments	<u>705,563,750</u>	<u>974,474,261</u>
	348,476,641	(170,436,190)
Balance with D. S. T's a/c as at 31st December	620,692,179	272,215,538
	=====	=====

Public Service Provident Fund**Cash flow Statement for the year ended 31st December, 1999**

	1999 Rs.	1998 Rs.
CASHFLOW FROM OPERATING ACTIVITIES:		
Compulsory Contribution receipts	130,440,920	137,009,784
Government Bonus receipts	266,554,536	142,744,789
Erroneous Contribution receipts	<u>106,599</u>	<u>2,600</u>
	397,102,055	279,757,173
Compulsory Contribution paid	(23,496,609)	(36,009,933)
Government Bonus paid	(13,534,729)	(11,766,994)
Unpaid Govt. Bonus Transferred to Consolidated fund	(18,110,240)	(25,363,338)
Erroneous Contribution paid	<u>(117,176)</u>	<u>(1,195,741)</u>
CASH GENERATED FROM OPERATIONS	341,843,301	205,421,167
Administration expenses paid	(2,103,815)	(2,981,050)
Audit fees paid	<u>(175,000)</u>	<u>(150,000)</u>
Cash flow before other income	339,564,486	202,290,117

	1999 Rs.	1998 Rs.
<i>Net Cash flow from operating activities</i>	339,564,486	202,290,117
CASH FLOW FROM INVESTING ACTIVITIES		
Interest Income received	495,322,512	434,591,412
Investment realised	237,273,393	167,156,542
Investment	(723,683,750)	(974,474,261)
<i>Net cash used in Investing activities</i>	<u>8,912,155</u>	<u>(372,726,307)</u>
	348,476,641	
Net Increased in cash and cash equivalents		(170,436,190)
Cash and cash equivalents at beginning of the period	<u>272,215,538</u>	<u>442,651,728</u>
Note 1	620,692,179	272,215,538
	=====	=====
Note 1 :		
Cash in hand		-
Cash at Bank		-
Cash with D. S. T's A/c	<u>620,692,179</u>	<u>272,215,538</u>
	620,692,179	272,215,538
	=====	=====

05-498/1

REPORT OF THE AUDITOR GENERAL ON THE ACCOUNTS OF THE PUBLIC SERVICE PROVIDENT FUND FOR THE YEAR ENDED 31ST DECEMBER, 1999

THE audit of accounts of the Public Service Provident Fund for the year ended 31st December, 1999 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 Section 24(1) of the Public Service Provident Fund Ordinance (Cap. 621).

1 : 2 Scope of Audit :

Audit opinion, comments and findings in this report are based on a review of the financial statements presented to audit and substantive tests of samples of transactions. The scope and the extent of such review and tests were such as to enable as wide an audit coverage as possible within the limitations of staff, other resources and time available to me. The audit was planned and carried out in accordance with the generally accepted auditing standards, methods and practices to obtain reasonable assurance as to whether the financial statements are free of material misstatements. The audit included examination of evidence supporting the amounts and disclosures in financial statements and assessment of accounting principles and significant estimates and judgements made in the preparation of financial statements, evaluation of their overall presentation and determining whether accounting policies adopted were appropriate, consistently applied and adequately disclosed.

2. Accounts

2:1 Rendition of Accounts :

In terms of Treasury Circular No. 836 of 16th August, 1977, the annual statements of accounts relating to Funds should be furnished for audit before 30th April, of the year following the relevant year. However, the accounts of the Fund for the year ended 31st December, 1999 were furnished for audit only on 31st October, 2000.

2 : 2 Audit Opinion :

Except for the effects of the adjustments arising from the matters referred to in paragraph 2 : 4 of this report, I am of opinion that the financial statements have been satisfactorily prepared to present fairly in all material respects ; the financial position of the Fund as at

31st December, 1999 and the results of its operations for the year then ended in accordance with generally accepted accounting principles and the stated accounting policies as set out in Notes No.4 (a) to (e) to the financial statements.

2 : 3 Financial Results

According to the accounts presented, the activities of the Fund for the year ended 31st December, 1999 had resulted in a surplus of Rs. 698,977 as against the deficit of Rs. 2,890,324 for the previous year.

2 : 4 Comments on Accounts

2 : 4 : 1 Accounting Deficiencies

The following accounting deficiencies were observed.

