

**PUBLIC UTILITIES COMMISSION OF SRI
LANKA (PUCSL)
FINANCIAL MANUAL**

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FINANCIAL MANUAL

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Annex 1 –PUCSL – Organization Structure

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Abbreviations

ADF	- Assistant Director –Finance
CAPEX	- Capital Expenditure
CAS	-Computerized Accounting System
CCRR	-Cash/Cheque Receipt Register
COPE	- Committee on Public Enterprises
DDF	- Deputy Director (Finance)
DDG	-Deputy Director General
DDHR	-Deputy Director Human Resources
DG	-Director General
DS	-Director Services
EPF	-Employees Provident Fund
ETF	-Employees Trust Fund
FAR	-Fixed Asset Register
GRN	-Goods Received Note
HC	-Hard Copy
HOD	-Head of Division
HOFD	-Head of Finance Division
HR	-Human Recourses
MA	-Management Assistant (Receipts & Payments)
MADP	- Manual of Administrative and Disciplinary Procedures
MCF	-Medical Claim Form
MCR	-Medical Claim Register
MRN	-Material Requisition Note
NPA	- National Procurement Agency
OTCF	-Overtime Claim Form
PC	-Procurement Committee
PO	-Purchase Order
PR	-Purchase Requisition
PTIR	-Parking Ticket Issue Register
ROL	- Re Order Level
SLIC	-Sri Lanka Insurance Corporation
SR	-Stock Register
TEC	-Technical Evaluation Committee
VOP	-Vacation of Post

PUBLIC UTILITIES COMMISSION OF SRI LANKA (PUCSL) FINANCIAL MANUAL

1 Introduction

1.1 Establishment of the PUCSL

The Public Utilities Commission of Sri Lanka (PUCSL) was established by the Act No 35 of 2002 as a multi-sector regulator to regulate certain physical infrastructure industries in the country. It came into operation in mid 2003 with the appointment of the first group of Commissioners and its Director General. Initially the PUCSL Act provided for regulation of the Electricity and Water Service industries. Later in March 2006 Petroleum industry was also added to the list of industries to be regulated by the PUCSL.

With the enactment of Sri Lanka Electricity Act No. 20 of 2009, PUCSL became as the economic, safety and technical regulator of the Electricity industry. With a view of ensuring adequate investment, greater availability, efficient supply, and improved quality of services in the electricity industry, PUCSL regulates generation, transmission, distribution, supply and use of Electricity in Sri Lanka. Currently proposed legislations in Water Services and Petroleum Industries are being drafted to empower PUCSL as the regulator of those industries. (*Website of PUCSL*)

With the introduction of the 'Financial Procedure Manual' the Public Utilities Commission of Sri Lanka (PUCSL) will maintain a written accounting procedures which will provide for a financial & risk management system which ensures budget management, financial control over current operations, and timely, accurate, and complete disclosure of financial matters.

The manual has been prepared with a view of ensuring that all accounting records are supported by source documentation, e.g., invoices, vouchers, Goods Received Notes, Purchase Orders, etc.; transactions are posted in the accounting records in a consistent and timely manner; there is a clear separation of duties and responsibilities between individuals so that no one person has access to all financial operations, procedures, and records as appropriate or allowable in an organization with limited staff.

1.2 Objectives of the Financial Procedures (Manual)

The objectives of formulating the Manual of Financial Procedures of PUCSL are as follows:

- a) To ensure propriety, regulatory, economy, safeguard of assets and availability of funds.
- b) To provide procedural guidelines for financial and accounting transactions in significant areas of activity
- c) To conform and incorporate acceptable existing practices and procedures.

- d) To inform all members of staff of PUCSL on statutory and regulatory aspects pertaining to relevant financial matters.
- e) To provide guidance in regard to relevant accounting principles and standards.
- f) To build in financial and accounting controls and controls to safeguard the organization's assets.

1.3 The Internal Control System

All the procedural controls fall as part of an Internal Control System of the PUCSL. The basic elements of the internal control that the management can establish are given below:

- a) Organisational Controls
- b) System development controls
- c) Accounting system controls
- d) Controls to safeguard assets
- e) Management and supervisory Controls
- f) Documentation Controls

1.4 Financial controls

Financial controls are primarily concerned with the legitimacy of expenditure and security of asset and income. The main financial controls are as follows:

a) Budgetary Control

The management should plan and control its expenditure and income to meet the objectives of the PUCSL.

b) Legitimacy of income and expenditure

All income and expenditure should be in accordance with the law and also policies of the commission. They should be properly authorized and properly accounted.

c) Security of Assets

Assets of the commission should be kept in proper custody and comprehensively accounted and also not wrongly applied either by error or intent.

d) Accounting Controls

All transactions should be correctly recorded and accurately processed and control accounts maintained where useful.

e) Limitations

These financial procedures are mainly designed to achieve the objectives. However they do not include matters of details which should be dealt with as internal instructions and others which should find the place in the list of duties of the relevant Members of Staff.

1.5 Financial Year

The Financial year of the Commission shall be the calendar year.

2 Finance Division

Part VIII of the Public Utilities Commission of Sri Lanka (PUCSL) Act No 35 of 2002 deals with the subject of Finance and setout broad guidelines in respect of;

- Fund of the Commission
- Power to borrow
- Provision relating to Expenditure
- Accounts and audit

2.1 Functions and Activities of the Finance Division

- a) Participation in the development and monitoring of the Corporate Plan.
- b) Coordinating, preparation and monitoring of the Annual Budget.
- c) Estimation of contribution from regulatory levies and other sources of income and funds .
- d) Receiving and accounting for all receipts.
- e) Payment of salaries, loans and advances acceptance and accounting of deposits
- f) Maintenance of accounting records, preparation and submission of monthly accounts and financial progress report.
- g) Preparation of Financial Accounts and the Annual Financial Statements.
- h) Finance Control and Financial Management.
- i) Procurement of goods and services.
- j) Rendition of Annual accounts to the Auditor General and acting upon Auditor General's observations.
- k) Transmission of Audited accounts to the Parliament, and attending Committee On Public Enterprises (COPE) meetings.
- l) Review and improvement of accounting system and management information.

2.2 The Chief Accounting Officer

The Chief Accounting Officer in respect of the Commission is the Secretary to the Ministry of Finance and Planning.

2.3 The Accounting Officer

Director General will be the Accounting Officer of the Commission. He/She will be responsible to the Parliament as Accounting Officer. The general responsibilities of the Accounting Officer to the Chief Accounting Officer are contained in government Financial Regulations No. 128. The contents may be very briefly summarized as been responsible for the financial administration of

the Commission and the management of the voted funds and other financial resources, and ensure the following:

- a) The work of the commission is planned and carried out in accordance with the provisions of PUCSL Act.
- b) Organize the financial controls and accounting systems effectively.
- c) Maintained an adequate system of internal checks for receipts, payment and issues.
- d) Make proper arrangements for safe custody of money, property, plant equipment and other assets of PUCSL.
- e) Special arrangements should be made to recover outstanding dues.
- f) Expenditure should fall within the ambit and scope of the budget of PUCSL.
- g) Any statement or information called by appropriate authorities should be rendered promptly.
- h) Maintain the bank accounts
- i) Formulating Procurement Committee Under the supervision of Chief Accounting Officer

2.4 Responsibility for Formulation of Financial Policies

The Commission headed by the Chairman formulates financial policies, delegate administration of the financial policies to the staff, and reviews operations and activities.

2.5 Organisation Chart & lines of Authority

For the purpose of carrying out the procedures laid down in this manual, the Organizational structure, Organization and line of responsibility will be derived from the Commission's "Manual of Administrative and Disciplinary Procedures – Part 1 Chapter III" and assume that the lines of authority on the Commission's organization chart will be followed by all employees. (Organization Chart as at 9th January 2012 is given in the Annex 1)

2.6 Structure

- 2.6.1 The Director General has responsibility for all operations and activities, including Finance, Accounts, and Financial Management, Information Technology (IT), Management Information Systems (MIS) and Human Resources Management (HR). Under Section 11.7 to the Act the Director General may, with the approval of the Commission, delegate any powers to a Deputy Director General or any other official of the Commission.
- 2.6.2 Director General is delegated with the responsibility of overseeing the financial management, planning, systems and controls.
- 2.6.3 Deputy Director (Finance) is responsible for overall finance and accounting functions. He/She reports to the Director General.

2.6.4 Assistant Director (Finance) will report direct to Deputy Director (Finance) and be responsible for all book-keeping and proper maintenance of accounting records.

2.6.5 Management Assistant (Receipts & Payments) handling receipts, payments, petty cash, purchasing, checking OT claims etc, reports to Deputy Director (Finance).

2.7 Operations in the Finance Division

2.7.1 Financial duties and responsibilities must be separated so that no one employee has sole control over cash receipts, disbursements, payrolls, reconciliation of bank accounts, etc. as far as practicable.

2.7.2 All forms pertaining to financial operations must be completed in ink. Any use of correction fluid to amend or correction of clerical mistakes should be prohibited. Such correction should be made by either using a new form/document or drawing a line across the mistake and re-writing the correct words/figures/numbers. Such corrections/amendments should be initialed by the officer responsible.

2.7.3 Annual Accounts must be completed as stipulated by relevant Acts, Treasury Circulars, regulations, rules etc. The Annual Accounts should be forwarded to Auditor General by 28th February of the following year.

2.8 Financial Procedure (The Concept)

The procedures outlined in this Manual have been compiled with the aim of converting the manual system to a semi-computerized accounting system, together with assisting staff with the processing of financial transactions and in understanding the finance system in operation to ensure that proper internal control system is in place.

The policy guidelines provided in the Manual of Administrative and Disciplinary Procedures (MADP) should be considered as part and parcel of this manual. In the areas where no such guidelines are available policies have been proposed. In some instances a working definition of the terms used in this manual is also provided. This is to avoid any confusion or misinterpretation with regard to the terminology and as guidance to the staff to enable them to handle any new transaction in the future.

These procedures should be read in conjunction with the “Delegation of Financial Authority” and the “Organisation Chart” that the Commission has approved. It is advisable to take note of effect on the procedures laid down in this manual before making any changes and amendments to the said documents in the future. When there is no guidance made available in this manual the Government Financial Regulation will become applicable.

3 Annual Budget of the Commission

Under Section 33 (2) of the Act it is mandatory for the Commission to publish in the Gazette, a statement setting out its estimated expenditure for the next financial year, by September of current year. Section 33 (3) deals with revision of the estimate and under Section (4) it is stated that such revision shall not exceed ten per centum of its expenditure (as revised from time to time), for that year. It is, therefore important for the Commission to control its income and expenditure effectively using Annual Budget as a tool.

