

National Insurance Trust Fund – 2010

1. Financial Statements

1.1 Opinion

So far as appears from my examination and to the best of information and according to the explanations given to me, I am of opinion that the National Insurance Trust Fund had maintained proper accounting records for the year ended 31 December 2010 and except for the effects on the financial statements of the matters referred to in paragraph 1:2 of this report, the financial statements have been prepared in accordance with Sri Lanka Accounting Standards give a true and fair view of the state of affairs of the National Insurance Trust Fund as at 31 December 2010 and the financial results of its operation and cash flows for the year then ended.

1.2 Comments on Financial Statements

1.2.1 Sri Lanka Accounting Standards

The computers of the National Insurance Trust Fund should be depreciated in 05 years in terms of Sri Lanka Accounting Standards No.18. Nevertheless a policy of depreciating in 06 years had been adopted.

1.2.2 Accounting Deficiencies

The office equipment costing Rs.267,600 and Rs.451,590 received as Government grants in the years 2002 and 2004 respectively should have been recognized as Government grants in the respective years and sums of Rs.33,450 and Rs.75,265 should have been brought to account under income annually in 08 and 06 years respectively in accordance with Sri Lanka Accounting Standards No. 24. Instead of taking action accordingly, the cumulative amount of Rs.434,860 up to the year 2010 had been brought to account as income thus overstating the surplus for the year by a sum of Rs.326,145.

Officers for 03 months while a sum of Rs.25,000 had been paid to a Legal Officer recruited on contract basis for 01 month.

2.2.2 Uneconomic Transactions

Due to the shifting of the office of the Fund to another premises, the expenditure of Rs.14,102,286 incurred on repairs to the building of the Co-operative Wholesale Establishment procured on lease basis up to then had become an uneconomic expenditure.

3. Systems and Controls

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

- (a) Accounting Policies and Disclosure
- (b) Recruitment of Staff
- (c) Performance