- (a) The income from interest for the year as per accounts was Rs. 529,704,755 and the actual income from interest was Rs. 527,450,631. As a result, a sum of Rs. 2,254,124 had been overstated.
- (b) The interest receivable for the year under review was Rs. 190,616,394 as per accounts and the actual interest receivable was Rs. 189,595,052. As a result, a sum of Rs. 1,021,342 had been overstated.
- (c) The amount shown in the accounts as interest paid on bonus was Rs. 312,430,787. But, the actual amount as per computation was Rs. 309,775,229. As a result, a sum of Rs. 2,655,558 had been debited more in the accounts.
- (d) The ineligible bonus transferred to the consolidated fund as per approval register was Rs. 8,583,644 and it was Rs. 18,110,240 according to the transfer sheets. Accordingly, the amount transferred in excess amounted to Rs. 9,526,596.
- (e) Although the receipt of compulsory contributions during the year under review had been shown in the accounts as Rs. 130,440,920, the actual value amounted to Rs. 130,438,067 resulting in an overstatement of Rs. 2,853.
- (f) According to the income and expenditure account presented for the year under review, the expenditure on repairs and maintenance had been shown as Rs. 12,860 in the accounts. It was Rs. 11,132 as per monthly summaries. Accordingly, a sum of Rs. 1,728 had been overstated.

2 : 4 : 2 Unexplained Differences

- (a) The following differences were observed between the Treasury Printouts and the accounts of the Fund.

<i>Description</i>	<i>As per Treasury Printouts Rs.</i>	<i>As per cash book Rs.</i>	<i>Difference Rs.</i>
Opening balance of the Treasury account	272,115,538	272,215,538	100,000
Closing balance	620,592,179	620,692,179	100,000

- (b) The following differences were observed during the comparison of the approval register and the cash book.

<i>Description</i>	<i>As per Approval Register Rs.</i>	<i>As per cash book Rs.</i>	<i>Difference Rs.</i>
Payment of loans	8,299,392	13,594,729	5,295,337
Payment of compulsory contributions	11,731,361	21,840,027	10,108,666

2:4:3 Accounts receivable and Payable

Receivables from government departments and ministries amounting to Rs. 4,273,284 and payables to government departments and ministries amounting to Rs. 217,883 outstanding for a number of years had been set off against one other and the net balance of Rs. 4,055,401 had been shown in the accounts under the current assets in an account named adjustment account. Action had not been taken to recover the receivables and settle the payables.

2:4:4 Erroneous Debits and Credits of Unsettled Balances

The balance in the adjustment account as at 31st December, 1999 was Rs. 4,055,401. Of these, there were unsettled balances amounting to Rs. 169,127, Rs. 494,852, Rs. 2,231,657, Rs. 1,182,139 and Rs. 117,175 respectively pertaining to the years 1994,1996,1997,1998 and 1999 which continued to be brought forward. There was a credit balance of Rs. 71,229 for the period up to 1994 and a balance of Rs. 16,321 for the year 1995 too.

2:4:5 Lack of Evidence for Audit

Paid vouchers for Rs. 1,656,581 pertaining to repayment of contributions had not been furnished to audit

2:4:6 Non-compliance with Laws, Rules, Regulations and Management Decisions

*Reference to Laws, Rules,
Regulations etc.*

Particulars

- | | |
|---|---|
| (a) Section 25 of the Public service Provident Fund Ordinance (Cap. 621) | Although the balance in the account of each contributor should be intimated to him at the end of each year, only about 35% of the total membership had been intimated accordingly. |
| (b) Paragraph 4 of the Treasury Circular No. 836 of 16 August, 1977. | A budget had not been prepared in respect of the year under review. |
| (c) Circular No. 57 of the Department of Pensions dated 30 November, 1979 (Public Service Provident Fund Circular Series No. 3) | Although the Abatement Registers in respect of each year should be obtained from the relevant Departments before 31st January, of the following year, abatement registers of the Ministry of Education and Higher Education and the Department of Posts only had been obtained. |

3. Financial and Operating Review

3:1 Financial Results

The financial results for the year under review amounted to a surplus of Rs. 698,977 as against the deficit of Rs. 2,890,324 of the previous year showing an improvement in financial results by Rs. 3,589,301. This can be analysed as shown below.

