

LETTER OF TRANSMITTAL

Honourable Rauf Hakeem M.P  
Minister of Port Development, Shipping  
Eastern Development & Muslim Religious Affairs  
45, Leyden Bastian Road  
Colombo 01

Dear Sir

In terms of Section 14 (1) of the Finance Act No. 38 of 1971, and Section 23 (1) of the Central Freight Bureau of Sri Lanka Law No. 26 of 1973, I have pleasure to submit on behalf of the Board of Directors of the Central Freight Bureau of Sri Lanka, the Annual Report/audited Statement of Accounts for the year 2002.

Yours faithfully

Hussein A. Bhaila  
Chairman  
Central Freight Bureau of Sri Lanka

Central Freight Bureau of Sri Lanka  
P.O. BOX 2200  
23 & 24 Galle Face Court 2  
Sir Mohamed Macan Markar Mawatha  
Colombo 03  
Sri Lanka

27<sup>th</sup> March 2003

## **BOARD OF DIRECTORS**

The Board of Directors of the Central Freight Bureau of Sri Lanka for the year 2002 were as follows :

<b>Mr Hussein A. Bhaila</b>	Chairman From 25 <sup>th</sup> January 2002
<b>Mr Rohan J. Abeywickrema</b>	Director Sathsindu Ltd From 28 <sup>th</sup> February 2002
<b>Mr Rohan De S Wijeratne</b>	Joint Managing Director Union Commodities (Pvt) Ltd From 28 <sup>th</sup> February 2002
<b>Mr Hanif Yusoof</b>	Managing Director Expolanka Freight Ltd From 28 <sup>th</sup> February 2002
<b>Mr A Somaratne</b>	Attorney-at-Law Ministry of Port Development & Shipping From 28 <sup>th</sup> February 2002
<b>Mr J H J Jayamaha</b>	Treasury Representative Actg. Addl, Director General Dept. of External Resources From 01 <sup>st</sup> February 2002
<b>Ms B Ratnaike</b>	General Manager, functioned as Secretary to the Board of Directors

Nine Board Meetings were held during the period under review.

## STRUCTURE OF EXPORTS FROM SRI LANKA

	2001		2002		% growth/ reduction
	(in frt)	(teus)	(in frt)	(teus)	
The total seaborne exports	4015317	157344	4033414	160202	0.45

### Traditional and Non Traditional Exports

	2001		2002		% growth/ reduction
	(in frt)	(teus)	(in frt)	(teus)	
Tea	1029275	36282	1025260	37278	- 0.39
Rubber	39334	2124	41078	2251	4.43
Desiccated Coconut	52068	4291	30030	2533	-42.33
Fresh Coconut	30718	2684	30457	2580	- 0.85
Garments	996863	37052	1014097	37640	1.73
Fibre	88539	4915	103209	5364	16.57
Coir Fibre Finished Products	169153	10008	177324	10602	4.83
**Total of all traditional/non-traditional exports	3739919	157344	3768819	160202	0.77

### Bulk Shipments

#### Wheat Bran

	2001 (in mt)	2002 (in mt)	% growth/ reduction
Japan	11250	5000	
Taiwan	34490	26000	
South Korea	85943	134550	
Singapore	-	5000	
Vietnam	20860	-	
Denmark	-	11000	
Philippines	-	11000	
Saudi Arabia	38110	15000	
Cambodia	5250	-	
Total	195903	207550	5.95

#### Naptha

	2001 (in mt)	2002 (in mt)	% growth/ reduction
India	65347	33987	
Japan	14148	-	
Singapore	-	23058	
Total	79495	57045	-28.24

\*\*The total comprises of traditional/non-traditional exports in entirety out of Sri Lanka. The break-up given above is confined to the major traditional exports (primary exports) and the major non-traditional exports.

