

President's Fund - 2015

The audit of Financial Statements of the President's Fund for the year ended 31 December 2015 comprising the Statement of Financial Position as at 31 December 2015 and the statement of financial performance, statement of changes in equity and cash flow statement for the year then ended and a summary of significant accounting policies and other explanatory information, 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 13(1) of the Finance Act, No.38 of 1971 and Section 9(2) of the President's Fund Act, No.7 of 1978. My comments and observations which I consider should be published with the Annual Report of the Fund in terms of Section 14(2)(c) of the Finance Act appear in this Report .

1.2 Management's Responsibility for the Financial Statements

The management is responsible for the preparation and fair presentation of these financial statements in accordance with Sri Lanka Public Sector Accounting Standards and for such internal control as the management determines is necessary to enable the preparation of financial statements that are free from material misstatements whether due to fraud or error.

1.3 Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Sri Lanka Auditing Standards consistent with International Auditing Standards of Supreme Audit Institutions (ISSAI 1000-1810). Those Standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatements of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Fund's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

2. Financial Statements

2.1 Opinion

In my opinion, the financial statements give a true and fair view of the financial position of the President's Fund as at 31 December 2015 and its financial performance and cash flows for the year then ended in accordance with Sri Lanka Public Sector Accounting Standards.

3. Financial Review

3.1 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.159,124,409 as compared with the corresponding surplus of Rs.474,631,939 for the preceding year. As such, a deterioration in the surplus amounting to Rs.315,507,530 had been observed as compared with the preceding year. Decrease of receipts from the Development Lotteries Board by Rs.333,398,900, write off of the interests amounting to Rs.27,900,000 receivable from the National Housing Development Authority had mainly attributed to the above deterioration.

4. Operating Review

4.1 Performance

According to the President's Fund Act, No.7 of 1978, the objectives of the Fund had been stated as provisions of funds for the relief of poverty, for the advancement of education or knowledge, for the advancement of religion, for the making of awards to persons who have served the Nation, and for any other purposes beneficial or of interest to the public, and to provide for matters connected there with or incidental thereto.

The following matters were observed in the examination carried out on the achievement of the objectives stated above.

- (a) The Fund had spent a sum totalling Rs. 1,026,067,188 during the year under review for the payment of medical assistance, cultural affairs, religious affairs, welfare activities, educational activities, sports and arts activities, award of local and foreign scholarships and special projects. Of that total expenditure, a sum of Rs.900,556,661 had been spent for the medical assistance, and of that, a sum of Rs.6,117,406 for 05 public representatives and a sum of Rs.894,439,255 had been spent for 6045 of other parties. That amount had represented 87.7 per cent of the total expenditure. It had been spent 8.6 per cent of the total expenditure for foreign and local scholarships and 3.7 per cent for the achievement of the other objectives of the Fund.
- (b) A sum of Rs.667,499,877 for 4,584 heart operations, Rs.50,903,468 for 451 cancer treatments, Rs.66,177,256 for 336 kidney transplants and blood filtering and Rs.115,976,061 for 679 other treatments had been spent during the year under review as medical assistance. Number of patients and the expenditure incurred for the medical assistance during the year had increased by 158 and Rs.90,170,998

respectively as compared with the number of patients and the expenditure incurred during the previous year for 5,892 patients and Rs.810,385,663 respectively.

- (c) The expenditure incurred on educational activities and religious affairs had been decreased by 17.9 per cent and 75.7 per cent respectively as compared with the preceding year .

4.2 Identified Losses

The accumulated loan interest receivable as at 31 December 2015 for the loan balance of Rs.195,000,000 granted to the National Housing Development Authority amounted to Rs.343,806,164 and a sum of Rs.27,900,000 of that from the income statement in the year under review and a sum of Rs.315,906,164 from the retained profit had been written off as agreed at the meeting of the Board of Control held on 10 February 2016.

4.3 Personnel Administration

Thirty five officers including the Senior Assistant Secretary, Accountant had been attached to the service of the Fund from the officers who employed in the permanent cadre at the Presidential Secretariat as at 31 December 2015.

5. Accountability and Good Governance

5.1 Budgetary Control

In the comparison of the actual income and expenditure of the Fund during the year under review with the budgeted income and expenditure , variances ranging from 36per cent to 813 per cent were observed. As such, it was observed that the budget had not been made use of as an effective instrument of management control.

Statement of Financial Performance

According to the financial statements presented to audit, income and expenditure of the Fund for the year ended 31 December 2015 as compared with the preceding year are given below.

Description	For the year ended 31 December	
	2015	2014
	Rs.	Rs.
Income		
Receipts from Contributions	44,006,333	65,255,844
Interest Income	177,936,245	214,931,518
Receipts from Development Lotteries Board	1,727,063,739	2,060,462,639
	<u>1,949,006,317</u>	<u>2,340,650,001</u>
Expenditure		
Audit Fees	160,000	160,000
Payment of Medical Assistance	900,556,662	810,385,663
Cultural Affairs	2,750,000	1,225,000
Religious Affairs	3,650,000	15,050,000
Welfare Activities	8,557,477	8,715,000
Educational Activities	1,100,000	1,340,000
Expenditure on Scholarship Scheme	87,853,050	110,774,000
Special Projects	20,000,000	20,000,000
Sports and Arts Activities	1,600,000	600,000
Fifty per cent contributions to the Mahapola Higher Education Fund	735,754,719	897,768,399
Write off of interests receivable	27,900,000	-
	<u>1,789,881,908</u>	<u>1,866,018,062</u>
Excess of Income over Expenditure	<u><u>159,124,409</u></u>	<u><u>474,631,939</u></u>

Statement of Investment of money belonging to the Fund

 According to the Financial Statements presented to audit, particulars of investment of money belonging to the Fund as at 31 December 2015 are given in the following table.

Type of investment	Balance as at 01 January 2015	Investments in the year 2015	Withdrawals in the year 2015	Balance as at 31 December 2015
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	Rs.	Rs.	Rs.	Rs.
Fixed Deposits in the National Savings Bank	1,390,125,000	307,567,500	75,125,000	1,622,567,500
Fixed Deposits in the People's Bank	12,080,000	100,780,000	80,000	112,780,000
Fixed Deposits in the Bank of Ceylon	250,825,000	-	250,825,000	-
Investment in the Development Lotteries Board	2,200,000	-	-	2,200,000
Treasury Bonds	338,790,000	-	-	338,790,000
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	1,994,020,000	408,347,500	326,030,000	2,076,337,500
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