

President's Fund - 2024

Financial Statements

1.1 Opinion

The audit of the financial statements of the President's Fund for the year ended 31 December 2024 comprising the statement of financial position as at 31 December 2024 and the statement of financial performance, statement of changes in net assets and cash flow statement for the year then ended and notes to financial statements including a summary of significant accounting policies, 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 provisions of the National Audit Act, No. 19 of 2018 and Finance Act No 38 of 1971. My comments and observations which I consider should be presented in Parliament appear in this report.

In my opinion, the financial statements give a true and fair view of the financial position of the Fund as at 31 December 2024, and its financial performance and cash flows for the year then ended in accordance with Sri Lanka Public Sector Accounting Standards.

1.2 Basis for Opinion

I conducted my audit in accordance with Sri Lanka Auditing Standards (SLAuS). My responsibilities, under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

1.3 Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with Sri Lanka Public Sector Accounting Standards, and for such internal control as management determines, is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intend to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

As per Sub-section 16 (1) of the National Audit Act, No. 19 of 2018, the Fund is required to maintain proper books and records of all its income, expenditure, assets and liabilities, to enable annual and periodic financial statements to be prepared of the Fund.

1.4 Auditor's Responsibility for the Audit of the Financial Statements

My objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Sri Lanka Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Sri Lanka Auditing Standards, I exercise professional judgment and maintain professional scepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of the management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

The scope of the audit also extended to examine as far as possible, and as far as necessary the following.

- Whether the organization, systems, procedures, books, records and other documents have been properly and adequately designed from the point of view of the presentation of information to

enable a continuous evaluation of the activities of the Fund, and whether such systems, procedures, books, records and other documents are in effective operation;

- Whether the Fund has complied with applicable written law, or other general or special directions issued by the governing body of the Fund;
- Whether the Fund has performed according to its powers, functions and duties; and
- Whether the resources of the Fund had been procured and utilized economically, efficiently and effectively within the time frames and in compliance with the applicable laws.

1.5 Non-compliance with Laws, Rules, Regulations and Management Decisions, etc.

Reference to Laws, Rules, and Regulations, etc.	Non compliance	Comments of the Management	Recommendation
(a) The President's Fund Act, No. 07 of 1978			
(i) Section 07	Although any moneys belonging to the Fund may be invested by the Board in such a manner as the Board may determine, subject to such directions as may be given by the President, the approval of the Board of Governors had not been obtained during the year under review for the investment of Rs. 9,447 million in fixed and term deposits from 31 July to 31 December 2024	Only one meeting of the Board of Governors (on 15 August) had been held in the year 2024. Accordingly, the approval of the Board of Governors for the investment of Rs. 9,447 million invested as fixed and term deposits from 31 July 2024 to 31 December 2024 has been received at the meeting of the Board of Governors held on 28.01.2025.	Taking action in accordance with the provisions of the Act and to prepare and approve a policy regarding investments.

2. Financial Review

2.1 Financial Results

The operating result of the year under review was a surplus of Rs. 273,771,650 and the corresponding surplus for the previous year was Rs. 3,087,478,241. Accordingly, a decrease of Rs. 2,813,706,591 was observed in the financial result. This was mainly due to the increase in the expenditure by Rs. 2,587,395,000 in the year under review, compared to the previous year, for providing scholarships to school students for the advancement of education or knowledge in terms of Section 6(b) of the President's Fund Act.

3. Operational Review

The functions of the Board are to apply the moneys belonging to the Fund in such manner as the Board may determine, subject to the directions of the President for the relief of poverty, or for the advancement of education or knowledge, or for the advancement of religion or the maintenance of religious rites and practices, or for the making of rewards to persons who have served the nation, or for any other purpose, which is in the opinion of the President and the Board, of benefit or interest to the public in accordance with Section 6 of the President's Fund Act, No. 7 of 1978. The following matters were observed in the discharge of those functions during the year under review.