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**THE COMPARATIVE DATA OF SHIPPING OPPORTUNITIES AND TOTAL EXPORT TONNAGE DURING THE PERIOD 1992 TO 2002**

<b>Year</b>	<b>No of Sailings</b>	<b>Freight tons</b>
1992	5825	2,112,865
1993	7267	2,615,874
1994	7590	2,936,115
1995	8568	3,273,686
1996	10428	3,175,972
1997	12161	3,461,204
1998	14662	3,825,343
1999	14284	3,714,056
2000	14687	4,045,985
2001	14818	4,015,317
2002	+15860}**	4,033,414

+ The number of vessels engaged in the carriage of export cargo had been 2861.

Bulk shipments of Petroleum, Gasoline, Wheat Bran and Mineral Sands Products included in the data for the abovementioned years.

\*\* Inclusive of Non-Vessel-Operating-Common-Carrier Opportunities.

**FREIGHT RATES & SURCHARGES**

**General Rate increase**

UK/North Continent/Scandinavian/Baltic and Mediterranean Ports

Around three General Rate Increase notices were announced to this region during the year 2002 which came into effect from 01<sup>st</sup> of March, 01<sup>st</sup> of June and 01<sup>st</sup> of October 2002. The quantum on which the Lines intended to increase were by US\$ 300/20' US\$ 600/40' in March, US\$ 150/20' US\$ 300/40' in June and US\$ 300/20' US\$ 600/40' in October 2002 respectively. The Notice of increases was given by the IPBCC Conference where several major shipping lines participate in the coverage to the above region.

US East Coast/West Coast/Canada and Mexico

There had been two General Rate Increase Notices by the main carriers to the region effective 02<sup>nd</sup> May 2002 and 19<sup>th</sup> August 2002 by quantum of US\$ 225/20' US\$ 300/40', US\$ 340/40'HC and US\$ 380/45'. It is to be noted that even though the lines notify of such increases the amounts applied in reality were not the notified quantum – In fact the Lines introduce other miscellaneous charges in lieu of the Rate Increases.

**Surcharges**

**Terminal Handling Charge**

There was no change in the Terminal Handling Charge during the year 2002 and the THC of US\$ 115/20', US\$ 184/40', US\$ 216/45', US\$ 331/20'reefer US\$ 496/40'reefer continued to be applied for the shipments effected from the port of Colombo.

## **Bunker Adjustment Factor**

### **Colombo – USA Trade**

The BAF fluctuated at the following ranges to the region.

US\$ 40/20'	-	US\$ 140/20'
US\$ 50/40'	-	US\$ 185/40'
US\$ 60/40'HC	-	US\$ 210/40'HC
US\$ 65/40'	-	US\$ 235/45'

### **UK/North Continent/Mediterranean Adriatic & French Ports**

The Bunker Adjustment Factor applied by the carriers fluctuated within a range of US\$ 35 – 80/20' and US\$ 70 – 160/40' to the various ports in the region.

### **Export Bill of Lading Fee**

The shipping lines imposed the above charge with effect from 01<sup>st</sup> of January 2002, by a quantum of US\$ 20 + Local taxes on a per B/L basis.

### **War Risk Surcharge**

The War Risk Surcharge was applied within a range of US\$ 52 – US\$ 100/20' and US\$ 104 – US\$ 200/40' during the first four months of the year to UK/North Continent/ Europe region; almost all the lines removed the charge from end April – May 2002.

The WRS applied within a range of US\$ 70/20' – US\$ 100/20' and US\$ 140/40' – US\$ 200/40' to USA region upto April/May 2002, was removed by several lines during the 01<sup>st</sup> week of June 2002. However it was observed that certain leading carriers continued to apply this charge until November 2002, at a quantum of US\$ 100/20' and US\$ 200/40' to the region.

The War Risk Surcharge applied to the Middle East Arabian Gulf/Red Sea at a level of US\$ 50/20' – US\$ 100/20' for nearly 7-8 months in 2002 was removed towards the end of the year.

There has not been any changes to policies during the year 2002. However the Government has appointed a Committee to determine a shipping policy and reorienting the Bureau's role is being looked at by the Committee.