3.1 Annual budget formulation

- 3.1.1 The formulation of the annual budget determines the detailed income and expenditure prospects for the ensuing financial year. It should reflect the strategies and policies to be adopted and form the financial plan and the primary instrument for financial allocations and budgetary control.
- 3.1.2 The Heads of Divisions/Directors should consider themselves the Budget Holders for their respective divisions and assist the management in planning activities, incurring expenditure and control of financial allocations in their charge towards achieving the budget targets.
- 3.1.3 All Heads of Divisions/Directors should ascertain for themselves the goals and the objectives of management and the action/operational plans (containing deliverables) in forecasting estimates for their divisions.
- 3.1.4 The budget exercise could follow any existing or proposed Corporate Plan of the Commission. The plans, programs and deliverables earmarked in the Corporate Plan for the budget year should find financial expressions in the budget.
- 3.1.5 The budget preparation shall follow the time targets (specified under item 3.7 below) designed to successfully complete the exercise within a reasonable time to allow final consideration by the Commission before its adoption, for the following year.
- 3.1.6 The total authority limit for all expenditure items flows from the budget. It is irregular to incur any expenditure, for which financial provisions are not made in the budget approved by the Commission.

3.2 Budgeted Expenditure

- 3.2.1 Any excess of the revenue of the commission in any year over its expenditure for that year shall be carried forwards to meet its expenditure in subsequent years.
- 3.2.2 The commission shall, not later than September of each year, cause to be published in the Gazette, a statement setting out its estimated expenditure for the next financial year.

- 3.2.3 The commission may revise its estimated expenditure for any year in that year and shall cause every such revision to be published in the Gazette.
- 3.2.4 The expenditure of the commission for any year, shall not exceed by 10% (ten per centum) of its estimated expenditure (as revised from time to time), for that year.

3.3 Budgeted Revenue

- 3.3.1 Upon finalizing the estimated expenditure of the Budget Year, the Commission shall determine the amount to be recovered as the Annual Levy from the Electricity Industry in considering: the forecasted revenue through other sources of income such as the variable registration fee from the Lubricant Market and the license application fee; any unrecovered expenditure from the previous year; and expected surplus from the current year (if any).
- 3.3.2 After determining the total amount to be recovered as the Annual Levies from the Electricity Industry, the Commission shall determine the basis of allocation of the cost/levy among the licensees of the electricity industry. The Levy Order to be published during the Budget Year shall contain:
- a) Total amount expected to be recovered as annual levies; and
 - b) Basis of allocation of cost/levy among the licensees

3.4 Approval of the Budget

- 3.4.1 The formulation of the annual budget should commence 9 (nine) months before the commencement of the next financial year (Budget Year). The Commission should ideally adopt a zero based approach and critically evaluate each activity, to ascertain its need for continuity and fix limits and targets accordingly.
- 3.4.2 The finalized annual budget should be prepared and presented for the approval of the Commission, five (5) months prior to the commencement of the Budget Year.
- 3.4.3 Any material changes that may be required, based on Policy Statements and Budget Proposals by the Government should be incorporated in the final budget.

3.5 Principal Budget Member of Staff

- 3.5.1 The commission shall nominate the Principle Budget Member of Staff (Deputy Director General or a Director) responsible to initiate budget preparation, communicate with all the divisions and complete the exercise by a targeted date. He/She shall be responsible for the following:
- a) Initiate budget preparation and monitor according to the time table.
 - b) Issue budget instructions and any special formats or forms.

- c) Ascertain any limitations of the Commission on capital expenditure or recurrent expenditure items and communicate such information to the Heads of the Divisions/Directors before their budget forecasts are made.
- d) Convey any Commission directives, guidelines or targets regarding the budget.
- e) Collect all forecasts from divisions as per the time table and prepare the draft statement of estimated expenditure and the annual budget.
- f) Seek any clarifications necessary.
- g) Convene Budget Committee meetings.
- h) Submit for consideration and approval of the Commission as per the time table.

3.6 Budget Committee

3.6.1 The Commission shall appoint a Budget Committee consisting of two (02) members of the Commission at minimum, out of which one Commission member should be an officer who is specialized in finance to make recommendations to the Commission on the following:

- a) Scrutinizing the estimates prepared;
- b) Consideration of the proposed plans, programs and targets are realistic, and figures forecasted are reasonable;
- c) Whether the proposed plans, programs and targets accord with corporate plan/Action plan.
- d) Whether the policies and programs are compatible with the policies and programs approved by the Commission;
- e) Advice on final allocations amongst various functions and divisions
- f) Matters pertaining to the revision of the budget

3.7 Time Targets for Formulation of Budget

3.7.1 The Heads of the Divisions/Directors should finalize their respective divisional action/work plans/deliverables and related forecasted expenditure in respect of the Budget Year and forward the same to the Principle Budget Member of Staff, by 30th April of the current year.

3.7.2 The Principle Budget Member of Staff shall amalgamate the divisional estimates of expenditure, obtain required clarifications and convene the Budget Committee to review the same, before end of May of the year.

3.7.3 After effecting required amendments as directed and with the clearance of the Budget Committee, the Principle Budget Member of Staff shall submit the statement setting out the estimated expenditure for the Budget Year, for approval at the meeting of the Commission held in the month of August of the Year with the sources of financing the fund requirements.

3.7.4 The Commission approval should be obtained at least before the end of August of the current year and need to publish in the government gazette in the month of September

3.8 Forms and presentation

3.8.1 The forms and contents of the budget should synchronize with the format in which the annual accounts are prepared and presented. The budget should include the following;

- a) Budgeted Income and Expenditure Statement for the year
- b) Budgeted Balance Sheet as at the end of the year
- c) Budgeted Cash Flow Statement for the year
- d) Budgeted Capital Expenditure for the year together with the Action Plan
- e) Any other relevant schedules and statistical information.

3.9 Budgetary Classification

The budgetary classification currently used shall be followed in the preparation and presentation of the budget. Any new budget line can be added based on the requirement and such additions shall be ratified at the Budget Committee meeting.

3.10 Controlled Items

Deputy Director-Finance should identify controlled items in respect of which specific attention is placed and report promptly on budgetary shortfalls and excesses during the Financial Year. A variance report should be attached to the monthly accounts.

A quarterly variance report indicating the variances between budgeted and actual of income, recurrent expenditure, and capital expenditure should be prepared by Deputy Director-Finance and submit to the Commission. The same report should distribute among the Head of the Divisions.

3.11 Revisions to the Budget

3.11.1 The annual budget should be a well-considered plan of expenditure and a reasonably accurate forecast of revenue prospects. It is the financial expression of plans, programs, activities and investments carefully planned. Thus the Budget once adopted is not accepted to be easily or frequently revised.

3.11.2 However certain factors like: price and cost escalations; Government decisions; change in scale of operations, etc. can affect the expected revenue and/or expenditure. Under these circumstances the Commission should revise the budget and make arrangements to publish in the gazette in accordance with the provisions provided in the Act. (Ref. Section 33 of (3) and (4))

3.12 Budgetary Control and Virement Procedure

3.12.1 Budgetary Control

Budgetary Control shall be exercised by all members of staff in charge of budget allocations or provisions (Heads of Divisions/Directors). In particular it shall be the responsibility of the Deputy Director Finance to see that budgetary provisions are not ultimately exceeded. He/She shall report upon likely savings and excesses to the Director General so that the appropriate action may be taken.

3.12.2 Virement

Virement is the procedure whereby savings may be transferred from Project to Project, Object to Object or Item to Item with the general authority of the Commission.

- a) No transfer shall be made unless there are actual savings or there is a reasonable expectation of substantial savings which will surface at the periodical review of variances.
- b) The savings shall be real and not such that would result from failure to carry out the works authorized by the Commission.
- c) The expenditure by way of Virement shall not be in respect of items which can be contentions and enhanced expenditure shall not be excessive.
- d) All expenditure expected to be incurred by way of Virement shall be reported to the Commission for its approval before incurring such expenditure. However when there is an urgent need to incur expenditure which has not been provided in the approved budget, such expenditure shall be incurred with the approval of the Chairman. It is the responsibility of HOFD to obtain covering approval from the Commission.

4 Revenue

4.1 Definition of Revenue of the Commission

“As a multi-sector regulator to regulate certain physical infrastructure industries in the country, the Public Utilities Commission of Sri Lanka (PUCSL) derives its revenue by way of levies and fees imposed on the basis of revenue or turnover of such industries together with grants and donations from stake holders and other parties.”

4.2 Policy

To impose minimum possible levies and fees sufficient to defray any expenditure incur by the Commission in the exercise, performance and discharge of its powers, duties, and functions as stated under Section 31 of the PUCSL Act No. 35 of 2002.

4.3 Sources of Revenue

It is essential that particulars of all monies due to the Commission (revenue and receivables) are identified and appropriately recorded so that they may be collected on or before the due date.

The sources of revenue consist mainly of the following:

- (a) All such sums of money as may be reasonably required by the Commission to perform its functions and duties under this Act and any other industry Act, voted upon by Parliament during the first year of the establishment of the Commission;
- (b) All such sums of money as are recovered by the Commission as levies under industry Acts
- (c) All such sums of money as are received by the Commission in the exercise, performance and discharge of its powers, duties and functions under this Act , including fees received by the Commission for the grant or renewal of licences under those Acts;
- (d) All such sums of money as are authorized or required to be paid into the Fund by any provisions of this Act or any other Industry Act.

4.4 Procedure for Revenue Collection

- 4.4.1 Assistant Director (Finance) will prepare invoices for any levies and/or fees payable by stakeholders on periodic basis. There may be instances when invoices have to be prepared on ad hoc basis. All invoices are forwarded to Deputy Director (Finance) for checking and approval (by signing).
- 4.4.2 All Cash, Cheques, Bank drafts, Money orders etc., will be received by the Director General or designee.
- 4.4.3 An official receipt will be immediately drawn up in favour of the payer by Assistant Director (Finance) and forwarded to Deputy Director (Finance) for checking and approval.
- 4.4.4 Assistant Director (Finance) will record particulars of receipts in a Cash/Cheques Receipts register and the original will be either handed over to the payer or make arrangements to send by post.
- 4.4.5 A deposit slip will be completed as prescribed by the Commission's Bank, by the Deputy Director (Finance) or Assistant Director (Finance). All such money collected will be banked daily as designated by the Deputy Director (Finance). In the case of a bank holiday falling on a working day of the Commission, collection will be deposited on the very next day of the bank opens for business.
- 4.4.6 Assistant Director (Finance) will record all cash receipts into the accounting records using book copy of the cash receipt and Deputy Director (Finance) will check the recording on periodic basis.

- 4.4.7 Deputy Director (Finance) will compare at the end of each month the cash receipt book total for the month to actual receipts/deposits posted to accounting records, to ensure that there are no discrepancies.

5 Expenditure

5.1 Definition of Expenditure of the Commission

“Payment of cash or cash equivalent for goods or services, or a charge against available funds in settlement of an obligation as evidenced by an invoice, receipt, voucher, or other such document.”

5.2 Recurrent Expenditure

The Recurrent expenditure includes expenditure incurred on material and supplies of a consumable nature, wages and expenses incurred on regular work, utility services and contractual in the course of which no asset is produced. It also includes repair and maintenance work and expenses which do not enhance capital value or operational capacity of vehicles and equipment.

5.3 Capital Expenditure

The capital expenditure is incurred in acquisition of assets such as equipment, land and buildings and otherwise result in benefit derived lasting over one year and in acquisition of such assets any additional expenditure, (e.g. expenditure on documents of title, value certificates etc, that may be needed).

