

# වාර්ෂික වාර්තාව ஆண்டறிக்கை Annual Report 2012



ශ්‍රම වාසනා අරමුදල

சிரமவாசனாநிதியம்

Shrama Vasana Fund



6 වන මහල, කම්කරු මහ ලේකම් කාර්යාලය, නාරාහේන්පිට, කොළඹ 05

6 ஆவதுதளம், தொழில் செயலகம், நாரஹென்பிட்டி, கொழும்பு 05.

6<sup>th</sup> Floor, Labour Secretariat, Narahenpita, Colombo-05.



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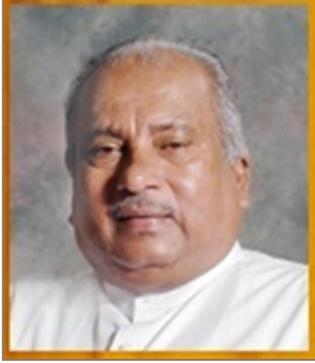
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## **Vision**

“A Satisfied labor force”

## **Mission**

“Creation of a good workplace through enhancing employees’ welfare and promotion assisting during disasters”



## **Message of Minister of Labour and Labour Relations**

I am very pleased to issue a well wishes message, as the Minister of Labour, to Annual Report publish by Shrama Vasana Fund.

An efficient and productive labor force is highly assistive for the development of a country. Shrama Vasana Fund Board performs island wide programs with the purpose of creating efficient, productive and healthy labor force and, dedicate for it.

I express my thank to Secretary to Ministry of Labour, Staff of Department of Labour and Staff of Shrama Vasana Fund Board who are working for welfare of thousands of working population and, I take this opportunity to well wish Shrama Vasana Fund that it will be enable to render most valuable services to working population of country when Sri Lanka transforms into Miracle of Asia.

**Gamini Lokuge.**

**Minister of Labour and Labour Relations and**

**Colombo District's M.P.**



## **Message of Deputy Minister of Labour and Labour Relations**

It is pleasure for me to issue a well wishes message for the Annual Report publishes by Shrama Vasana Fund.

I appreciate the services rendered for the goodness of Sri Lankan workforce within statutory framework of which established for Shrama Vasana Fund. Laborers are very important contributors who bring fortune to country, employers and of themselves. It is a restriction of their services for a benefit, of considering the basic benefit of their labor as the wages.

The ample product of labor contributions permeates into entire society widely. It is my faith. We should not count the social values only financially created therein. That noble work should be appreciated with bona-fide as it was.

So, the facilities and services awarded for them for their benefits and as an appreciation of unlimited values through this Fund are very valuable specimen for which depict the gratitude truly. I express my well wishes to staff for whom dedicate their services contribution for success of those activities and, wish that they will enable to render as number of services broadly.

**Sarath P. Weerasekera**

**Deputy Minister of Labour and Labour Relations.**



## **Message of Chairman of Shrama Vasana Fund/Secretary to Ministry of labour and Labour Relations**

It is great pleasure for me to issue a message to Annual Report, submitted by Shrama Vasana Fund, which is coming under purview of Ministry of Labour and Labour Relations.

The mission conveyed for the welfare of thousands of working population in country by Shrama Vasana Fund, is tremendous. It is significant the contribution received for strengthening of health, economy and mental power of working population by organizing empowerment programs, medical clinics, eye clinics, and awareness programs for them Island wide.

The services render for not only creation of a healthy workforce move through specific objectives of Shrama Vasana Fund, but to empower and conserve their family members also, is commendable.

I make this an opportunity to express my gratitude to Hon. Gamini Lokuge, Minister of Labour and Labour Relations and Hon. Sarath P. Weerasekera, Deputy Minister of Labour and Labour Relations who are working with us by providing necessary leadership to success these objectives.

As well as, I express my thanks to all the heads and staff of Ministry of Labour and Labour Relations, and other institutions including Department of Labour who provide assistance to success these activities.

Further, I express my gratitude to all the staff of Shrama Vasana Fund including General Manager who renders incomparable services for its development.

W.J.L.U.Wijayaweera

Secretary / Chairman, Shrama Vasana Fund.