However the Bureau continued to perform the following:

Compilation of Seaborne export statistic for exports, commoditywise, destinationwise (Monthly/Annually).

Publication of Freight Bulletines to various destinations.

Registration of shipping lines to carry export cargo.

Acting as a mediatory body when called upon to settle disputes.

Advising the governmental & non-governmental organisations on freight related matters.

## **FINANCIAL RESULTS**

The excess of income over expenditure before taxation for the year ended 31<sup>st</sup> December 2002 amounted to Rs. 8,079,304.31 whilst the surplus after tax amounted to Rs. 5,052,304.31.

The Service Charges levied on shippers and steamer agents remained unchanged for 2002 and were as follows :

### **(a) Charges payable by Shippers**

Rs. 1.15 per metric ton or cubic metre for all commodities shipped from all ports of Sri Lanka. Any shipper whose total shipment is less than (4) four metric tons or cubic metres on any vessel, is exempted from the payment.

### **(b) Charges payable by Shipping Agents**

Rs. 1.20/metric ton or cubic metre for all commodities shipped from the ports of Sri Lanka.

## **SHIPPING DEVELOPMENT FUND**

The income over the expenditure of the Shipping Development Fund maintained by the Bureau disclosed an excess of Rs. 131,270,246.74 during the year 2002. This was derived by a levy of 1% of freight collections. The provision for taxation for the year ended 31<sup>st</sup> December 2002 has been made @ 35%.

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> DECEMBER 2002**

### **1. Financial year**

The Financial Year is the Calendar Year

### **2. Accounting Policies**

The Financial Statements are prepared in accordance with generally accepted accounting principles applied on a basis consistent with those adopted in the preceding year except where otherwise, stated.

### **3. Income and Expenditure**

The income is accounted for on an accrued basis and matched with the associated costs and expenses.

### **4. Assets and Bases of their valuation**

- i. Fixed assets are reflected at cost less accumulated provision for depreciation to date. Maintenance and repairs of the assets are charged to expenditure accounts. Depreciation is provided evenly over the expected commercial life of fixed assets. However, no depreciation is provided for the year of purchase of fixed assets and full depreciation is accounted in the year of disposal of fixed assets.

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ii **The rates of depreciation of fixed assets are given below :**

Motor Cars	20% per annum
Computers	20% per annum
Other assets	10% per annum

iii **Stock of Stationery**

Stationery Stock is valued at cost or market value whichever is lower. Cost is arrived at on a first in first out basis.

**5. Service Charges receivable from shippers**

Service charges receivable are recognised at the time of sailing of export loaders from Sri Lanka's Ports and are accounted on the information furnished to the Bureau. Therefore, the amounts shown under debtors in the Balance Sheet as Service Charges and Agents Contribution receivable as at 31<sup>st</sup> December 2002 are those recognised on the information furnished to the Bureau by 15<sup>th</sup> February 2003. However, an estimated sum of Rs. 1,157,952/= was also added to debtors expecting to be collected during the year.

**6. Liabilities and Provisions**

- i. Employees benefit plans : all employees are covered by Provident Fund Contributions and the Group Medical Scheme. The Bureau does not operate a separate pension scheme.