5.4 Authorities for Expenditure

5.4.1 Legal Authority

The legal authority for expenditure flows from the provisions of the Public Utilities Commission of Sri Lanka act No. 35 of 2002.

5.4.2 Budget Authority

The Annual Budget and its approved variations or revisions are a general authority for the limits of expenditure under the specific Head. Sub-head or Object or Item of Expenditure. Any specific commitment should not exceed the budget provisions unless such provision has been increased to cover such commitment.

5.4.3 Delegation of Financial Authority

The commission shall delegate its financial authority to the Chairman/Director General /Head of Divisions. Such delegated appropriate authority shall adhere to such delegation and to the financial limit.

5.4.4 Authority for Expenditure from funds outside the Budget of the PUCSL

Expenditure from funds made available to the Commission shall always be made under authority given in items of the grant or agreement or instructions relevant to such funds, where the outside source only provides the finance or funds but the Commission takes responsibility for expenditure and the same procedure of delegation of financial responsibility shall apply.

5.4.5 General Requirements Regarding Payments

All payments shall be made on prescribe Voucher Forms. Every Voucher shall be certified for payment before a cheque for payment is drawn or cash is paid. Before certification of a voucher, the expenditure shall be authorized and approved for payment. Debit particular should be added to the paragraph.

5.5 Responsibilities regarding Expenditure

The responsibilities of authorizing, Certifying and paying Members of Staff are detailed below.

5.5.1 Authorization

The Authorization means the Commissioning of supplies, works or services for the due performance of the service by the Commission and the Member of Staff given this discretion is referred to as the Authorizing Member of Staff. The decision to make such an authorization is in his/her discretion and he/she must take full responsibility with regard to his decision.

- a) Authorizing Member of Staff shall do so in writing and is responsible to the Accounting Officer in respect of the work; supply or service is covered by appropriate authority, and falls within the scope of the vote or other budgeted financial provision and or property chargeable to the account involved.
- b) Authorizing Member of Staff should exercise proper judgment that; he/she does not exceed the specific limits of his/her authority and every step laid down in the procedure should be followed.
(e.g. Decision of tender board)
- c) In the case of a doubt as to availability of funds, economy or financial property of the transaction Authorizing Member of Staff should seek advice from the Deputy Director- Finance, who is in charge of accounting operation.
- d) Authorizing Member of Staff should ensure that the necessary preliminaries such as; works estimates, signing of contracts or agreements etc, have been carried out.
- e) If there is a cumulative limit to the authority, Authorizing Member of Staff should keep a record of amounts he/she has authorized so as not to exceed the limit of his authority.

5.5.2 Approval -

Approval shall mean approval for payment or admitting claim, having satisfied that the supply works or service have been performed according to order, contract or agreement and that rates and total amount charged are as per agreement, are at standard price or otherwise reasonable ,and that a stage has reached for payment to be made. Approving Member of Staff should satisfy that supplies, works or services have been properly authorized.

Approving Member of Staff is responsible to the Accounting Officer to ensure the following:

Before submission for approval the officer accountable for the activity should verify on the following (The format given in Annex 7 to be used for the verification)

- a) The supply, works or service has been authorized by appropriate authorizing Member of Staff or arises out of an agreement or contract.
- b) The work or service has been performed or supply rendered in terms of such authorization agreement.
- c) Conditions or items of order or agreement as to quality and other specifications.
- d) Time of delivery, quality of materials to be used or completions of work have been met according to the specifications and/or contract.
- e) Any penalties, deductions or abatement have been deducted.
- f) Any advances paid, retentions within his/her knowledge are deducted in arriving at the net amount payable.
- g) In the case of personnel emoluments appropriate computations, rules and regulations etc, have been complied with.
- h) In the case of supplies, articles or equipment have been examined and correctly taken on charge as evidenced by GRN or other Inventory certificate.
- i) In case of electricity, water, telephone, gas and similar services, the bills should be checked with Register maintained and other relevant information, and investigate the wide variations from monthly consumption pattern or past averages and avoided the double payment made

5.5.3 Certification

Certification is the certification for payment on a Payment Voucher by a Member of Staff authorized to do so. This is the final admission of liability to pay, in the amount stated, and is a prerequisite to raising a Cheque in respect of a payment.

Certifying Member of Staff is responsible to the Accounting Officer;

- a) To ensure that the amount payable on each voucher is the correct charge against the budgeted provision.
- b) To ensure that the budgeted provision is not exceeded as a result of the amount stated in the voucher.
- c) To ensure that the particulars on voucher describe the Supply /works/service in every detail.
- d) To ensure that the expenditure has been authorized and approved for payment either by endorsement on voucher, or annexed document or by reference to file or minute which he/she has inspected.
- e) To ensure that the payees shown on the voucher are the persons entitled for payment and in case there are several payees that amounts payable to each of them is correctly stated.
- f) To ensure that the invoices, bills, value certificates etc, quoted as annexed and intact or that references to files if necessary are quoted on the voucher.
- g) To ensure that all relevant deductions and those notified to him/her are made, particularly in respect of advances, part payments, penalties and retention.
- h) To ensure that he/she signify certification by a full signature after he/she satisfies himself/herself from registers, annexed invoices, bills GRN, Purchase orders etc, or from personal knowledge. (Certifying Member of Staff should indicate on the voucher that he/she is personally satisfied)
- i) To ensure that the account code on the voucher is correct.

5.5.4 Payment

This is the final discharge of the commitment by a Cheque duly signed, or payment in cash. The member of Staff empowered to make payments on certified vouchers is referred to as the Paying Member of Staff. His/her responsibilities to the Accounting Officer are to check the following before making payment:

- a) Every voucher accepted for payment has been certified by a Member of Staff having authority to certify.
- b) The voucher shows no evidence of being tempered with since leaving the certifying Member of Staff.
- c) That the net amount shown on the face of the voucher is paid, and to ensure that the voucher is "PAID" stamped and initialed.
- d) Any facts within his/her special knowledge or brought to his/her notice by an authorized Member of Staff is taken into account.
- e) The identification of payee is established.
- f) A proper receipt in acknowledgement of payment is obtained.
- g) In case of payment by Cheque the payee's name and other particulars appearing on Cheque agree with the voucher.

- h) The every payment is promptly noted in the prescribed records and duly brought to account.
- i) When cash is entrusted to Paying Member of Staff care, he/she should take due precautions against theft or loss, and that the balance in hand agrees with the balance appearing in the Cash Book, Petty Cash Book at the close of day's business.

5.5.5 Cheque Payments

In case of Cheque payments the Deputy Director (Finance)/ Assistant Director (Finance) should ensure the following:

- a) The Bank Balance is adequate to meet all payments.
- b) The number of the Cheque should be noted on the voucher.
- c) The balance should be reconciled with the Bank Balance periodically.

6 Supplies Function

6.1 Detailed activities of the supplies function of the Commission can be described as given below:

- a) Registration of Suppliers and Contractors.
- b) Authorization and Initiation of purchases.
- c) Inviting public tenders.
- d) Appointment of a Procurement Committee.
- e) Re-tendering.
- f) Awarding selective tenders.
- g) Negotiated purchases.
- h) Telephoning for quotations in case of low value items.
- i) Purchase from Government owned business undertakings.
- j) Repairs and Maintenance Contracts. (Other than motor vehicles)
- k) Monitoring and Controlling of purchases.
- l) Progress review and follow-up action.
- m) Budgeting and Estimation.
- n) Reports to the Commission, if any.

6.2 Register of Suppliers and Contractors

- 6.2.1 The Member of Staff (responsible for procurement) should maintain a Register of Suppliers and contractors for the supply of goods and services to the Commission. The Register should be suitably classified in such a manner as to facilitate easy identification of suppliers.
- 6.2.2 The Member of Staff (supplies) shall by October 15th of every year invite applications by press notification at least in one widely circulated national newspaper and in relevant websites where possible for Registration of Suppliers for the following year.
- 6.2.3 The applicants for registration shall be required to furnish information on the prescribed form issued to them for the purpose of ascertaining their reliability and capacity to execute orders and perform contracts.
- 6.2.4 The applications received shall be evaluated by Members of the Procurement Committee (PC) appointed by the Director General. The Chairman of the PC shall make the final decision on the names to be placed in the Register of Suppliers.
- 6.2.5 On the recommendations of the Director General, the PC shall decide on the removal of suppliers from the register, based on their past performance or other relevant factors affecting their capacity to execute orders or contracts to the satisfaction of the Commission.
- 6.2.6 A registration fee may be charged from the applicants for placing their names in the Register. This fee may be decided by the PC.

7 Tender Procedures

PUCSL is following the NPA Manual and Guidelines as well Guidelines - Applicable for Selection & Employment of Consultants and Consulting Services Manual plus the applicable rules and regulations in procuring goods and services.

7.1 Public Tenders

Relevant Matters

Invitation for the public tenders involves a number of matters including the following:

- a) Tender form & Schedule, to enable tenders to furnish their offers.
- b) Allocating a Tender Number.
- c) Tender Notice.
- d) Tender specification & special conditions, if any.
- e) Samples.

7.2 Activities

In addition to above, the tender procedure also involves the following activities:

- a) Distribution of tender documents.
- b) Receipt and public opening of tenders received.
- c) Evaluation of tenders.
- d) The award of contract.

7.3 Allocating a Tender Number

- a) Each tender must be allocated a specific number, which should be used in all documents and correspondence thereafter in relation to the tender and subsequent purchases.
- b) For this purpose a separate register should be maintained indicating the number allocated to a specific tender.

7.4 Tender Notice

- a) A notification given in brief description of the material, article or equipment or services required, date and time of closing of tender should be published at least in one widely circulated national newspaper and in relevant websites where possible.
- b) The Tender notice shall be specified the following:
 - i. Number and/or quantity to be supplied.
 - ii. Place at which tender forms may be obtained.
 - iii. Mode of submission of tenders.
 - iv. Refundable or Non-refundable deposits to be made.
 - v. From whom further particulars may be obtained.
- c) Time for submission of tenders:
 - i. Sufficient time shall be given to suppliers or contractors to tender. In case of public tender, it should be preferable to allow three weeks so that tender will come to the notice of all potential tenderers and also to allow them to decide and prepare relevant papers.
 - ii. In case of selective quotation too at least two weeks should be given unless the suppliers are required urgently and relevant PC should obtain the Chairman/Director General's approval in writing.

7.5 Tender Deposits

- a) PC may decide to request for a refundable tender deposit and/or non-refundable tender deposit from the prospective tenderers.
- b) Refundable tender deposits need not be obtained, when tender forms are issued to the following Institutions/Organisations:
 - i. Representative of foreign Government in Sri Lanka.
 - ii. State Trading Organisations of Foreign Governments.
 - iii. Government Departments, State Trading Organisations in Sri Lanka.
 - iv. Government owned business undertakings in Sri Lanka.

7.6 Instruction to Tenderers

Amongst other matters, these instructions will include the following:

- a) Detailed manner of submission of tenders and rank of contractor
- b) Details and specifications of tenders to be furnished
- c) Security Bid Bond and/or Bank Guarantees required to be furnished
- d) Any sample to be furnished
- e) Those tenderers can be present at the time of opening of tenders etc.
- f) Legal requirement and contract agreement should be signed.