## **Message of Director of Shrama Vasana Fund (Commissioner General of Labour)**

It is fortunate for me to issue a well wishes message to Annual Report of Shrama Vasana Fund. Shrama Vasana Fund Act No.12 of 1998 was legislated with the main purpose of provision of welfare for the employees in the private sector. Accordingly, when the organizations of employees are closed down without prior notice, provide financial and other assistance to the employees of such organizations. In case of an emergency, provide medical and other assistance for employees, during a disaster provide financial and other benefits to employees and their dependants are the valuable services render by this fund. Likewise, this Act has provision to award scholarships, grant donations and assistance and to felicitate of employees who have rendered special services for the welfare of employees.

It is essential to strengthen of Shrama Vasana Fund for success of said objectives. The contribution provided by the staff of Shrama Vasana Fund through launching of various programs island wide for that matter should be appreciated. The efforts carry out for the promotion of employee's welfare, by conducting of medical clinics, employees' awareness programs through obtaining of necessary coordination of Deputy Labour Commissioner Offices, District and Sub Labour Offices of Department of Labour which located island wide to success said activities should be commendable.

In additions, I am of the opinion that Shrama Vasana Fund may promote community welfare activities through increasing of incomes receive through Shrama Vasana Lottery. By minimizing of worthless expenses such as smoking, drug usage, chewing of beetle and beetle nut, investment of said moneys to similar productive purpose such as Shrama Vasana Lottery will strengthen the fund by promoting selling of Shrama Vasana Lottery and it improves further the possibility of undertaken community welfare activities. It presumably causes to commendation of employees who are engage in employment. I wish all the best and success to Shrama Vasana Fund.

**Mrs. Pearl Weerasingha**

**Director- Shrama Vasana Fund,**

**Commissioner General of Labour.**



## **Message of General Manager of Shrama Vasana Fund Board**

It is great pleasure for me to issue a message for Annual Report of Shrama Vasana Fund-2012 initiated for the promotion of welfare of thousands of working people in the Sri Lanka. The ambition of Shrama Vasana Fund, which was established as per a concept of present His Excellency the President Mahinda Rajapaksa of Sri Lanka and then Minister of Labour, is the creation of a satisfied labor force by strengthening their economic status and promotion of welfare of thousands of working population. The “Jathika Sampatha” lottery hold joint with National Lottery Board feeds moneys for development functions of this fund. Employees have been provided reliefs through number of main objectives such as promotion of employees’ welfare, when the organizations of employees are closed down without prior notice, providing of financial and other assistance to the employees of such organizations.

Shrama Vasana Fund has formulated a five years corporate plan with the view of empowering and preservation of not only entire working population but their families also at present. Likewise, a web site has been created with the purport of providing most productive services to clients who scattered over island wide and for utilizing bill boards and technological methods for dissemination of information into public as for this fund optimally by decentralizing activities of the fund. In addition, arrangements have been made to assist strengthen economy by improving of labor productivity of Sri Lankan working people performing number of massive programs, such as conduct of medical and eye clinics, improving health of working people and make employees aware in respect of labour laws and regulations, as per covering many of areas of districts.

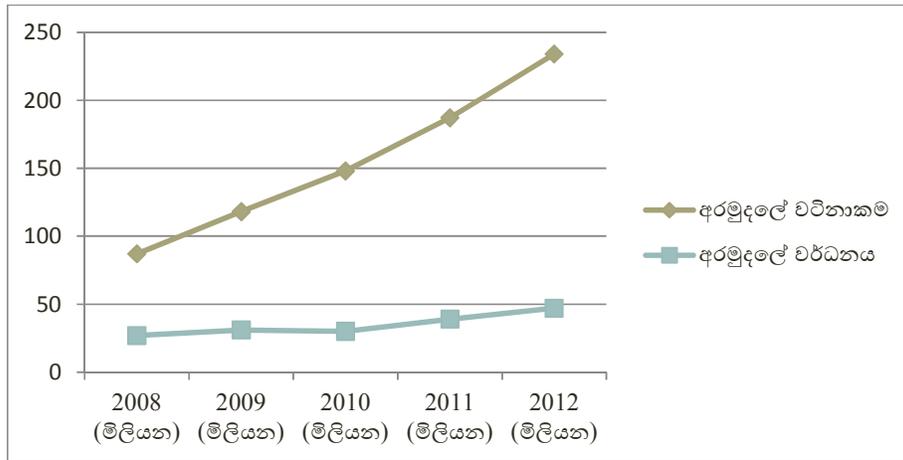
I express my heartiest thanks all the officials including present His Excellency the President of Democratic Socialist Republic of Sri Lanka, Mahinda Rajapaksa, who is co-founder of Shrama Vasana Fund and being a sensitive person who identifies the grievances of working class and Hon. Gamini Lokuge, Minister of Labour and Labour Relations who provides guidance for all implemented programs and all the staff of Ministry of Labour including Mr. W.J.L.U. Wijayaweera, Secretary to Ministry of Labour and Chairman of Shrama Vasana Fund, and staff of Department of Labour and Shrama Vasana Fund.

