

President's Fund - 2012

1. Financial Statements

1.1 Qualified Opinion

In my opinion, except for the effects of the matters described in paragraph 1.2 of this report, the financial statements give a true and fair view of the financial position of the President's Fund as at 31 December 2012 and its financial performance and cash flows for the year then ended in accordance with Generally Accepted Accounting Principles.

1.2 Comments on Financial Statements

1.2.1 Debtors Receivable

The following observations are made.

- (a) The further balance receivable out of the loan of Rs.250,000,000 granted to the National Housing Development Authority in the year 1991 amounted to Rs.195,000,000 and the interested receivable as at 31 December 2012 amounted to Rs.257,406,164. The Fund had not been able to recover the loan or the interest after the year 2008 up to the end of the year 2012. According to letter No.3/1/1/42 dated 28 February 2013 of the Secretary to the Ministry of Construction and Engineering Services a request has been made for taking steps for the write off of the loan as it is difficult to obtain provisions from the Treasury for the settlement of the loan.
- (b) Even though the balance of the Chennai Imprest Account of the President's Funds as at 31 December 2012 had been shown as Rs.3,000,000 that balance according to the confirmation of balance made by the Office of the Deputy High Commission in Chennai amounted to Rs.2,910,001. As such a difference of Rs.89,999 was observed.

2. **Financial Review**

2.1 **Financial Results**

According to the financial statements presented, the operations of the Fund for the year under review had resulted in a surplus of Rs.149,685,390 as compared with the corresponding surplus of Rs.124,012,145, for the preceding year. The improvement of Rs.25,673,245 in the financial results as compared with the preceding year had been mainly due to the increase in the interest and the receipts from the Development Lotteries Board and decrease in the expenditure on religious affairs and the special projects.

2.2 **Analytical Financial Review**

The sum of Rs.1.65 billion received from the Development Lotteries Board during the year under review represented 88.45 per cent of the total income. That, as compared with the sum of Rs.1.38 billion received in the preceding year indicated an increase of Rs.0.27 billion or 19.79 per cent. A sum of Rs.1.52 billion had been spent in the preceding year for the achievement of the expected objectives of the Fund while a sum of Rs.1.71 billion had been spent in the year under review.

The investments of the Fund in the preceding year amounted to Rs.1.09 billion and it had been possible to improve that by 10.09 per cent to Rs.1.20 billion in the year under review. Similarly, the cash balance at the end of the year under review as compared with the preceding year had increased by 319 per cent. The expenditure incurred by the Fund as compared with the preceding year indicated improvement of 486 per cent and 410 per cent in the expenditure incurred on Cultural affairs and educational affairs respectively while the improvement in the expenditure incurred on medical assistance had been at a level of 5 per cent.

3. **Operating Review**

3.1 **Performance**

The Fund had spent a sum of Rs.979.74 million in connection with the payment of medical assistance, and on cultural affairs, religious affairs, welfare activities, educational affairs, grant of local and foreign scholarships and special projects. Out of the total expenditure, a sum of Rs.857.64 million or 87.53 per cent had been spent on medical assistance while a sum of Rs.102.45 million or 10.45 per cent of the total expenditure had been spent on local and foreign scholarships. A sum of Rs.19.64 million or 2.02 per cent of the total expenditure only had been spent in the achievement of the other objectives.

Sum of Rs.569.40 million for 4,181 cardiac surgeries, Rs.79.61 million for 699 cancer treatments, Rs.67.19 million for 573 kidney transplants and Rs.141.58 million for 756 other treatments had been spent on medical assistance during year under review. As compared with the sum of Rs.815.81 million spent on 6,265 patients in the preceding year, despite of decrease of the number of patients by 56, the expenditure had increase by Rs.41.83 million.

A sums of Rs.98.97 million had been spent in the year under review for scholarships granted to 16,495 students studying in the General Certificate of Education (Advanced Level). A sum of Rs.3.23 million had been spent in the year under review for 02 foreign scholarships.