7.7 Specification and Special Conditions

Any further details and special conditions should be separately listed. These will include details of a technical nature. (i.e. in respect of plant, machinery or equipment, number of units to be purchased, after sales services required, credit terms, financial agreements, discounts aloud etc.) should be clearly spelled out to enable the suppliers to submit their offers. Inviting tenders on specifications written around particular makes or brands of products should be avoided.

7.8 Tender Forms and Schedules

- a) Tender Forms

A printed tender form shall be used which will provide for the tenderer to furnish the following:

- I. His/her names, address, telephone/fax number.
- II. His/her usual place of business.
- III. Tender number and the amount tendered.
- IV. Whether the deposit is paid and the number of the official receipt issued by the Commission.

- V. Particulars of any security required to be furnished.
- VI. References of previous supplies or contracts (if necessary).
- VII. Other details stipulated (as required to evaluate tenders).

b) Tender Schedule

A schedule of tenders shall be prepared by the Tender Board or by the Member of Staff (Supplies) listing the tender giving name and business address, tender amount and remarks column to obtain whether all requirements in the Instruction to Tenderers have been fulfilled. The remarks column should be recorded, if security/guarantee/bid bonds etc. have not been furnished.

7.9 Samples

a) Samples may be obtained from tenderers/suppliers wherever necessary.

- I. Such samples received should be properly tagged to identify the supplier's name and address, tender number, date of receipt and kept in safe custody by the Member of Staff (Supplies).
- II. On receipt of the sample, a Member of Staff nominated by Head of Procurement Division should examine the sample received from each tenderer, where necessary by any other competent authority or institution.
- III. The name of the tenderer should not be divulged to the Member of Staff, authority or institution examining the samples and instead an identification number should be allotted to each sample to be examined. The report on the sample examined should be attached to the report of the Procurement Committee. Samples other than those subject to destructive tests should be produced at the Procurement Committee meeting when requested to do so by the Members of Procurement Committee
- IV. After the tender is finalised, the sample received shall be dealt with as given below:
- V. Samples furnished by the successful tenderers; where such samples have not been subject to destructive tests, the samples with proper identification should be sent to the Member of Staff in charge of stores to facilitate comparison as to whether supplies delivered by the tenderer are of the same quality and specifications. After the supplies are delivered in full, the relevant samples should be taken into stock with the approval of Deputy Director Finance.
- VI. Sample furnished by the unsuccessful tenderers; where such samples have not been subject to destructive tests should be kept in safe custody by the Member of Staff (Supplies), until they are either

returned to the tenderers concerned or disposed as directed by the Director General

7.10 Distribution of Tender Documents

On payment of the stipulated tender deposits and issue of the Commission's official receipts, the Member of Staff (Supplies) shall maintain a register, indicating name and address of the parties to whom the tender documents were issued and also the date, item of issue of those documents and Tender Documents shall substantially conform to the specimen of the Commission.

Any deviation from standard documents of the Commission should be brought to the notice of the Procurement Committee.

When issuing the tender forms, date and Commission stamp should be placed on the tender forms, which can be identified.

7.11 Submission of Tenders

- a) All tenders should be submitted in sealed covers. Tender condition including tender notice should include a condition to this effect. Even quotations up to the value of RS.10, 000/-, as far as possible be accepted in sealed covers.
- b) They shall be submitted in one original and number of duplicates indicated in Instruction to Tenderers, sealed separately, and marked 'Original' and 'Duplicate'. All those envelopes shall together be sealed in one envelope and delivered.

7.12 Mode of Submission

- a) Tenders shall be submitted as stated below:
 - i. By post, under registered cover.
 - ii. By personal delivery to Member of Staff (Supplies) authorised by the Procurement Committee. Supplier should be obtained an acknowledgment letter.
 - iii. By depositing in the sealed Tender Box at the Office of the Commission.

7.13 Receipt of Tenders

- a) The tender notice will specify place of receipt of tenders.
- b) A person who delivers the tender by hand is entitled to a receipt.
- c) All envelopes containing tenders received in the post or delivered by hand should be date stamped, initialed by the receiving Member of Staff and deposited in the tender box.

- d) Tender received by the fax shall also be date stamped, initialed by receiving Members of Staff and deposited in the tender box.

7.14 Keys to Tender Box

The original and the duplicate keys to the tender box shall be placed in sealed covers and kept in the safe in the office of the Deputy Director (Finance).

7.15 Closing of Tenders

- a) The tender box shall be closed and sealed at the closing date and time as specified. Similarly opened on the date and time as specified.
- b) Under certain exceptional circumstances the Commission may extend the date of closing and opening of the tenders after giving proper public notice (i.e. Due to interruption of postal facilities, any emergency in the country etc. that prevent suppliers from tendering in the due time). In such event the new date and time shall be reckoned for closing of tenders and laid down procedures adhered to.

7.16 Late Tenders

Any tender received later than the closing time should be rejected and returned unopened.

7.17 Public Opening of Tenders

Procedure at Opening

- a) Tender shall be opened in the presence of at least two members of the respective Procurement Board.
- b) Tenderers or their authorized representatives should be allowed to be present at the opening.
- c) Details of the tenders shall be read out as far as practicable and the tenderers be given the opportunity to note any information.
- d) The name of the tenderer present or represented should be recorded and their signature obtained in a register before commencement of the opening
- e) The relevant data on the tenders received and opened will be recorded in a schedule of tenders, at the time tender is read out.
- f) Each member shall initial all the pages or as relevant, of the tenders received and also initial the schedule.

7.18 Records of Procurement Committee Or the Duties of the Bid Opening Committee as per NPA)

The Chairman of the Procurement Committee or Bid Opening Committee or any other member present should read out, or case to be read out to those present, at the tender opening, the following details:

- a) Name of each tenderer and the amount tendered in the tender form.
- b) Whether or not a bid bond is submitted and the amount of the bid bond.
- c) Any discounts declared in the bid bond.
- d) However the details of the makeup of the tender should be read out.
- e) The proceedings of the opening of the tender should be recorded and the minutes authenticated by all members of the Procurement Committee.

7.19 Numbering of Tenders

On opening the tenders, they shall be numbered consecutively and shall forthwith be initialed by members of the tender board who opened under the particular date. A rubber stamp should be used for the purpose. Pages consists of a summary of data required a evolution criteria should be date stamped and also initialed by the members of the tender board.

7.20 Tender to be sent for Evaluation

In case of tenders to be evaluated by a Technical Evaluation Committee (TEC), immediate action should be taken to hand over opened original and duplicate tenders to the TEC for evaluation with schedule of tenders.

7.21 Evaluation of Tenders

- a) General
Evaluation of tenders should be done to ascertain that tenders have strictly quoted according to specifications and the tender conditions.
- b) Examination of Tenders
 - i. The purpose of this examination is to determine the eligibility of tenders and whether each tender is substantially responsive.
 - ii. The purpose of tender evaluation is to determine the lowest evaluated tender from the substantially responsive bids received.

7.22 Technical Evaluation Committee (TEC)

The Tender Evaluation Committee (TEC) should be constituted of at least three members. There should be at least one member who is technically competent included in the TEC for the evaluation of the tenders for complex

machinery and other technical products/articles or services as very close scrutiny is required.

7.23 Responsibility of TEC

TEC is appointed to assist the Procurement Committee. Its main responsibilities are as follows:

- a) Preparation of Terms of References/ Specifications based on the tendering subject.
- b) Preparation/scrutiny of tender documents.
- c) Preparation of pre-qualification documents and evaluation.
- d) Evaluation of tenders comprehensively.
- e) Make suitable recommendations to PC to enable them to arrive at a decision.
- f) Negotiate and collect further information from the bided parties if necessary
- g) Assist PC in any other way if required.

7.24 Award of Tenders

The following procedure shall be followed in making a decision on the purchase, whether by public tender or selective tender:

- a) The relevant Procurement Committee will examine the tender or quotations received and satisfy themselves that the conditions and terms and conditions set out have been fulfilled. PC may obtain the assistance of the Member of Staff handling supplies for this work.
- b) The Member of Staff will thereafter check whether goods and services offered conform to the specification stipulated in the invitation to tender.
- c) Discrepancies or points of dispute on the specifications will be referred to the requisitioning Head of the Division, if necessary for written clarification.
- d) After verifying the specifications the Member of Staff (Supplies) shall compare the tendered price against prices in the recent past and the current market prices. He should then prepare schedule of offers on a comparable basis, and submit same with other documents and recommendations of the Technical Evaluation Committee if any, to the relevant tender board for selection and approval of purchase. The Supplies Member of Staff when seeking approval must be submitted a memorandum which will state his views or recommendations.

- e) When approval is given for the purchase by the PC and/or the Commission, as the case may be, the purchase approval form may be prepared and forwarded to the appropriate Authorised Member of Staff. A standard format may be used for this purpose.
- f) The letter of acceptance of the tender must be sent to the tenderer, before the date of expiry of the validity of his tender. Due to lack of time instead of a letter of acceptance, a letter of intent may be sent to the successful tenderer, until the letter of acceptance is sent to him.
- g) The successful tenderer should be requested to furnish a performance bond, if required before a written contract/purchase order is signed.
- h) When the purchase approval form has been signed by the Authorised Member of Staff, the Purchase order should be raised in five copies and treated as follows:
 - i. Original sent to supplier.
 - ii. First (1st) copy sent to requesting HOD.
 - iii. Second (2nd) copy sent to Finance Division.
 - iv. Third (3rd) copy kept as book copy.

7.25 Approving Authority

The Director General will be the Approving Authority for procurement of goods/services/works authorized by the respective procurement committees as mentioned above.

7.26 Procurement Committee Meetings

Meeting of a PC will be convened by its secretary who shall give at least three (03) day's notice of such meeting. The Procurement Committee shall meet regularly as far as it is practicable, for deliberations of matters referred to it by its Secretary. Records of meetings should be kept for future references.

7.27 Quorum

7.27.1 The Quorum for the three (03) members Procurement Committee shall be two (02) members.

7.28 PC Authorization by Circulation

The Secretary to the Procurement Committee (with the assistance of Member of Staff (Supplies)) could circulate Procurement Committee papers to its members, and obtain their signatures authorizing the procurement, when time does not permit for a formal Procurement Committee Meeting to be held, provided the circumstances justify the deviation from the normal procedure.

7.29 Minutes of the Procurement Committee Meetings

7.29.1 The minutes of all deliberations and decisions of the Procurement Committee shall be maintained by its Secretary and minutes shall be confirmed by its members at the very next meeting. Any amendments agreed by the members will be noted and confirmed at a subsequent meeting.

7.29.2 The original of the confirmed minutes will be filed with records maintained by the Procurement Committee Secretary.

7.30 Action on Procurement Committee Recommendations

On the minutes being confirmed, the Member of Staff (Supplies) shall submit a purchase approval form, with the recommendations of the Procurement Committee to the approving authority in terms of the delegation of the Financial Authority.

The submission to the Commission may be supported by a Commission Paper from the Member of Staff (Supplies) giving further details and clarifications, where necessary.