**D.R.Jayalath, General Manager, Shrama Vasana Fund**

Figure 01

**Improvement of Shrama Vasana Fund**

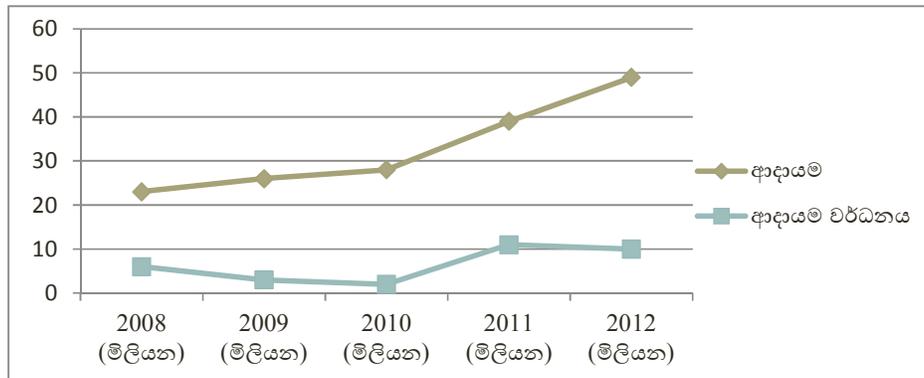
	2008 (Millions)	2009 (Millions)	2010 (Millions)	2011 (Millions)	2012 (Millions)
<b>Total value of fund</b>	87	118	148	187	234
<b>Improvement of fund</b>	27	31	30	39	47



**Lottery Income**

Figure02

	2008 (Millions)	2009 (Millions)	2010 (Millions)	2011 (Millions)	2012 (Millions)
<b>Income</b>	23	26	28	39	49
<b>Improvement of income</b>	6	3	2	11	10



## **Shrama Vasana Fund**

Shrama Vasana Fund is an establishment, which was established under Shrama Vasana Fund Act No. 12 of 1998 which is coming under purview of Ministry of Labour, was initiated toward welfare of working people. Actions have been taken through 06 objectives of Shrama Vasana Act from very beginning to present after conducting various welfare programs for progress of employees in Sri Lanka. The contribution provided by National Lottery Board as the main income source to Shrama Vasana Fund is being gradually increased with selling of Jathika Sampatha Lottery and improvement of contribution assists to improve services due perform toward welfare of Labour.

### **Objectives of Shrama Vasana Fund**

- a) Promotion of the welfare of the employees.
- b) When organizations that people employed are closed down, provide financial and other assistance to the employees of such organizations.
- c) In case of an emergency, provide medical and other assistance for employees.
- d) When disciplinary inquiries are commenced against employees, provide them with temporary assistance.
- e) During a disaster, provide financial and other benefits to employees and their dependants.
- f) Felicitation for those who rendered excellence services for welfare of employees.

### **Receives for Shrama Vasana Fund.**

- a) Total amount of moneys may be approved, occasionally, to fulfil objectives of fund by Parliament.
- b) Total amount of moneys received as grants, donations and gifts from local and foreign sources.
- c) The moneys received as income through the investments done by fund.
- d) Total amount of moneys received at accomplish functions and enactment of power vested on under this act including the moneys received by lotteries mentioned on Section 13.

Shrama Vasana Fund has been established as per covering employees of private sector and self-employees are not covered under this Act. Shrama Vasana Fund implements various programs within limitations under its finance capacity. It was broadening the services further beyond those limitations with improvement of finance capacity in year 2012.

### **Review of programs of Shrama Vasana Fund.**

The internal conflict in Sri Lanka was existence more than three decade and economy of Sri Lanka was rapidly developed due to most safety atmosphere and political stability with ending of conflicts in year 2009.

Consequently, a large number of employment opportunities were generated in Sri Lanka after investment of huge amount of foreign investments within Sri Lanka. It assists to increase labor force in Sri Lanka and it is around 8.5 million at present.