	Variance		
	Favourable Rs.	Adverse Rs.	Rs.
<i>Income</i>			
Interest on investment	<u>73,896,133</u>	—	
	73,896,133	-	73,896,133
	=====	=	
<i>Expenditure</i>			
Interest paid for compulsory contributions	-	27,605,379	
Interest paid for voluntary contributions	-	50,255	
interest paid for bonus	-	41,874,188	
Electricity	-	51,441	
Water charges	-	3,920	
Personal emoluments	-	622,327	
Travelling	-	7,603	
Stationery and office equipment	6,691	-	
Repairs and maintenance	16,328	-	
Transport, communication and holiday railway warrants	-	108,049	
Audit fees	-	9,570	
Depreciation on fixed assets	4,626	-	
Uniforms	-	1,300	
Other service expenses	-	<u>445</u>	
	<u>27,645</u>	<u>70,334,477</u>	<u>(70,306,832)</u>
Net improvement in financial results	=====	=====	<u>3,589,301</u>
			=====

3:2 Interest and Bonus :

The percentage of annual interest paid on contributions and the interest and bonus paid as a percentage of the total receipts of contributions for the year under review and the preceding four years are given below.

<i>Year</i>	<i>Percentage of annual interest</i>	<i>Interest and Bonus paid as a percentage of total receipts of contributions</i>
1995	14.25	58.74
1996	14	60.74
1997	13.25	62.47
1998	12.5	65.54
1999	12	61.71

3:3 Performance :

Particulars of performance in regard to contributions and investments are given below.

3:3:1 Contributions :**(a) Receipt of Contributions**

According to the Receipts and Payments Accounts for the year under review furnished by the Fund, the compulsory contribution amounted to Rs. 130,440,920, the Government contribution amounted to Rs. 266,554,536 while there was no voluntary contributions. During the preceding year, the compulsory contribution amounted to Rs. 137,009,784, the Government contribution amounted to Rs. 142,744,789 while there was no voluntary contributions. Accordingly, a decrease of Rs. 6,568,864 in compulsory contributions and an increase of Rs. 123,809,747 in Government contributions were indicated and their percentages were 4.79 and 86.74 respectively.

The increase in Government contributions is due to the increase in the number of members during this year.

Particulars regarding contributors are as follows.

Membership as at 1st January, 1999	164,813
<i>Add</i>	
No. of new members enrolled during the year	2,390
	167,203
<i>Less</i>	
Cessation of membership during the year	(1,848)
No. of members as at 31st December, 1999	165,355
	=====

(b) Payment of Contributors

According to the Receipts and Payments Account for the year under review furnished for the year under review by the Fund, the payment of compulsory contributions and Government contributions amounted to Rs. 23,496,609 and Rs. 13,534,729 respectively. These amounted to Rs. 36,009,933 and Rs. 11,766,994 respectively for the preceding year. Accordingly, payment of compulsory contributions had decreased by Rs. 12,513,324 and the Government contributions had increased by Rs. 1,767,735 which would amount to a decrease of 34.7% and an increase of Rs. 15%, if shown as a percentage. The number of retirements on the Public Service Provident Fund status itself as per Section 14 of the Fund Act, the number vacating posts without the concurrence of the Government as per Section 16 and the number converted into pensionary status from the Public service Provident Fund status as per section 20 were less than the previous year and as such the compulsory contributions too had decreased. The reason for increase in payment of Government contributions was the Government contributions paid to members in foreign embassies, in installments, during the year.

3:3:2 Investments :

According to the accounts, the balance of investments as at end of the year under review amounted to Rs. 4,337,640,918 which can be analyzed as shown below.

	Rs.	Rs.
Balance as at 1st January 1999		3,851,230,561
<i>Add</i>		
Reinvestment of investments realized during the year- In Government loans (Securities)		18,792,200
<i>New Investments</i>		
In Government loans (Securities)	291,820,000	
Treasury Bills	368,343,125	
Treasury Bonds	<u>63,520,625</u>	
		723,683,750
<i>Less</i>		
Investments realized during the year- Government loans (Securities)	(18,792,200)	
Treasury Bills	<u>(237,273,393)</u>	
		<u>(256,065,593)</u>
Balance as at 31st December, 1999		4,337,640,918
		=====

An interest (Return) amounting to Rs. 529,704,755 had been received on investments during the accounting year. This if expressed as a percentage of the balance of investment as at end of the year under review could amount to 12.21%. Investments made in the Central Bank of Sri Lanka and the Bank of Ceylon amounted to Rs. 4,337,640,918 at cost which was made up of Sri Lanka Government Rupee Loans amounting to Rs. 3,825,333,600, investment in Treasury Bills amounting to Rs. 368,343,125 and Treasury Bonds in the Bank of Ceylon amounting to Rs. 143,964,193.

3:4 Budgetary Control

Attention had not been paid to prepare a budget for the Fund and to make use of it as an effective instrument of management control.