7.31 Scope of Authority of the Procurement Committee

The following matters will be dealt by the Procurement Committee in the course of its normal deliberations and decision making.

- a) Recommendations made by the Member of Staff (Supplies), Deputy Director (Finance), Head of the requisitioning Division, Director General and the Technical Evaluation Committee.
- b) Select a supplier either as recommended in the Procurement Committee deems suitable.
- c) Scrutinizing application and approving suppliers and contractors for registration.
- d) Authorising the deletion of the black listed suppliers and contractors from the approved register.
- e) Considering approving and/or making recommendations with regard to settlement of disputes with suppliers and contractors on their removal from the Register of Suppliers and placing in the register of defaulting suppliers or black listing them.

7.32 Negotiation with Tenderers

7.32.1 Any negotiation in regard to the condition or specification or in regard to the prices should be conducted by the Procurement Committee itself or by the relevant TEC /a Member of Staff specifically delegated this task, who should report in full on the negotiation to the Procurement Committee which will take the decision regarding the purchase or the prices.

7.32.2 A full record of all such negotiations should be maintained.

7.32.3 Negotiations may also be conduct in regard to the following:

To very terms & conditions of a contract already entered into and representations made by party contracting.

7.33 Re- Tendering

Fresh tenders may also be called, if it is found necessary to cancel tenders already received under the following circumstances.

- a) If it is found necessary to cancel the tender already received under the competitive prices.
- b) If no acceptable offers have been received.
- c) If tender validity period has lapsed or there has been ambiguity in the tender specifications and conditions.
- d) If there is significant change in market conditions.
- e) Change in requirement after the tender was invited.

7.34 Selective Tenders

The selective tender system may be adopted in place of public tender system to avoid unnecessary cost and delays and for reason of urgency as stated earlier.

7.35 Selection of Prospective Tenderers

Under this system prospective tenderers must be selected from the register of suppliers and/or from reputed Companies or Institutions, who even though not registered with the Commission are in a position to supply the product/service the Commission requires.

7.35.1 When there are a large number of suppliers registered for a particular product or service, it is important that quotations are called from all the suppliers in order to ensure transparency and that no bias is shown towards a particular supplier on the register. (Here a pre-Qualification criterion is not recommended. It is assumed that the prospective tenderers' capabilities have been appraised before they are placed on the register).

However, the following criteria may be considered where relevant and reduce the number:

a) **Technical Capability :**

This refers to the excellence of design and development engineering, production engineering and ability to assure quality and after sales service.

b) **Production Capability :**

This refers to the efficiency and completeness of plant equipment, facilities, capacity and know how as well as the ability and the means to expand and supplement capacity.

c) **Financial Capability :**

This refers to the adequacy of credit standing, cash flow, equity and working capital and the ability to augment capital through borrowing or additional investment.

d) **Managerial Capability :**

This refers to the ability and competency in managing resources.

7.36 Decision making

Even where tenders are invited from selected sources, the procedure to be followed in opening, recording, evaluating and award of tenders should be same as in the case of Public Tenders.

7.37 Negotiated Purchasing- in case of single or sole supplier

Negotiated purchasing may be resorted to when competitive tendering is not practicable under following circumstances:

- a) Availability of only one source of supply (like branded products, monopoly supplier etc).
- b) The existence of only one reputed firm to undertake a particular work or service.
- c) This practice should be resorted to only with written permission of the Chairman or Director General.
- d) The Tender Board should also be involved in the negotiation process where practicable.

7.38 Ordering against Quotations- Low value purchase.

These purchases on the basis of Telephone or e-mail or Hand Quotation shall be kept down to a minimum and confined as far as possible to the following situations:

- a) Where the value of the purchase is low as to make it uneconomical to process on the basis of sealed quotations or tenders.
- b) Where the Commission's requirement has to be satisfied in extreme urgency.
- c) Telephone/e-mail quotation shall be invited only from the parties in the registers or any other Reputed organization with the prior approval of the Director General.
- d) Purchases on the basis of the telephone/e-mail quotation shall be subject to the limits set down in the delegation of financial authority.
- e) The Member of Staff approving the order on the basis of telephone/e-mail quotation shall satisfy himself regarding the quality of the item ordered and accuracy of prices recorded in the purchase approval form.

7.39 Purchases from Government Owned Business Undertakings

Sealed tenders or quotations need not be invited in the case of purchases from state institutions. In such cases the prices fixed by these institutions shall be checked against current market prices if any, and if satisfied the items approved for purchasing in accordance with the normal procedure.

7.40 Repairs and Maintenance Contracts

7.40.1 Repairs and maintenance of equipment, machinery and appliances shall be entrusted to the agents or to the original suppliers of the items concerned. Deviation if any should be approved by the Director General.

7.40.2 In the event, the rates quoted by the agents or original suppliers are excessive or where the agents/original suppliers are not interested in quoting or there are no agents at the time, competitive tender may be invited from parties in the register of suppliers and contractors.

7.40.1 Maintenance of all equipment, plant & machinery and appliances shall be governed by the agreement entered into with respective agents. All maintenance agreements shall be coordinated by the Member of Staff (Supplies) in terms of the delegation of Financial Authority.

7.40.2 The award of any maintenance work to any party other than the Agents shall be always referred to the Procurement Committee for recommendation before approval by appropriate authorized Member of Staff

7.41 Monitoring and Controlling of Purchases

Planning of capital procurement can only be restricted to Annual Budget Preparation session and other day today purchases also need to be governed by the recurrent budget limits other than in emergency situation.

7.42 Progress on Purchase Requisitions and Purchase Orders

7.42.1 It is the responsibility of the Member of Staff to ensure that the goods and services ordered and requisitioned without delay.

7.42.2 It is also his responsibility to keep in view the progress on purchase order placed with selected suppliers. For this purpose he should maintain a register shows the information in chronological order, in following form:

Item Ordered & Quantity	Name and Address of Suppliers	Final date of delivery	Period of Delay	Action Taken

The following monthly progress reports shall be prepared by Member of Staff (Supplies) and forwarded to Director General through Deputy Director (Finance)

- a) Progress on Purchase Requisitions.
- b) Progress on Purchase Order.
- c) List of delayed supply

7.43 Preparation of Estimates

All purchase of goods & services by the Finance Division of the Commission must as far as possible be correctly estimated and reflected in the overall budget of the Commission according to the approved budget. Such estimates could be classified under the following:

- a) Purchase of goods - Consumable (suitably classified).
- b) Purchase of services (suitably classified).
- c) Purchase of items of a capital nature (suitably classified).
- d) Purchase from Foreign Aid.

8 Procurement Procedure and Inventory Control

8.1 Definition of Procurement Procedure

“A Procurement Procedure is a method by which items are purchased from external suppliers. The procedure involves managing the ordering, receipt, review and approval of items from suppliers. In essence, the procurement procedure helps the Commission to get value for money”

8.2 Procedure for Procurement

Procedure should be carried out mainly based on the National Procurement Agency Guide Lines and the relevant Treasury circulars applicable for goods, services and consultancy activities.

- Identify the goods and services to procure
- Follow the National Procurement Agency Guidelines
- Agree on delivery timeframes and methods
- If necessary enter into specific service agreement
- Complete Purchase Orders (PO) and issue to suppliers
- Receive goods and services from suppliers
- Review and accept the items procured
- Approve and settle the supplier bills , retention may be considered according to the agreement

8.3 Methodology for Procurement

Any purchase whether it is capital assets, consumables or services other than consultancy services will be requested from Management Assistant (Receipts & Payments) using following forms

- Capital Assets – CAPEX form
- Consumables/Services – Material Requisition Note (MRN)

8.4 Capital Assets - Methodology for Procurement

8.4.1 Deputy Director (Finance) will direct Assistant Director-Finance to proceed with procurement of Capital items listed under 9.2.3 (Budgeted capital assets purchases) and 9.2.5 (urgent purchases)

8.4.2 Deputy Director (Finance) will forward the list of items recommended by Budget Committee together with relevant CAPEX forms to Chairman/Director General for authorization in accordance with “Delegation of Financial Authority” approved by the Commission.

8.4.3 Deputy Director (Finance) or the relevant Head of Division will prepare a commission paper and forward to the Commission for approval of any procurement beyond the financial authority of Chairman/Director General.

8.4.4 Director General will appoint a Technical Evaluation Committee (TEC) on the recommendation of Deputy Director General or the relevant Head of Division

8.4.5 Evaluation committee will study & recommend or change specifications.

8.4.6 Assistant Director-Finance will call for quotations in accordance with the guidelines given below:

- a) Up to Rs. 10,000/- (per order) – Telephone, hand or fax quotations to be obtained from at least three suppliers.
- b) Over Rs10, 000/- and up to RS.100, 000/-per order - Sealed quotations under registered cover from a minimum of three suppliers.
- c) Over RS.100, 000/- and up to Rs.500, 000/- per order-Sealed registered quotations/tenders. The tenderers should be notified of the date and time of opening of tenders and to be opened in the presence of two Members of the Tender Board or their nominees (as per Tender Procedure – Section 7)
- d) Over Rs.500, 000/- per order - Public Tender. Tenderers to be notified of the date, time and place of opening of tenders and should be opened in the presence of two Members of the Tender Board or their nominees.
- e) In inviting quotations, the suppliers should be called upon to furnish the following:
 - I. Unit price and total amount.

- II. Discounts if any offered.
- III. Credit terms.
- IV. Time and period of supplies/delivery.
- V. Validity period of the quotation.
- VI. Taxes, if any

8.4.7 Deviation from Normal Procedure

Deviation from normal procedure can be allowed in case of an emergency, when adherence to normal procedure would result in undue delay and additional expense to the Commission.

Such deviation will be allowed in the situations subjected to the following conditions:

- a) Up to the limit of Rs.10,000/-, articles may be purchased in the open market in case of emergency with the approval of a head of a division.
- b) In case of an extreme urgency up to a value of Rs.100,000/- sealed quotations/telephone or fax quotations may be obtained with the prior approval of the Chairman/Director General. The approval of the Chairman/Director General should be obtained for the list of suppliers to be invited to tender.
- c) When the Register of Suppliers does not provide the names of suppliers for a specialised item, the reputed manufacturers or suppliers list in the Yellow Pages may be selected and invited in writing to submit sealed tenders. The approval of the Chairman/Director General should be obtained for such list of suppliers to be invited to tender.
- d) A report should be submitted to the Procurement Committee giving valid reasons for deviating from the normal procedure, within 14 days.

8.4.8 On the receipt of the quotations, Management Assistant (Receipts & Payments) will prepare a Schedule of Quotations and forwards to the TEC.

8.4.9 TEC will forward their recommendations in writing to the relevant procurement committee as given below:

- a) Department Procurement Committee (PC) –
 - i. Minor Contracts – Committee Comprised of Director General, Deputy Director (Finance), and the Secretary to the commission.
 - ii. Major Contracts - Committee Comprised of Director General, Deputy Director (Finance), and Ministry Representative from Ministry of Finance & Planning.

8.4.10 PC will either approve or reject the recommended supplier. Reasons for rejection should be in writing. (As main criteria of selection, PC will consider suppliers offer to supply full quantity of items). If rejected, PC will recommend either re-calling quotations or approving some other supplier in the schedule giving reasons in writing.