**CENTRAL FREIGHT BUREAU OF SRI LANKA**

**NOTES TO THE FINANCIAL STATEMENTS :**

**2002  
Rs.**

**Note 01 - Provision For Taxation**

Provision for the year 45,944,600.00

**Less :**

Payments 26,500,000.00

Withholding Tax 9,665.75

Balance Provision for Taxation 19,434,934.25

**CENTRAL FREIGHT BUREAU OF SRI LANKA  
SHIPPING DEVELOPMENT FUND**

**INCOME & EXPENDITURE ACCOUNT FOR THE  
YEAR ENDED 31<sup>ST</sup> DECEMBER 2002**

	<b>2002 Rs.</b>	<b>2001 Rs.</b>
<b>Income</b>		
1% Commission	106,930,859.43	108,467,927.43
Interest on Call Deposits & Treasury Investments	24,803,700.23	19,951,596.49
Total Income	<u>131,734,559.66</u>	<u>128,419,523.92</u>
<b>Less - Expenditure</b>		
G S T and V A T	28,125.00	22,500.00
Management Fees	180,000.00	180,000.00
Bank Charges & Debit Tax	256,187.92	1,277.00
Expenditure incurred through Ministry	898,875.00	-
Total Expenditure	<u>1,363,187.92</u>	<u>203,777.00</u>
Excess of Income over Expenditure before taxation	130,371,371.74	128,215,746.92
Less - Provision for taxation	45,944,600.00	53,850,700.00
Net income over expenditure after taxation	<u><u>84,426,771.74</u></u>	<u><u>74,365,046.92</u></u>





My No. LS/X/CFB/FA/02  
Auditor General's Department  
Independence Square  
Colombo 07

27<sup>th</sup> March 2003

The Chairman  
Central Freight Bureau of Sri Lanka

Report of the Auditor General on the Accounts of the Central Freight Bureau of Sri Lanka for the year ended 31<sup>st</sup> December 2002 in terms of Section 14 (2) (c) of the Finance Act No. 38 of 1971

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The audit of accounts of the Central Freight Bureau of Sri Lanka for the year ended 31<sup>st</sup> December 2002 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. My observations which I consider should be published with the annual report of the Bureau in terms of Section 14(2)(c) of the Finance Act appear in this report. A detailed report in terms of Section 13(7)(a) of the Finance Act will be furnished to the Chairman of the Bureau in due course.

#### 1:2 Scope of Audit

Audit opinion, comments and findings in this report are based on a review of the financial statements presented to audit and substantive tests of samples of transactions. The scope and the extent of such review and tests were such as to enable as wide an audit coverage as possible within the limitations of staff, other resources and time available to me. The audit was carried out in accordance with Sri Lanka Auditing Standards, methods and practices to obtain a reasonable assurance as to whether the financial statements are free of material misstatements. The audit included examination of evidence supporting the amounts and disclosures in financial statements, assessment of accounting principles and significant estimates and judgments made in the preparation of financial statements, evaluation of their overall presentation and determining whether accounting policies adopted were appropriate, consistently applied and adequately disclosed. 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 the extent of the audit.

## 2. Accounts

### 2:1 Audit Opinion

Except for the effect of the adjustments arising from the matters referred to in Paragraph 2:2 of this report, I am of opinion that the Financial Statements have been satisfactorily prepared to present fairly in all material respects, the financial position of the Bureau as at 31<sup>st</sup> December 2002 and the results of its operations and cash flow for the year then ended in accordance with Sri Lanka Accounting Standards other than the standards referred to in this report and stated accounting policies as set out in notes 1 to 6 to the financial statements.

## 2:2 Comments on Accounts

### 2:2:1 Accounting Policies

Receipts of Service Charges from Shippers and Service Charges from Agents had been accounted on cash basis instead of being accounted on accrual basis.

### 2.2.2 Accounting Deficiencies

05 (five) accounting deficiencies in respect of Central Freight Bureau and 02 (two) accounting deficiencies in respect of Shipping Development Fund aggregating to Rs. 7,737,208 observed in audit test checks carried out during the year were brought to the notice of the Chairman of the Central Freight Bureau of Sri Lanka.

### 2:2.3 Accounts Receivable and Payable

#### (a) Central Freight Bureau

A sum of Rs. 105,000 receivable from the Shipping Development Fund as Management Fees for the year under review had not been recovered.

#### (b) Shipping Development Fund

No action had been taken to recover the expenditure amounting to Rs. 5,898,875 incurred in respect of the Ministry during the year under review.

### 2:2:4 Lack of evidence for Audit

Debtors aggregating to Rs. 25,922,784 , expenditure amounting to Rs. 898,875 and assets amounting to Rs. 22,500 could not be satisfactorily vouched or accepted in audit due to lack of evidence required.