The programs which implement through various objectives by Shrama Vasana Fund asset to enhance employee welfare through 6 objectives of Shrama Vasana Fund and they were implemented through various objectives.

(A) Promotion of welfare of employees :

1. The programs conducted for promotion of welfare of employees concurrently celebration of International Women Day. (Expenditure : Rs. 302,000)
2. Conducting of employees awareness programs.



The awareness program conducted at Biyagama for employees.

Providing of medical and other facilities to employees in case of an emergency:



Conduct of medical clinic /eye clinic for employees  
for enhancement of health of employees at  
Anuradhapura District.

(B)When disciplinary inquiries are commenced against employees, provide them with temporary assistance.

Providing of assistance for 18 applicants who deserved under legal assistance program. (Expenditure : Rs. 76,250)

(C)During a disaster, provide financial and other benefits to employees and their dependants.

Provision of scholarships for children of employees who died from fatal accidents.



The “program of distribution of school equipment sets for children of employees who were totally disabled and faced to accidents while engage in employment” at Anuradhapura.

- Launching of a new web site with the view to publicize the Shrama Vasana Fund and its objectives among public.



Open and launch of new web site.

Conduct of marketing promotion programs with the view to publicize the Shrama

- Vasana Fund and its objectives among public.



Conduct of marketing promotion programs

- The bilateral agreement made between VTA (Vocational Training Authority) and Shrama Vasana Fund with the view to accomplish objectives of Shrama Vasana Fund.



The bilateral agreement made between VTA Institute and Shrama Vasana Fund.

- The event of awarding winnings of Jathika Sampatha lottery to winner, hold with the sponsorship of Sharama Vasana Fund.



The event of awarding winnings of Jathika Sampatha lottery to winner, hold with the sponsorship of Sharama Vasana Fund.

- The event of acknowledgement of approved Annual Report by Parliament to Hon. Minister.



Acknowledgement of Annual Report to Hon. Minister.

## **Administrative Structure.**

Shrama Vasana fund which was established under Shrama Vasana Fund Act No.12 of 1998, is coming under purview of Ministry of Labour and Labour Relations and its chairmanship is possessed to Secretary to Ministry of Labour and labour Relations.

The total responsibility in respect of administration of fund according to Shrama Vasana Act has been vested on Board of Directors of Shrama Vasana Fund and its management and other relevant all the activities has been vested on said Board of Directors.

### **Board of Directors of Shrama Vasana Fund as following.**

<b>Name</b>	<b>Designation</b>
Mr. W.J.L.U.Wijayaweera	Chairman
Mrs. Perl Weerasingha	Member
Mr.Ranjith Hettiarachchi	Member
Mr. U. Lalith Chandrasiri	Member
Mr. P.K.M.Jayathissa	Member
Mrs. S.W.C.Jayamini	Member
Mr. D.R.Jayalath	General Manager- Shrama Vasana Fund
Miss. E.W.A.P.Punyasiri	Accountant – Ministry of Labour
Mr. W.R.M.Nalin Asanka	Brand Manager – National Lottery Board

Shrama Vasana Fund has been established for welfare of non-pensioner employees of private and semi-government sector and five years corporate plan is being implemented to promote welfare to majority of employees at present.



# SHRAMA VASANA FUND.

# 2012



## FINAL ACCOUNTS.

Ministry of Labour & Labour Relations.



**Shrama Vasana Fund Board**  
As At 31<sup>st</sup> December 2012  
Balance Sheet

	Rs.	
	2011	2012
<b>Assets</b>		
<b>Non-Current Assets</b>		
Plant, Machinery & Equipment		598,482.17
Fixed Deposit Investment		61,500,000.00
<b>Current Assets</b>		
Stock	507,723.17	
Other Receivables	67,500,000.00	
Bank Balance	78,908.25	
<b>Total Assets</b>	119,234,191.00	170,561,863.33
<b>Equities and Liabilities</b>		
Cumulative Fund	269,152.85	2,868,073.71
<b>Current Assets</b>	119,582,252.10	173,429,937.04
<b>Other Payables</b>	<u>187,609,975.27</u>	<u>235,528,419.21</u>
<b>Equities and Liabilities</b>	187,394,975.27	234,601,914.65
	215,000.00	976,504.56
	<u>187,609,975.27</u>	<u>235,528,419.21</u>