8.4.11 PC may direct TEC members to negotiate purchasing from sole manufactures, sole suppliers or sole agents or to call for open tenders.

In case of low value purchases PC may direct HOFD (or any other procurement authority)

- a) To call for telephone or e-mail or hand quotations.
- b) Approve direct purchases in open market.

8.4.12 The Purchase Order (PO) will be prepared by the Management Assistant (Receipts & Payments) and forwarded to Assistant Director (Finance) for checking.

8.4.13 Deputy Director (Finance) will forward the Purchase Orders to the Chairman/Director General for approval and send the original to the supplier.

8.4.14 Management Assistant (Receipts & Payments)(Receipts & Payments) will take over goods delivered by the supplier, after checking the quantity and the quality as given in the PO. (Management Assistant (Receipts & Payments) may request assistance from a TEC member or any other technically qualified officer to check the quality and obtain a Quality Report)

8.4.15 Management Assistant (Receipts & Payments) will raise a GRN for accepted goods.

8.4.16 Management Assistant (Receipts & Payments) will issue the goods to the officer who requested or to the officer who will be expected to use such goods.

8.4.17 The recipient or user will sign the original GRN, the book copy of the GRN and on the "Goods Hand Over Book" to acknowledge receipt.

The information as per 8.3.18 will be recorded in the "Goods Hand Over Book" to facilitate identification of the equipment.

8.4.18 Management Assistant (Receipts & Payments)(Receipts & Payments) will hand over the original GRN to the Assistant Director (Finance) to update the Fixed Asset Register

Fixed Asset Register records will include the following:

- description of the property,
- serial number,
- cost of equipment,

- current location,
- use, and condition of the equipment,
- the date of acquisition
- Identification Number (of PUCSL)

8.4.19 Goods not accepted will be returned to the supplier along with a note signed by Director General/Deputy Director General

8.4.20 It is the duty of Assistant Director (Finance) to assign an appropriate identification number for every equipment, furniture etc, and mark them with the Commission's name and the identification number.

8.5 Consumables and Services - Methodology for Procurement

8.5.1 Re-Order-Levels (ROL) will be established and periodically reviewed by Assistant Director-Finance and Management Assistant (Receipts & Payments) for all consumable items purchased in bulk.

8.5.2 When the consumable stocks reach Re-Order-Level, Management Assistant (Receipts & Payments) who maintains Stocks Register will raise a Material Requisition Note (MRN) for approval of Deputy Director (Finance).

8.5.3 Original of the MRN will be returned to Management Assistant (Receipts & Payments) to proceed with procurement.

8.5.4 Any service required by a Division will be requested from Management Assistant (Receipts & Payments) by raising a MRN.

8.5.5 Management Assistant (Receipts & Payments) (Receipts & Payments) will forward the MRN to Chairman/Director General for authorization in accordance with "Delegation of Financial Authority" approved by the Commission.

8.5.6 Deputy Director (Finance) /relevant Head of the Division will prepare a commission paper for any procurement beyond the financial authority of Chairman/Director General. (Follow procedure from 8.4.4 to 8.4.13)

8.5.7 Management Assistant (Receipts & Payments) (Receipts & Payments) will take over goods delivered by the supplier, after checking the quantity and the quality as given in the PO. (Management Assistant (Receipts & Payments) (Receipts & Payments) may request assistance from a TEC member or any other technically qualified officer to check the quality and obtain a Quality Report)

8.5.8 Management Assistant (Receipts & Payments) (Receipts & Payments) will raise a GRN for accepted goods.

8.5.9 Management Assistant (Receipts & Payments) (Receipts & Payments) will issue the goods to the officer who requested or to the officer who will be using the goods.

8.5.10 Recipient will sign the Stock Register to confirm receipt.

8.5.11 Management Assistant (Receipts & Payments)(Receipts & Payments) will ensure proper safe keeping of all inventory items.

8.5.12 Management Assistant (Receipts & Payments)(Receipts & Payments) will file the first copy that will be attached to the Cheque Payment Voucher when the payment is to be effected (refer: Pricing of GRN)

8.5.13 Management Assistant (Receipts & Payments)(Receipts & Payments) will up date the Stock Register. when the items are issued, he will obtain the recipient's signature to acknowledge receipt.

8.5.14 Any goods not accepted will be returned to the supplier along with a note signed by Director Services/Deputy Director (Finance).

8.6 Accounting for Inventoried Items

8.6.1 The Finance Division will maintain an Inventory Record on Kalamazoo 12,900 (Stock Register) for all inventoried items other than Lands, Buildings, Structures, and Plant & Machinery.

8.6.2 Annually verified balances in quantity and value based on a First in First out (FIFO) basis of issues will form the values for annual financial statements.

8.7 Pricing of GRN (General Guide Lines)

8.7.1 Goods Received Notes should be priced from the relevant invoices and posted to the Stores Register (or Stock Ledger Cards). They shall indicate the actual price paid for the goods.

8.7.2 All issues from the stores shall be priced on the "First in First out" (FIFO) basis and posted the stock ledger cards.

8.7.3 Return Notes and Transfer Notes shall be priced at rates which they issued or transferred.

8.7.4 All GRNs, Return Note, Transfer Note and Requisition Note, if any and such cancelled documents mentioned above are received by him in the serial order.

8.7.5 Authority of the Director General should be obtained for the cancellation of GRN, Return Note, Transfer Note and Requisition Note, if any and such cancelled documents mentioned above are received by him/her in the serial order.

8.7.6 Stock Register (or Ledger Cards) should be maintained by the Storekeeper and he/she should ensure that all documents mentioned above are received by him/her in the serial order.

9 Capital Expenditure

9.1 Definition of Capital Expenditure

“Funds used by the Commission to acquire or upgrade physical assets such as property, buildings or equipment. This type of outlay is made by the Commission to maintain or increase the scope of their operations. These expenditures can include anything from buying equipment to construction of buildings.”

An expense is considered to be a capital expenditure when

- The asset is a newly purchased capital asset.
- An investment that improves the useful life of an existing capital asset.
- Capital expenditure needs to be capitalized in the books of the Commission.
- Requires the Commission to spread the cost of the expenditure over the useful life of the asset at an appropriate depreciation rate.
- The expenditure of capital nature is the purchase and/or acquisition of any item falls in line with the Capital Expenditure definition.

9.2 Approval for Capital Expenditure

9.2.1 The capital assets required by any division will be requested by raising a CAPEX form indicating reasons and/or justification.

9.2.2 Duly completed CAPEX forms will be forwarded to Deputy Director (Finance) by the respective Heads of Divisions to be tabled at the Budget Committee Meeting.

9.2.3 Budget Committee will study the justifications and priorities the items depending on the availability of funds and recommend them to be included under the Budget of the following year.

9.2.4 Rejected or postponed CAPEX forms (Purchases) will be returned to the respective Divisional Heads by the Deputy Director (Finance) with a note indicating the reason.

9.2.5 Any urgent requirement of capital assets will be purchased under the written approval of the Commission/ Chairman/Director General in accordance with the “financial authority” limits.

10 Board of Survey

10.1 Definition of Board of Survey

“A Board of Survey is a committee appointed by the management to verify the actual existence of every fixed asset owned by the organization and to physically verify the cash and consumable stocks in-hand on a given date”.

10.2 Policy

The Commission will appoint a Board of Survey by 15th December of each financial year from a list of officers nominated by the Director General.

10.3 Procedure for conducting a Board of Survey

Board of Survey will be responsible for the following:

10.3.1 To verify whether all items recorded in the Stock Records and Capital Assets Register are physically available in the premises.

10.3.2 To check whether there are items found in the premises but not recorded.

10.3.3 To identify the items that is unserviceable, obsolete, or surplus to requirement etc.

10.3.4 Prepare a report and forward to Director General with their recommendation by 15th January of the following year.

10.3.5 Director General will forward the report to Deputy Director (Finance).

10.3.6 Board of Survey Committee will investigate into any item found within the premises but not recorded and if there are adequate evidence that such items belong to the Commission will make arrangements to bring them either into the Fixed Assets Register or into the Stock Register.

10.4 Action on the Report of the Board of Survey

10.4.1 Immediately after the annual verification the Officer – in – charge of Stores shall initiate action to list all Unserviceable articles by using Board of Survey report in Form General- 47 and submit it to the Deputy Director (Finance). He/She should satisfy that the article had a fair lease of life and cannot be put to any further use and make his/her observations and recommendations to Director General for Approval.

10.4.2 Approval of any loss or shortage of stores items for write-off from the Stores Records should also be sought from Director General/Chairman/the Commission.

10.4.3 Taking into stores records, any excess items for which satisfactory explanations had been given.

10.4.4 Consider whether disciplinary action arises against any Member of Staff for negligence, theft or misappropriation, temporary or otherwise.

10.5 Periodical Reconciliation

10.5.1 A system shall be developed to reconcile the monthly accounts, stock balances with Stores Ledger balances.

10.5.2 At year end stock taking or at any other physical verification the shortages, losses also shall be brought into account against respective items in the stores ledger by quantity and value. Thus the stores ledger balances shall always be updated to agree with physical stock calculated at prices on a FIFO issuing basis.

a) Stock Records will help agreeing the stores ledger balance in quantities.

b) Bin cards will help in agreeing the physical stock quantities, at any given time.

10.6 Procedure for Disposal of Unserviceable, Obsolete, or Surplus to Requirement etc.

10.6.1 A schedule of items to be disposed on the basis of Board of Survey findings will be prepared by the Deputy Director (Finance) and forwarded to Director General for authorization and to obtain approval of the Commission.

10.6.2 Deputy Director- HR & Deputy Director-Finance will make arrangements to dispose such items in following manner:

10.6.3 Advertisement placed in newspapers and sealed bids taken. The highest bid is accepted.

10.6.4 Negotiate trade-in-arrangement with the suppliers of equipment as per National Procurement Agency (NPA) guidelines.

10.6.5 Negotiate with cleaning service for disposal at a reasonable price (items like news paper, discarded records etc,)

10.6.6 Items for destruction should be destroyed in such a manner that they cannot find their way back into the stores. Other items recommended for disposal shall be disposed in manner decided by the Deputy Director (Finance) in consultation with the Director General.

10.6.7 Items which can fetch a price in an auction or tender or other manner of sale that covers the expenses of the sale may be so disposed of. Director General may decide on the recommendation of Deputy Director (Finance) whether to have a public auction or a restricted auction depending on the number of items.

10.6.8 All items of stores disposed of on the recommendations of a Board of Survey should be struck off from the books of accounts viz. inventories, stock books reference to accounts.

10.6.9 Similarly action should be taken to write off the depreciated book value in financial accounts.

11 Loss Damage or Destruction

Adequate safeguards will be in place to prevent loss, damage, theft, or destruction to property. Director General/ Deputy Director General / HOFD or any other designated staff member will be immediately notified of all cases of loss, damage, theft, or destruction of non-expendable personal property and a fully documented investigation will follow. A police report, insurance claim, or other appropriate documentation will be required.

11.1 Losses and Waivers

Same principles and procedures should be followed in dealing with stores as stated above.