### 2:2:5 Non-compliance with Laws, Rules, Regulations, Management Decisions etc.

The following instances of non-compliance were observed.

- (a) Public Administration Circular, No. PF/PE 14
- (b) Financial Regulations 386(6), 384(2) and 685
- (c) Public Finance Circular, No. 352
- (d) Treasury Circulars No. 124 of 24 October 1997 and 04/99 of 16 November 1999
- (e) S.L.A.S. 03
- (f) Section 13(5)(B) of the Finance Act No. 38 of 1971
- (g) Section 13(1)(b) of the Debit Tax Act

## 3. Financial and Operating Review

### 3.1 Financial Results

#### (a) Central Freight Bureau

The operations of the Bureau during the year under review had resulted in a pre-tax surplus of Rs. 8,079,304 as compared with the pre-tax surplus of Rs. 7,894,934 in the preceding year thus showing an improvement of Rs. 184,370 in the financial results.

#### (b) Shipping Development Fund

The working of the Shipping Development Fund for the year under review had resulted in a pre-tax surplus of Rs. 130,371,372 as compared with the pre-tax surplus of Rs. 128,215,747 in the preceding year thus showing an increase of Rs. 2,155,625 in financial result.

### 3.2 Liquidity

(a) Central Freight Bureau

Current liabilities represented 45.58 per cent of the current assets as at the end of the year under review as compared with 14.58 per cent as at the end of the preceding year.

(b) Shipping Development Fund

Current liabilities represented 56.01 per cent of the current assets as at the end of the year under review as compared with 14.38 per cent as at the end of the preceding year.

### 3.3 Ratios and Percentages

(a) Significant ratios and percentages for the year under review and the preceding year are given below.

	2002 %	2001 %
Current ratio	219.37	685.80
Acid test ratio	217.44	683.50
Depreciation for the year as a percentage of depreciable assets	9.59	14.58
Cumulative depreciation as a percentage of depreciable assets	72.98	67.04
Operating surplus as a percentage of the total cost	75.18	73.39
Net operating surplus as a percentage of Operating income	31.98	29.15

(b) Composition of Assets

Fixed Assets	3.04	3.98
Investments on Fixed Deposits	26.87	26.66
Treasury Investments	51.54	-
Prepayments and deposits	0.67	0.60
Debtors	12.11	13.07
Stocks	0.16	0.23
Seven day call deposits	2.93	51.63
Cash in hand and at Bank	2.68	3.83
	----- 100.00 =====	----- 100.00 =====

### 3.4 Uneconomic Transactions

(a) During the period between 10.09.2002 to 31.12.2002 the running charts of Vehicle No. 19-9056 had not been signed by the officer who used the vehicle and the fuel expenses of Rs. 34,945 incurred during that period cannot be acceptable.

(b) A sum of Rs. 256,615 had been spent during the period between 05.10.2001 to 31.12.2002 as repairing cost of motor vehicle No. 19-9056 while incurring a service charge of Rs. 15,548 for that period.

(c) Although the former Chairman of the Bureau had relinquished duties from 14.12.2002 a sum of Rs. 34,000 representing the full month's salary for December 2002, fuel allowance and bonus had been paid to him.

(d) Water bills amounting to Rs. 72,940 relating to office premises for the year under review had been paid on an estimated basis.

(e) A sum of Rs. 106,723 had been paid to obtain a health insurance policy for the employees of the Bureau in addition to an internal health insurance scheme.

### 3:5 Idle and Under Utilised Assets

<u>Item</u>	<u>Amount</u>	<u>Details</u>
Cash at Bank	(i) CFB – Rs. 712,421 (ii) SDF – Rs. 13,443,894	(i) Monthly average cash balances lying in the current accounts of the Central Freight Bureau and Shipping Development Fund for the year under review amounted to Rs. 712,421 and Rs. 13,443,894 respectively.  (ii) A considerable amount could have been earned as interest if excess cash balances had been suitably invested.

### 3:6 Identified Losses

(i) An air conditioner valued at Rs. 22,500 attached to vehicle No. 19-9056 had been lost during the year under review.