3.1 Operational inefficiencies

Audit Observation					Comment of the Management	Recommendation
Four activities of the annual action plan were carried out to the level less than the expected activity level, i.e., 10 percent to 95 percent of the estimated allocation had been under-utilized. Details are given below.					Payments have been made only for those applications that are eligible for paying medical assistance, from among the applications received, and payments have been made based on the instructions received after submitting requests made by the general public to the Secretary of the President's Fund.	Proper implementation of the plans related to the payment of estimated assistance amounts.
Particulars	Estimated Provision Rs. Million	Saving Rs. Million	Percentage %			
Payment of medical assistance	1200	575	48			
Eliminating poverty and improving livelihoods	30	3	10			
Contributing to promote religion	20	19	95			
Performing functions for the welfare of the public in accordance with the opinion of the President and the Board of Governors	50	32	64			

3.2 Transactions of Contentious Nature

Audit Observation	Comment of the Management	Recommendation
(a) According to audit test checks, a total of Rs. 131,371,110 had been provided as medical assistance to 56 members of Parliament and Provincial Councils during the period of 2005 to 2024 without fully considering the formal application in relation to receiving financial assistance that is considered in providing medical assistance by the President's Fund, limit of the monthly income, report of the Divisional Secretary, their financial assets, maximum limit of the medical assistance limits, etc.	I would like to kindly inform you that the Criminal Investigation Department is conducting an investigation in this regard and further action will be taken based on the results.	Action should be taken in compliance with the existing laws, rules and regulations.
(b) Although provision had not been made for providing monetary loans under the President's Fund Act, medical assistance amounting to Rs.10,908,798 had been provided to a Member of Parliament from the President's Fund on a repayment basis according to the letter of the Secretary to the President bearing No. PF/M/78/06 dated 02 February 2015. However, that amount had not been recovered even by June 2025.	I would like to kindly inform you that the Criminal Investigation Department is conducting an investigation in this regard and further action will be taken based on the results.	-Do-
(c) Although provision had not been made for providing monetary loans under the President's Fund Act, a sum of Rs. 29,809,143 had been provided by the Fund to a former Prime Minister for taking medical facilities in the years of 2012 and 2014, and according to information received by the audit, Rs.13,748,217, out of that amount, had been provided on a recoverable basis. However, the relevant funds had not been recovered even up to June 2025.	I would like to kindly inform you that the Criminal Investigation Department is conducting an investigation in this regard and further action will be taken based on the results.	-Do-
(d) The Fund had invested a sum of Rs. 3,453,000 in 03 state banks and had provided its benefits on a monthly basis to 11 persons, who had been identified as suffering from chronic illnesses, during the period of 1988 to 2019. Action had not been taken by the Fund even up to the year under review	The life certificates of sick persons who are eligible to receive monthly benefits from the President's Fund have been obtained annually	The quantitiveness of the relevant benefits should be assessed.

to evaluate whether the benefits received by the relevant patients through the investment were adequate for their medical conditions and to make the necessary revisions accordingly.

4. Accountability and Good Governance

4.1 Presentation of Financial Statements

Audit Observation	Comment of the Management	Recommendation
(a) Although the Board has the power to appoint officers and servants for the administration and management of the Fund, the Board is empowered to use the income of the Fund to pay the determined remuneration for the appointed personnel and any other expenses incurred in the Fund's administration in accordance with Sections 8(a) and (c) of the President's Fund Act, a sum of Rs. 51,128,078 had been incurred by the Presidential Secretariat in relation to the salaries and other operating expenses of the staff employed in the Fund.	It has been authorized to pay the remuneration payable to the officers and employees of the Fund and the expenses incurred for the administrative activities of the Fund from the income of the Fund. The main objective of the President's Fund is to provide benefits to the people. Providing relief to the people is limited by paying the salaries for the staff of the President's Fund and other operational expenses from the President's Fund. Therefore, the administrative expenses of the President's Fund have also been paid from the Object of the Presidential Secretariat. It is hereby informed that provision is not made from the annual budget for the operational and administrative expenses of the President's Fund.	Activities must be carried out in accordance with the President's Fund Act.
(b) Although the Board may make such rules as it may consider necessary in relation to any matter affecting or connected with, or incidental to, the exercise, discharge and performance of its powers as per Section 11 of the President's Fund Act, the Board had not formulated the necessary regulations even by the end of the year under review. As a result, it was observed that the activities of the Board, including the delegation of powers, were being carried out without a formal set of approved regulations.	Currently, a delegation of powers and a financial code are being prepared for the President's Fund. Accordingly, in the future, I will act in accordance with the above regulations. However, a set of guidelines for the payment of medical assistance will be prepared and action will be taken accordingly.	-Do-