11.1.1 Losses include the following:

- a) Physical loss of property, including money, stamps, and stores tickets, licenses etc.
- b) Damage to property of the Commission.
- c) Expenditure by way of damages due to neglect, carelessness, delay, or omission by Members of Staff.
- d) Over payments, irregular or incorrect payments and payments to incorrect parties; loss of counterfoil books.

11.1.2 Losses do not include the following:

- a) The ultimate deficits reflected in the Annual Accounts of the Commission.
- b) Depreciation of fixed assets of the fund and normal wear and tear of equipment.
- c) Irrecoverable arrears of income or other dues.

11.1.3 A waiver is the abandonment of any income, receipt or cancellation of any dues to the Commission.

11.2 Responsibility for Loss

11.2.1 A Member of Staff shall be held personally responsible for any loss caused to the Commission by his own delay, negligence, fault, or fraud, and shall make good such loss. Similarly he is responsible, if he allows or directs any actions to be performed;

- a) Without proper authority, or
- b) Without compiling with financial or other rules, or other relevant instruction, or
- c) Without exercising reasonable care, or
- d) Fraudulently.

11.2.2 Every Member of Staff shall at all times be responsible for the safe custody, proper use and due disposal of any property issued to him or placed in his custody. In case of loss or damage or failure to account for them, when called upon the Member of Staff concerned shall be surcharged according to the value of such property.

Cashiers, counter clerks, storekeepers, stores clerks etc. should therefore maintain their records posted up to date and account for any balances of cash, stores, stamps, etc. indicated by such records.

11.3 Summary of Action to be taken when Losses Occur

The following action shall be taken when losses occur immediately:

- a) Report loss, where necessary, to the appropriate authorities.
- b) Report to the police in case of loss by theft, fraud, accident etc.
- c) Hold inquiries and fix responsibility.
- d) Take adequate security arrangements regarding the books, records, etc. involved.
- e) Record the loss in the register of losses.
- f) Fix the amount that should be made good by Members of Staff.
- g) Take adequacy steps to avoid a recurrence of the loss.
- h) Take disciplinary action, independently, where necessary.
- i) Prefer claim on bank, insurance company, guarantor etc. where appropriate.
- j) Adopt appropriate accounting procedure, where applicable.
- k) Obtain order of write off in case of stores or property is lost.
- l) Obtain an order of waiver when filled amount cannot be recovered.

11.4 Inquiry and Fixing of Responsibility

11.4.1 Preliminary Inquiry

The following action shall be taken to conduct a preliminary inquiry in accordance with the rules stipulated in the Manual of Disciplinary Procedures of the Commission and report to the appropriate authorities.

- a) As soon as a loss or damage occurs, preliminary inquiry should be conducted to ascertain the extent and causes of the loss, and fix responsibility.
- b) Reporting of Losses to the Director General/Chairman. All losses should also be reported to the Chief Accounting Officer and the Auditor General.

11.4.2 Preliminary Inquiry Report

The preliminary report should be furnished immediately after the loss discovered and inquiry held. If a delay of more than seven days is envisaged in making a full report, they should give as far as possible; the nature and extent (quantity and/or value) of the loss, the cause, the name and designation of the Member/s of Staff involved, and the type of investigation which is being conducted. Adequate arrangements should also be arranged regarding the security of the books, records etc. involved.

11.4.3 Final Inquiry Report

After inquiry, the full report should be submitted within two months from the date of loss or its discovery. It should state, where applicable the following:

- a) Total original cost of the property or value of cash stamps, etc. lost.
- b) Approximate or estimated value of property at the time of loss.

- c) Replacement value or cost of repairs to the article, equipment or any other movable or immovable property.
- d) Quantity, and if applicable, the number of items.
- e) Cause which led to the loss.
- f) Name and designation of the Member of Staff or Members of Staff directly or indirectly responsible for the loss.
- g) Whether fraud, negligence, delay, omission, or other fault is involved.
- h) Recommendations regarding recovery of the loss and whether any disciplinary action is proposed.
- i) Whether the loss was the subject of a court case, if so the present position.
- j) Whether the loss is covered by insurance or guarantee, if so, the amount recoverable.
- k) Steps taken or proposed for prevention of losses in future.

11.4.4 The Maximum Recoverable Value of Loss

- a) The maximum recoverable value of the loss should be determined as given bellow:
 - i. Cash, Cheque, pay order, etc. and the actual loss involved.
 - ii. Stamps, tickets, etc. and the fact value.
 - iii. Other property such as stores, current value.
- b) In case of an article, equipment or other material has to be replaced as given bellow:
 - i. The cost of replacement of the article by a new one by purchase in the open market.
 - ii. Customs Duty at current rates, if it has to be imported.
 - iii. A Commission's charge of 10% of cost of replacement.
- c) In case of damage to property the incidental expenses (such as transport) plus the full cost of repairs necessary to store the property to normal working order.
- d) If the property is damaged beyond repairs, the assessed value at the time of loss or the cost of replacement by a new article, whichever is highest, plus assessed incidental expenses.

11.4.5 Accounting Procedure for a Loss of Cash, Cheques, Stamps etc .

In the case of a loss of money, stamps, etc. due to a shortage, misappropriation or other cause, the amount should be made good immediately by the Member of Staff responsible. Where immediate recovery from the Member of Staff responsible is not possible the value of goods may be charged as a loss to the years accounts but shown specifically.

- a) When the loss is subsequently recovered, it should be credited (as an income) to the Commission's Fund.

- b) When any part of the loss is unrecovered Deputy Director (Finance) should forward a Commission Paper to obtain approval for writing off of the loss, enumerating the following:
 - i. the incident,
 - ii. attempts made to recover the property/losses,
 - iii. the reasons for non recovery

12 Payment Procedure

12.1 Policy

In general all payments should be made on the basis of CAPEX/MRN, Purchase Order, GRN and supplier's invoice except utility payments, rent payments, and contractual payments.

12.2 Responsibility

The final responsibility for enduring that a proper system and adequate authority exists for all disbursements of public money rests with Chief Accounting Officer (Secretary, Ministry of Finance & Planning) and Accounting Office (Director General), and Senior Management of the Commission.

12.3 Payment Voucher (the nature of the document)

A Payment Voucher is the evidence for the payment and it will carry the following:

- a) A brief description of service or supply or contract for which payment is made.
- b) Reference to source of detail in files, documents or decisions of the Commission as appropriate.
- c) Details of the financial provision/allocation.
- d) The accounts code and the title of the account to be charged.
- e) Where adequate information cannot be contained on the face of the voucher, details may be contained in annexes properly referred to in the voucher.

12.4 Annexes to the Voucher

(This should in Line with the Annex 7- Verification Sheet)

- a) In case of supplies as evidence of authorization and delivery received, it should have been annexed the copy purchase order and GRN. Also need to ensure that person in charge of the supply need to checked the

goods or the services have been delivered to the required standards to our premises and it is all right to go ahead with the payments

- b) In case of routine contractual payments such as; electricity ,water, rent, janitorial, newspapers, cab charges, monthly grocery items, etc will be examined by the Assistant Director-Finance and record in the relevant register and pass over the payment to the Management Assistant (Receipts & Payments)(Payments & Receipts). If there are any substantial variations, it should be notified to the Deputy Director-Finance
- c) In case of work done contacts value certificates, copy of BOQ etc., may be necessary.
- d) Other categories of payment may require specific information and annexes giving further description of service, computation of amount and net balances payable.

12.5 Requirements regarding Payments

- a) All payments shall be made upon a Payment Voucher which has been certified for payment.
- b) All payments shall be made by a Member of Staff empowered to make payments on certified voucher.
- c) Before certification the expenditure or payment should have been authorised, approved and certified for payment
- d) Under certain circumstances authorisation may be dispensed with in regular payment categories but approval is necessary.
- e) Different forms are used in making a claim for payment, and they will serve as Payment Vouchers. If accepted generally or adopted by the Commission.
- f) Requisition for refund of Deposit, Salary Pay sheet etc.
- g) The Commission may adopt convenient forms for consistent use. In a manner allowing all relevant details to be furnished, but the form should be approved and included under the financial procedures.
- h) Ascertain the necessary budgetary allocations are available to make the payment

12.6 Forms of Payment Voucher

The management of the Commission may prescribe different forms of vouchers for different categories of payment. Regulations as well as Manuals also prescribe claim forms which may be used as Payment Voucher. But they should measure up to the requirements of a Payment Voucher prescribed by the Commission. Otherwise the Commission may use its general/specific voucher form, in addition to such claims submitted.

12.7 Payment Methodology

12.7.1 Management Assistant (Receipts & Payments)(Receipts & Payments) will raise a Cheque Payment Voucher for the supplier invoices falling due for payment as per credit terms agreed and goods supplied. The 1st copy of the PO and original of GRN will be attached to the Cheque Payment Voucher.

12.7.2 Management Assistant (Receipts & Payments)(Receipts & Payments) will enter the Cheque Payment Voucher particulars in Cheque Payment register and hand over to the Assistant Director (Finance) for checking.

12.7.3 Assistant Director (Finance) will forward Cheque Payment Vouchers to relevant officials for approval in accordance with the “delegation of financial authority” approved by the Commission.

12.7.4 Assistant Director (Finance) will forward approved Cheque Payment Vouchers for certification by Deputy Director (Finance).

12.7.5 When certifying the voucher Deputy Director(Finance) should take into account the facts within his/her special knowledge or brought to his/her notice are taken into account.

12.7.6 Assistant Director (Finance) should ensure that every voucher accepted for payment has been certified by Deputy Director (Finance) or a Member of Staff having authority to certify. He/She also ensure that the voucher shows no evidence of being tampered with since leaving the certifying Member of Staff.

12.7.7 Assistant Director (Finance) will prepare the cheques for vouchers certified and obtain relevant signature as per “delegation of financial authority”. All cheques should be drawn in the name of the supplier and crossed “Account Payee”. Cash cheques should not be drawn up unless specifically authorized by Director General on a written request by the payee.

12.7.8 Responsibility of First Cheque Signatory

a) First Signatory – He/she plays an important part in controlling payments as the First Signatory (Refer 15.7 for further details).

Where the Appropriate Authority signs as first signatory on a Cheque payment, he/she should follow the steps given below:

- i. He/She initials counterfoil of Cheque, Cash Book and on the relevant Payment Voucher against Cheque number quoted on the voucher.
 - ii. Where he/She signs more than one Cheque on a Payment voucher supported by a schedule, that he/she signs or initials against each and every payee's name or other corresponding details on the schedule and initials voucher for having signed all the Cheques.
- b) Adequacy of Balance in Bank Account/s

He/She must satisfy himself/herself that Bank Balance is adequate to meet all payments made by Cheques

12.7.9 Assistant Director (Finance) should ensure that the identity of payee is established; only the net amount stated in the voucher is paid, and a proper receipt is obtained from the payee in quittance of payment.

12.7.10 Assistant Director (Finance) will enter all cheques in a Cheque Dispatch Register and proceed with the dispatch either by post or handing over to the suppliers' representative who produce a proper letter of authority. He/she should ensure that the Vouchers are "paid stamped" and initialed. When handling over the cheques, National Identity Card number should be noted in the Dispatch Register.