(ii) The unrecoverable insurance indemnity of the motor vehicle No. 19-9056 for the accident that occurred in Hambantota on 12.12.2001 amounted to Rs. 2,875.

### 3:7 Budgetary Control

Significant variations were observed between the budget and the actuals showing that the budget had not been made use of as an effective instrument of management control.

## 4. Systems and Controls

Special attention is needed in the following areas of control.

- (a) Vehicle utilisation
- (b) Budget
- (c) Attendance of employees
- (d) Overtime
- (e) Accounting

## **Chairman's Comments**

### **2:2 Comments on Accounts**

#### **2:2:2: Accounting Deficiencies**

The deficiencies as pointed out by the Auditor General had been replied in the following manner.

#### **(a) Central Freight Bureau**

- (i). as the function of acceptance of ships/booking of export cargo has been taken away from the Bureau with liberalisation of shipping, there is no way of identifying the exact amount of debtors by the end of the year. Therefore, in addition to the actual amount collected from Shipping Agent for the shipments made during 2002, an estimated amount was also added to debtors. This was done purely to prepare the accounts on an accrued basis.
- (ii). this deposit includes a refundable security deposit of Rs. 93,172.50 made for the office premises, deposit of Rs. 7,000/= at Ceylon Electricity Board for supply of electricity and Rs. 25,000/= deposited for IDD facilities. As these deposits are refundable, they have to be shown in the Accounts as current assets. However, action will be taken to write off a sum of Rs. 6,710/= which had been deposited to obtain Trunk and overseas calls during 1976 – 1990.
- (iii). a separate account will be maintained for the fuel expenses from this year onwards.
- (iv). the sum of Rs. 255,375/= for the purchase of a Digital CopyPrinter has been a grant from the Shipping Development Fund in order that the CFB replaces the old roneo machine which is 14 years old since the trade requires the information on export data/freight rates in the form of newsletters and bulletins in a clearer manner. The sum of Rs. 162,000/= paid to CASA is a monthly grant given to CASA in the form of Rs. 6,000/= per month as printing cost for the publication of a shipping list which comprises of the daily movement of vessels for the benefit of the trade. This was agreed upon by the then Ministry under a directive issued to the CFB. Therefore, it is not required to show these as creditors of CFB accounts.
- (v). the fuel expenses of Rs. 9,000/= (Chairman's) incurred in the month of December and reimburse of January 2003 have not been taken into account by mistake. The officers concerned will be advised to be cautious on this type of transaction in the future.

#### **(b) Shipping Development Fund**

- (i). The sum of Rs. 897,875/= was drawn from the Fund by the Secretary, administrator of the Fund for the purchase of the Digital CopyPrinter, to settle the printing cost of CASA and for a donation to the Shippers' Council.

- (ii). The sum of Rs. 5,000,000/= had been paid to the Ministry of Port Development & Shipping as per their request dated 30.05.2002 wherein it was stated that the Ceylon Shipping Corporation Ltd had in turn addressed the financial crisis faced by the Ceylon Port Services Ltd and the need to release Rs. 5,000,000/= to the Ministry for this purpose.

### **2:2:3 Accounts Receivable and Payable**

#### **(a) Central Freight Bureau**

We have now able to recover the sum of Rs. 105,000/= receivable from the Shipping Development Fund as Management Fees for the year under review.

#### **(b) Shipping Development Fund**

- (i) the CFB is only the collecting authority for the 1% Commission whilst the Secretary, Ministry of Port Development & Shipping is the administrator/dispersing authority of the Fund.
- (ii) Letters of confirmation have been sent to all the debtors asking to confirm the balance directly to the Auditor General.

### **2:2:4: Lack of Evidence for Audit**

we attach hereto copies relevant correspondence with regard to this sum incurred by the Ministry (enclosed the relevant documents).