**W.J.L.U. Wijayaweera**  
Chairman  
ShramaVasana Fund

**P. Weerasingha**  
Director  
ShramaVasana Fund

**D.R.Jayalath**  
General Manager  
ShramaVasana Fund

**E.W.A.P. Punyasiri**  
Accountant  
ShramaVasana Fund

*Shrama Vasana Fund Board  
For the Year Ended 31<sup>st</sup> December 2012  
Income and Expenditure Account*

		2011	Rs. 2012
Income	Note 6	46,646,919.78	55,233,284.17
Less:- Expenditure			
Administrative Expenditure	Note 7	3,325,884.26	3,431,371.97
Depreciation	Note 8	114,362.87	134,397.00
Expenditure to achieve targets of the fund	Note 9	2,988,505.72	4,466,175.82
<b>Total Expenditure of the Fund</b>		<b>6,428,752.85</b>	<b>8,031,944.79</b>
<b>Accumulative Fund(Surplus for year 2012)</b>		<b>40,218,166.93</b>	<b>47,201,339.38</b>

**Shrama Vasana Fund Board**  
**For the Year Ended 31<sup>st</sup> December 2012**  
**Cash flow Statement**

	Rs.
Surplus for year 2012	47,206,939.38
<b>Adjustment</b>	
Depreciation	134,397.00
Investment Interest	(5,428,381.92)
Distress Loan Interest	(7,157.25)
Surplus before changes in working capital	
Deduction of Stock	78,908.25
Increment of other receivables	(49,811,460.00)
Increment of other payables	711,504.56
Operating Cash Flow	(49,021,047.19)
Investment Activities	
Purchasing of Fixed Assets	(205,106.00)
Investment Interest	3,912,169.59
Distress Loan Interest	7,157.25
Investment	6,000,000.00
Investment Cash Flow	9,714,170.84
Cashflow for the year 2012	2,598,920.86
Cash and cash equivalents at 01.01.2012	269,152.85
Cash and cash equivalents at 31.12.2012	2,868,073.71

## Foot Notes

## Note 1

## Plant Machinery and Equipment

	Cost	Additions	Depreciation	Cum. Depreciation	Net Value
Machinery and Equipment	240,480.00	-	24,048.00	52,912.00	187,568.00
Air Conditioners	97,185.00	-	3,380.00	87,044.00	10,141.00
Computers	429,776.00	26,558.00	73,146.00	303,401.50	152,932.50
Photocopy Machine	96,187.50	-	-	96,186.50	1.00
Furniture and Fittings	29,855.00	159,398.00	14,194.00	39,663.39	149,589.61
Office Equipment	242,523.14	19,200.00	19,629.00	163,473.08	98,250.06
	<u>1,136,006.64</u>	<u>205,156.00</u>	<u>134,397.00</u>	<u>742,680.47</u>	<u>598,482.17</u>

## Note 2

## Other Receivables

T.O.D.	165,917,931.00
Festival Advance	6,000.00
Distress Loan	164,220.00
Interest on fixed deposits investment	4,473,712.33
	<u>170,561,863.33</u>

## Note 3

Cumulative Fund at 01 <sup>st</sup> Jan 2012	187,400,575.27
Surplus for year 2012	47,201,359.40
Cumulative Fund at 31 <sup>st</sup> Dec 2012	<u>234,601,914.67</u>

**Note 4**

<b>Other Payables</b>	
Provision for Audit Fee	75,000.00
Provision for leagle Aids	97,500.00
Overtime	3,145.33
Telephone Payable	4,499.30
Provide of employee welfare	619,921.70
Advertising Payable	112,500.00
Electricity and Water payable	13,938.23
	<u>926,504.56</u>

**Note 6**

**Fixed Assets has been depreciated on following rates.**

Machinery and Equipment	10%
Air Conditioners	20%
Computers	25%
Photocopy Machines	20%
Executive Furniture	7.5%
Office Equipment	7.5%

**Depreciable value of final assets have been depreciated up to scrap value Rs.1**

**Note 7**

<b>Income</b>	
Shrama Vasana Lottery Income	49,797,745.00
Fixed Deposit Investment Income	5,428,381.92
Distress Loan Interest Income	7,157.25
	<u>55,233,284.17</u>