3.2 **Operating Inefficiencies**

The following observations are made.

The unclaimed bursaries remaining after the payements made during a specified period had not been recalled by the Fund. Details appear below.

File Number	Province	Date of payment of cash	Balance Rs.	Date of Return	Period (Months)
Pf/school/74527	Eastern	2012.07.20	78,000	2012.12.19	05
Pf/school/74522	North Western	2012.07.23	96,000	2012.11.20	04

Pf/school/71607	Eastern First year	2011.11.30	72,000	2012.03.22	04
Pf/school/71605	North Central First year	2011.11.30	222,000	2012.03.28	04
Pf/school/71599	Western First year	2011.11.30	24,000	2012.04.10	04
	Second year	2012.04.17	18,000	2012.10.19	05
Pf/school/71600	Southern First year	2011.11.30	96,000	2012.04.23	04
Pf/school/71603	North Western Second year	2012.03.12	42,000	2012.07.17	03
Pf/school/71604	Sabaragamuwa First year	2011.11.30	396,000	2012.02.29	03
	Second year	2012.03.12	24,000	2012.06.15	02
Pf/school/71602	Uva province Second year	2012.03.12	114,000	2012.07.05	04

4. Budgetary Control

A reconciliation of the budgeted income and expenditure of the Fund with the actual income and expenditure revealed variance ranging from 8 per cent to 100 per cent and as such the annual budget had not been made use of as an instrument of financial control.

5. Systems and Controls

Deficiencies in systems and controls observed during the course of audit were brought to the notice of the Secretary of the Fund from time to time. Special attention is needed in respect of the following areas of control.

- (a) Utilisation of Funds
- (b) Moneys Receivable
- (c) Budgetary Control

Statement of Income and Expenditure

According to the financial statements presented to audit, the income and expenditure of the Fund for the year ended 31 December 2012 as compared with the preceding year are given below.

For the year ended 31 December

	<u>2012</u>		<u>2011</u>	
	Rs.		Rs.	
<u>Income</u>				
Contribution Received	59,758,878		157,706,127	
Interest Income	155,469,134		112,754,911	
Receipts from Development				
Lotteries Board	1,648,471,001	1,863,699,013	1,376,035,051	1,646,496,089
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<u>Expenditure</u>				
Audit Fees	150,000		140,000	
Stationery	-		17,625	
Payment of Medical Aid	857,641,805		815,814,246	
Cultural Affairs	7,385,000		1,260,000	
Religious Activities	650,000		3,150,000	
Welfare Activities	611,750		968,500	
Educational Activities	10,200,000		2,000,000	
Expenditure on Scholarship Scheme	102,447,038		96,266,988	
50 per cent contribution to the Mahapola Higher Education Scholarship Trust Fund	734,128,030		600,866,585	
Special Projects	800,000	1,714,013,623	2,000,000	1,522,483,944
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Excess of Income over Expenditure		149,685,390		124,012,145
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Statement of Investment of Money of the Fund

According to the financial statements presented to audit, the particulars of the investments of the moneys of the Fund as at 31 December 2012 is shown in the following table.

Type of Investment	Balance as at 01 January 2012	Investments during the year 2012	Withdrawals during the year 2012	Balance as at 31 December 2012
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	Rs.	Rs.	Rs.	Rs.
Fixed Deposits in the National Savings Bank	730,888,100	89,716,900	20,000	820,585,000
Fixed Deposits in the People's Bank	-	15,000,000	-	15,000,000
Fixed Deposits in the Bank of Ceylon	-	45,000	-	45,000
Investments in the Development Lotteries Board	2,200,000	-	-	2,200,000
Treasury Administrative Loan	363,375,000	-	-	363,375,000
Total	----- 1,096,463,100 =====	----- 104,761,900 =====	----- 20,000 =====	----- 1,201,205,000 =====