4. Systems and Controls

Special attention should be paid to obtain the Abatement Registers and the paid vouchers from the relevant Departments.

S. C. MAYADUNNE,
Auditor General.

05-498/2

OBSERVATIONS OF THE BOARD OF MANAGEMENT ON THE REPORT OF THE AUDITOR GENERAL IN RESPECT OF THE ACCOUNTS OF THE PUBLIC SERVICE PROVIDENT FUND FOR THE YEAR ENDED 31.12.1999

2.1 *Submission of Accounts.* - The delay in receiving the Treasury computer print outs (end of December) was the reason for the non-rendition of the accounts on the due date. The final print outs for the year 1999 were received by us only on 25.06.2000. The accounts should be prepared only after reconciling the cash book with the Treasury print outs.

2.4 Comments on Accounts :

- I agree with the observations. It has been revealed on recalculation that a sum of Rs. 739,610 has been recorded in excess for the year 1999. However this amount has been adjusted when the accounts for the year 2000 were prepared.
- I agree with the observations. The reply at (a) is applicable.
- I do not agree with the observations. Calculation of the interest was rechecked. I further confirm that the interest calculated and allocated on the bonus is correct.

- (d) I do not agree with the observations. The amount transferred to the consolidated Fund by transfer sheets include the unpaid bonus of the police sanctioned register. (a separate sanctioned register is being maintained in respect of the awards of sub post masters. This has been notified to you earlier also).
- (e) It was revealed on recalculation that the receipt of compulsory contributions for the year under reference is Rs. 130,437,214.80 the amount of Rs. 3,706 recorded in excess has been noted for adjustment when the accounts for 2000 are prepared.
- (f) The amount of Rs. 12,860 being repairs and maintenance for the year under reference is confirmed to be correct on recalculation.

2.4.2 Unexplained Changes :

- (a) I agree with the observations the unaccounted amount of Rs. 100,000 deposited in the year 1987 was informed to the Treasury for rectification. But so far it has not been done.
- (b) I do not agree with the observations. The sanctioned register indicates only the awards approved during the year. These awards have a validity period of 90 days and the payment are done by those officers. Those payments are accounted for by the monthly summary of a accounts by debiting the P. S. P. Fund a/c. There fore the cash book and the sanctioned register will not agree.

According to the sanctioned register the payment of Bonus is Rs. 15,239,785.05 and the payment of compulsory contributions is Rs. 23,084,429.40 while according to the cash book the bonus payment is Rs. 13,534,729 and the payment of compulsory contribution is Rs. 23,496,609.

2.4.3 *Amounts payable and receivable.*— These amounts indicates erroneous credits and debit by other Department and Ministries. These amounts will be cleared by correspondence with the institutions concerned.

2.4.4 *Unsettled erroneous credits and debits.*— Rs. 217,670.52 being erroneous credits and Rs. 1,024,153.69 being erroneous debits in the year 2000 have been cleared. The respective institutions have been informed to rectify the other erroneous credits and debits.

2.4.5 *Absence of proof for auditing.*— The relevant departments and Ministries have been informed to send the vouchers connected with the refunds. Officers have also been sent to the institutions to get the refund vouchers. Vouchers to the value of Rs. 723,000 have been obtained so far.

2.4.6 Non-compliance of rules, regulations and management directions :

- (a) Observations are corrects.
- (b) Observations are corrects.
- (c) The department and Ministries have been notified by circulars to send the abatement registers of a particular year before the 31st January of the subsequent year. Officers have also been sent to such depts and obtained the registers. However some institutions do not show any interest in this regard.

S. W. RAJAPAKSHA,
Chairman,
Board of Management,
Public Service Provident Fund.

05-498/3

Miscellaneous Departmental Notices

PEOPLE'S BANK—NITTAMBUWA BRANCH

Resolution under Section 29D of the People's Bank Act, No. 29 of 1961 as amended by the Act, No. 32 of 1986

IT is hereby notified that the following Resolution was unanimously passed by the Board of Directors of the People's Bank, under Section

29D of the People's Bank Act, No. 29 of 1961 as amended by the Act, No. 32 of 1986 at their meeting held on 29.11.2001.

Whereas Wijendra Acharige Priyantha Saman Kumara and Life Interest Holder Manodara Acharige Gunawathie have made default in payment due on the Bond No. 5184 dated 27.07.2000 attested by S. P. L. Wijesiriwardena, Notary Public of Gampaha in favour