<b>Note 8</b>	
<b>Administrative Expenditure</b>	
Salary & wages	946,209.41
E.P.F.	113,773.57
E.T.F.	28,443.39
Overtime	42,383.26
Cost of Living Allowance	395,466.45
Other Allowance	60,000.00
Director board Allowance	48,000.00
Bonus	50,000.00
Travelling Allowance	8,164.00
Stationery	264,985.00
Fuel	254,195.00
Transport Charges	388,965.20
Postal Expenses	16,010.00
Telephone Expenses	72,450.98
Welfare	17,055.50
Entertainment Expenses	23,341.00
Mesellous Expenses	7,810.10
Audit Expenses	25,000.00
Audit Committee meetings allowance	18,000.00
Staff training cost	323,600.00
Electricity & Water	326,399.11
Bank Charges	1,120.00
	<u>3,431,371.97</u>

<b>Note 9</b>	
<b>Depreciation</b>	
Depreciation on computers	73,146.00
Depreciation on Air conditioners	3,380.00
Depreciation on Photocopy Machine	-
Depreciation on Furniture and Fittings	14,194.00
Depreciation on Office Equipment	19,629.00
Depreciation on Machinery	24,048.00
	<u>134,397.00</u>

<b>Note 10</b>	
<b>Expenditure to achieve targets of the fund</b>	
To Provide the welfare of employees	3,111,118.93
To provide temporary assistance to employees When inquiries are instituted against them	8,750.00
Advertising Expenditure	1,346,306.89
	<u>4,466,175.82</u>

<b>Note 11</b>	
Surplus for year 2012	47,201,339.38
(+)/Adjustment to cumulative fund	5,600.00
Surplus for year 2012 (Cash Flow)	<u>47,206,939.38</u>



**විගණකාධිපති දෙපාර්තමේන්තුව**  
**கணக்காய்வாளர் தலைமை அறிபுந் திணைக்களம்**  
**AUDITOR GENERAL'S DEPARTMENT**



මගේ අංකය }  
எனது இல } LS/C/SVF/FA/2012  
My No }

ඔබේ අංකය }  
உமது இல }  
Your No. }

දිනය }  
திகதி } 29 October 2013  
Date }

The Chairman  
Shrama Vasana Fund

Report of the Auditor General on the Financial Statements of Shrama Vasana Fund for the year ended 31 December 2012

The audit of financial statements of the Shrama Vasana Fund for the year ended 31 December 2012 comprising the balance sheet as at 31 December 2012 and the income and expenditure statement 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(3) of the Constitution of the Democratic Socialist Republic of Sri Lanka read in conjunction with Section 12(4) of the Shrama Vasana Fund Act, No. 12 of 1998. My comments and observations on the above financial statements appear in this report.

1.2 Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Generally Accepted Accounting Principles 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 Auditors 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. 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.

අංක 306/72 පොල්දූව පාර,  
பந்தூர்முல்லை, இலங்கை  
දුරකථනය }  
தொலைபேசி } 2887028 -34  
Telephone. }

இல. 306/72, பொல்துவ வீதி,  
பந்தூர்முல்லை இலங்கை  
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ඉලෙක්ට්‍රොනික් තැපෑල }  
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E-mail. }



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 judgment, 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 the financial statements. Sub-sections (3) and (4) of Section 13 of the Finance Act, No. 38 of 1971 give discretionary powers to the Auditor General to determine the scope and extent of the audit.

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

#### Financial Statements

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##### 1 Opinion

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In my opinion, the financial statements give a true and fair view of the financial position of the Shrama Vasana 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.

##### 2 Comments on Financial Statements

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##### 2:1 Best Accounting Practices

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Air conditioners, computers and photocopying machines costing Rs.340,222 had been depreciated up to the final value of Rs.1 by the end of the year under review. Action had not been taken to identify their new useful life and adjust the depreciation by revaluing those assets.

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

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The following non-compliances were observed.

Reference to Laws, Rules and Regulations, etc.	Non-compliance
<b>(a) Shramha Vasana Fund Act, No. 12 of 1998</b>	
i. Sections 6(a) to (f)	Contrary to the objectives appearing in the Act, a sum of Rs.781,332 had been spent on publicity expenses.
(ii) Sections 7(2)(1)(a) and 13(2)	Even though a lottery Shramha Vasana can be printed in terms of the Act, contrary to that a lottery on "Jathika Sampatha" had been printed.
(iii) Section 10(d)	Even though the income from the lotteries drawn should be received by the Fund, such income after 28 February 2008 had not been obtained from the Department of Treasury Operations.
<b>(b) Financial Regulations of the Democratic Socialist Republic of Sri Lanka.</b>	
(i) Financial Regulation 139(4)	Proper acknowledgements had not been obtained for a sum of Rs.1,346,307 spent from the Fund as publicity expenses.
(ii) Financial Regulation 139(8)	Advances amounting to Rs.381,000 granted in the year under review had not been recorded in the Register of Advances.