### **2:2:5: Non-compliance with Laws, Rules, Regulations, Management Decisions etc.**

#### Central Freight Bureau

S.L.A.S. – 03

- (i) Upto the year 1996 fund flow statement was prepared showing the changes in Equity. In the Audit Report of 1997 this format had been changed. Therefore, we too followed the new format since then.
- (ii) the basis of the estimated debtors of Rs. 1,158,000/= was the actual tonnage of exports for the months of October, November, December 2002.
- (c) kindly inform us the reports or any other documents that have not been submitted for auditing, so that we will be able to comply with the requirements in the future.

### **3:4 Uneconomic Transactions**

- (a) The running charts produced to the Audit officers were not signed by an oversight at the time of inspection – however, it was duly signed and the documents were dispatched to the Audit Superintendent.

- (b) The budgetary provision for maintenance of motor vehicles is inclusive of fuel as well for both vehicles. The expenditure you have recorded is inclusive of the monies spent on the repairs of this vehicle 19-9056 at an exorbitant amount for 03 months from October to December 2001 – we have already replied to you regarding these expenditures on our Report dated 13<sup>th</sup> February 2003 which enclosed the Bureau's letter to the Secretary, Ministry regarding this heavy expenditures. Due to the bad usage of the vehicle during these 03 months October to December 2001 by the former Chairman, expenditure had to be incurred during the year 2002 to bring the vehicle to a running condition for the usage of the current Chairman.
- (c) It is correct to state that the former Chairman obtained the full month's salary for December 2001, fuel allowance and bonus, although he held the post till 14.12.2001. Please refer to his 'Note' to the General Manager where he forcibly obtained his salary disregarding the instructions given by the GM to Accounts to make payments to him only upto 14.12.2001 (Annexure 11).
- (d) The Bureau has requested the owners of the building by letter dated 20.03.2001 to install a water meter to separate our premises from the others. On forwarding our letter to the Water Supply and Drainage Board by the owners on 21.03.2001, the Engineers of the Board came for an inspection of the flat only in January 2003. We explained to the officers that the bills were unjustified since we were not using so much of water - we expect the Board to rectify this unjustified billing for the 2 apartments.
- (e) A new health insurance policy was approved by the Board to become operative from August 2002 onwards. The only health insurance scheme we had was the one with the Insurance Corporation which was outdated where for hospitalisation a maximum amount of Rs. 100/= per employee was paid as room charges. The new scheme give many benefits. The outdated old scheme lapsed in August 2002 and it was terminated from that month onwards. Apart from this, only an outdoor medical scheme is available to the employees which gives the Rs. 2000/= per year for outdoor treatments and a scheme to obtain spectacles amounting to Rs. 2000/= once in three years.

### **3:5 Idle and Under Utilised Assets**

Cash at Bank

- (i) CFB - Rs. 712,421/=
- (ii) SDF - Rs. 13,443,894/=

Cash at bank on CFB and SDF accounts

As a practice any excess money of the above two bank accounts has been invested on Treasury Bonds or Call Deposits after retaining sufficient money for day-to-day expenses and payment of income tax.

However, the bank balance of the months of January, April, July, August and October 2002 should be high since the collection of income of these months were not invested as income tax was to be paid in the following months - namely February, May, August, September and November 2002.

### **3:6 Identified Losses**

- (i) The air conditioner had been removed from the vehicle and was put in the boot of the vehicle - certain parts had been removed off from the air conditioner and the expenditure incurred was for the replacement of parts and installation back to the vehicle.
- (ii) You have stated that a sum of Rs. 2,875/= had been incurred by the Bureau as a loss during the year due to the accident occurred on vehicle No. 19-9056. It is to be noted that the institution incurred heavy losses on this vehicle due to the bad usage/accident on account of this vehicle as reported to the Board by our Note to the Board dated 05.04.2002, a copy which has already been given to you.

### **3:7 Budgetary Control**

The Budget will be used as an effective instrument of management control.

### **4. Systems and Controls**

As advised by you, attention will be given to the areas specified by you under the above.

Sgd.  
CHAIRMAN

Encl :