- (iii) Financial Regulation The settlement of advances amounting to  
371(2)(d) Rs.121,000 granted in the year under  
review had been delayed for more than one  
month after the completion of the purposes.

3. Financial Review

3:1 Financial Results

According to the financial statements presented, the financial results of the Fund for the year under review amounted to a surplus of Rs.47,201,339 as compared with the corresponding surplus of Rs.40,218,167 for the preceding year, thus indicating an increase of Rs.6,983,172 in the financial results. The increase of the income for the year under review as compared with the preceding year by Rs.8.5 million, despite the increase of expenditure by Rs.1.6 million had been the main reason for the increase.

4. Operating Review

4:1 Performance

4:1:1 Financial and Physical Performance

The following observations were made at an examination of the Action Plan and the Progress Reports of the Shrama Vasana Fund for the year under review.

(a) Progress of the Achievement of Financial and Physical Targets

The following observations are made.

<u>Programme/ Component</u>	<u>Estimated Target as at 31 December 2012</u>		<u>Achievement (Performance)</u>		<u>Progress of Achievement</u>	
	<u>Financial Rs.Millions</u>	<u>Physical Programmes</u>	<u>Financial Rs.Millions</u>	<u>Physical Programmes</u>	<u>Financial Rs.Millions</u>	<u>Physical Programmes</u>
(i) Technical Education Programmes	0.6	20	--	--	--	--
(These programmes had not been implemented)						
(ii) Providing medical and other facilities to employees in times of distress.	1.0	For 20 patients	--	--	--	--
(These programmes had not been implemented)						
(iii) Legal Aid Programmes	1.0	Providing legal aid for 100 persons	0.07	Providing legal aid for 18 persons	7 per cent	18 per cent

## (b) Non-execution of Activities spelt out in the Shrama Vasana Act

The Fund had not executed the activities spelt out in the following Sections in the Shrama Vasana Fund Act.

Section	Particulars of Non-execution
(i) Section 6(b)	Providing financial and other aid to employees of institutions closed down without prior notice.
(ii) Section 6(c)	Providing medical and other aid to the employees in times of distress.
(iii) Section 6(d)	Supply of financial and other benefits to the employees on their dependents in times of distress.
(iv) Section 10(1)	Reaching agreement with the National Lotteries Board with regard to the number and categories of lotteries to be played in each year.
(v) Section 13(2)	Reaching agreement with the National Lotteries Board with regard to the prizes awarded by the lottery and the action to be taken on the unclaimed prizes.
(vi) Section 13(3)	Reaching agreement with the National Lotteries Board with regard to the expenditure incurred by the Lottery including the value of the prizes awarded.

## 4.2 Transactions of Contentious Nature

The following observations are made.

- (a) The Fund had given a sum of Rs.1,102,000 contrary to the objectives of the Act, to other institutions for various purposes.

- (b) According to the Action Plan an estimate of Rs.1.5 million had been made for three medical clinics for the year 2012 and according to the approval of the Board of Directors, that amounted to Rs.782,000. The actual expenditure thereon in the year under review amounted to Rs.602,293. The covering approval for the purchase of food and beverages for the clinic held on 03 March 2013 had been obtained only on 19 April 2012. In this connection, prices much higher than the current market prices for food and beverages had been paid. The attendance for the clinic held at Piliyandala had been certified as 28 and food had been supplied to a number exceeding 50.

## 5. Accountability and Good Governance

### 5:1 Corporate Plan

A Corporate Plan for a period not less than 03 years for the achievement of the Vision and Mission of the institution had not been prepared in terms of Section 5 of the Public Enterprises Circular No. PED/12 of 02 June 2003.

### 5:2 Action Plan

An Annual Action had not been prepared for the achievement of the objectives included in the Corporate Plan.

### 5:3 Internal Audit

The Ministry of Labour and Labour Relations had not appointed an Internal Auditor for the Fund in the year under review to conduct an internal audit.

6. **Systems and Controls**

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

- (a) Accounting
- (b) Budgetary Control
- (c) Payment of Advances
- (d) Fixed Assets Control

W.P.C. Wickramaratne  
Acting Auditor General

-/dk.