12.8 General Guidelines for Preparation of Payment Vouchers, Approval and Certification

12.8.1 Preparation of Payment Vouchers

- a) The Voucher supporting the payment should be prepared accurately and completely in the prescribed form.
- b) It should be prepared by the Member of Staff dealing with the subject or by the designated or assigned Member of Staff in the Finance Division according to the practice.
- c) Adequate details to identity the service or supply, the stage of payment, arrive at the amount stated on voucher and clearly identify the payee. All the prescribed details should also be furnished. Authority for payment and reference to file should be noted in the voucher.
- d) Any advance or prepayment, and any part payments should be deducted and only the net amount shown as payable. When payment for contract assignment ,retention money should be deducted and certificate of satisfactory completion also noted in the voucher
- e) A part payment should not be described as a Final Payment or just a payment.
- f) A deposit should not be described as an advance.
- g) A Loan should not be described as an advance.
- h) A stage payment or part payment on a contract should be so described as given below:
- i. If any clarification is necessary, the Member of Staff may seek instructions from the Supervisory Member of Staff in this regard.
- ii. After preparing the voucher and initialing for having prepared, the voucher should be checked by another Member of Staff assigned the responsibility, who should initial the voucher for having checked the voucher.

- iii. The voucher should then be submitted for approval, for payment by the delegated Member of Staff, who will signify approval by signing as “Approved for Payment”.
- iv. The voucher approved for payment should be submitted to the Member of Staff or other Certifying Member of Staff with the register maintained for the purpose of recording such payment.

12.8.2 Division of Work in regard to Authorisation, Approval, Certification and Payment

- a) Authorisation and Approval for payments are administrative acts, while Certification and Payment are generally responsibilities of the Deputy Director (Finance).
- b) Where it is not feasible to divide the four stages amongst four different Members of Staff, the Certification and Payment may be entrusted to the same Member of Staff, provided that there is sufficient internal control.
- c) Authorisation may be a prior authorisation, or be contained in the terms or an agreement or contract according to the circumstances and the accepted practice. In particular salaries, allowances etc, are prior authorised in schemes of recruitment, and salary scales, and only approval is necessary for the Member of Staff having satisfactorily worked and attended duties.

12.8.3 Advance Payments

a) Payment of Advances

The payments are sometimes authorised as given bellow:

- i. As an advance against supplies.
- ii. As a mobilization advance in case of tender awarded.
- iii. After the supplier or contractor has been selected.
- iv. In such cases too, authorisation and approval should be obtained in the same manner as a final payment. The propriety of paying an advance should be established.
- v. Authorisation may signify the necessary to pay an advance, but the approving Member of Staff should be satisfied about the amount of the advance. This limit is given as a percentage of contract amounts in the case of certain Supplies and Work Contracts.

b) Purchase Advances

- i. All purchase advances, shall be recorded in a Purchase Register.
- ii. Such advance payments shall be approved and certified as any other payment voucher. It should be numbered in the Cash Book, receipt by the Member of Staff obtaining the advance and available for audit.

- iii. Purchase Advance, where absolutely necessary should be confined to a Member of Staff identified as the Purchasing Member of Staff responsible for purchasing.
 - iv. A time limit should be fixed for settlement of the advance, if in local town area to a maximum of two days, and from Colombo or distant location to a maximum of three days.
 - v. On submission of invoices/bills and under- receipts is available.
 - vi. The advance should be settled using the appended advance settlement form.
- c) Records to be maintained in respect of Advance Payments
 - i. Generally a register should be maintained depending on the nature and class of advance payments (i.e. Festival Advances)
 - ii. Where a separate register is not warranted such advances can be included in a page or section of a General Register for advance payments.
 - iii. In case of advances paid by Member of Staff (Cashier, Shroff or Petty cash Clerk), such Member of Staff shall be responsible for maintaining a register, noting advance payment and recovery on the final payment within the prescribed period.
 - iv. Advance payments should be distinguished from cash requisitions for purchases or supplies made when circumstances compete to do so.

12.8.4 Cheque Payments and Cash Payments

- a) Payments which have to be remitted to parties not present at office of payment shall be made by a Cheque.
- b) Payments to state corporations for utility services, or supplies services from public or private companies shall be made by Cheque except, where cash is demanded for specific reason.
- c) Several payments due to the several parties for different supplies/services may be made by one Cheque for the total sum, but receipt should be obtained for specific reason.
- d) Where payment of a particular category can be made to several persons by encashing a Cheque in favour of the, Member of Staff who performs as a Cashier, such action may be taken to reduce the number of Cheques.

12.8.5 Limits on Individual Cash Payments

The maximum amount that should be drawn through a voucher by a Member of Staff responsible for payment of cash, should be limited to Rs. 20,000/-.

12.8.6 Other Payments

Apart from above categories, singular payments arise for a particular service, a legal claim etc. In such instances minutes in files, correspondence etc., serves as

evidence of service, negotiation of rates, completion of contract etc. In such instances, the minutes or reports authorising or approving the expenditure should be referred to in payment voucher or their photocopies with signatures annexed to the voucher. If it is the subject of a Commission Paper, the Commission decision number and date referred to and preferably an extract should be annexed.

12.8.7 Cheques in Lieu

The action should be taken on cancellation and loss of Cheques as stated below:

a) Cancellation of a Cheque

Where a payee returns a Cheque which is so defaced that it is not likely to be honored by the Bank on presentation, a fresh Cheque in lieu of the returned Cheque may be issued after scrutinising it carefully, to ensure that it has not been already paid by the Bank. The original should be effectively cancelled, filed and recorded.

b) Lost Cheques

If a payee reports that a Cheque has been lost, or cannot be traced, a fresh Cheque in lieu thereof issued only after taking the following actions:

- i. Verifying by reference to the Cash Book, Bank Reconciliation Statement and Bank Statement, that the Cheque has not so far been paid.
- ii. Obtaining the Confirmation of the Bank that the Cheque in question has not been paid within last 30 days, and will not be paid if presented thereafter.
- iii. Obtaining a letter of indemnity in the appropriate form (Form of Indemnity Bond) as given below:

FORM OF INDEMNITY BOND

In consideration of the Director General of the Public Utilities Commission of Sri Lanka issuing me a Cheque in lieu of the Bank Cheque No. 200, drawn by him in my favour for Rupees (Rs.....) only, which has been lost. I,..... the undersigned hereby guarantee and agree to hold the said Director General of Public Utilities Commission of Sri Lanka or his successors and assigns harmless and indemnified from and against all consequences that may arise from his so doing and from payment of the original Cheque and from and against all losses, charges and expense in connection with the said Cheque.

Signature (Over Rs. 5.00 Stamps)

Address:

Witnesses:

1.

12.9 General Guidelines for Payments

12.9.1 Payment of an individual vouchers in sums exceeding Rs.1000/- shall always be made by a Cheque. The Commission will fix from time to time the limit on individual payments in cash.

12.9.2 Deputy Director (Finance) should delegate the authority to a Member of Staff in the finance division to make cash payments.

12.9.3 This should not prevent any Member of Staff handling such payments in the absence of the Member of Staff in-charge of cash payment, on important occasions.

12.9.4 The work of Member of Staff who is in-charge of cash payments as a Cashier should be supervised by Deputy Director (Finance).

12.9.5 A special responsibility of Member of Staff in- charge of cash payments will be the payment of monthly salaries, salary advances and casual employees' wages etc. He/she should take adequate preparations regarding safety, accuracy of amounts, and identification of payees on such occasions.

12.9.6 Where it is necessary for the Member of Staff in- charge of cash payments or any other Member of Staff to encash Cheques, his/her signature should be certified and forwarded to the Bank as an authorized officer for encashment. The Cheque should be drawn in the name and the designation of the authorised Member of Staff.

12.9.7 Where a cheque has to be drawn in favour of any other Member of Staff for encashment is absolutely necessary, the counterfoil should carry the Payee's name appearing on the Cheque and a brief and clear note in explanation. This should be within the knowledge of Deputy Director (Finance) and the latter would supervise the payment.

12.10 Regular Periodical Payment

12.10.1 The Deputy Director (Finance) may fix certain days in the week or specific dates in a month of effect payments of particular categories of claims or expenses for reasons of security, volume of payments convenience of the payee, whether internal or external or other exigency.

12.10.2 Any restrictions on payment of Members of the Commission's claims or Members of Medical Benefits Scheme or payments to external parties to specific dates should be kept to a minimum.

12.10.3 If so advised, this information can be displayed prominently in the Finance Division giving specific dates.

12.11 Cash Requisitions

12.11.1 Any request for cash needs authorisation by the Director General or any other official in accordance with the financial limits approved under delegation of authority.

12.11.2 The need for cash to be drawn upon a cash requisition should arise only in the instances, where the supply or service to be paid is not from a Government Institution or reputed business enterprises which;

- a) Accepts payments after delivery,
- b) Would invoice for the exact price and assure supply upon Cheque drawn,
- c) Would accept cash on delivery,
- d) In case of item to be purchased where supplier does not accept Cheques,
- e) Where only cash is accepted (i.e. for Court fees, Photo copying document, binding charges. Motor license fees, Registration fees, Purchase of an urgent repair items for a vehicle etc.)

12.11.3 These advances should only be made upon authorisation by the Member of Staff, according to delegated financial limits, immediate acknowledgement should be obtained.

12.11.4 Such advances should be settled within 05 days and the Cashier should report the position of outstanding advances to Deputy Director- Finance. The Deputy Director- Finance may decide on a shorter period of settlement under certain circumstances.

12.11.5 In any case, Members of Staff should not be allowed to use such advances for personal benefit. Internal Audit should cover this subject in his/her programs.

12.11.6 The Members of Staff responsible of handling cash shall maintain a register of such advances in chronological order and in sequence of payment. The requisition file should be kept by him/her under lock and key.

12.11.7 The Members of Staff responsible of handling cash shall send reminder signed by Deputy Director- Finance to such payees immediately after the date fixed for settlement. The advance should be recalled if there is delay in utilising the advance for declared purpose. If not settled within a reasonable time period, the amount should be covered from his/her salary and disciplinary action may be taken where appropriate

13 Regular Payment Categories

13.1 Staff Salaries

13.1.1 Policy

(a) Subject to the provisions under Chapter X of “Manual of Administrative and Disciplinary Procedure (MADP)”, Deputy Director HR will be responsible for all procedural matters in respect of new appointments. This includes allocation of a number for EPF and ETF purposes, registration of employee with Labour Department, safe keeping of EPF “B” cards, and obtaining annual and by annual statement of EPF/ETF for the distribution among the staff.

(b) In addition Deputy Director HR will compute the salaries based on new rules and regulations, increments, proposed structural changes if any applicable and submit to the Deputy Director- Finance with the relevant approval to implement. As per the “Delegation of Authority” relevant approval level will decide upon.

13.1.2 Procedure

a) Deputy Director HR will forward a copy of the Appointment Letter to Deputy Director (Finance) whenever a new appointment is made, along with an EPF number.

b) Deputy Director (Finance) will note and endorse such appointment letters and pass on to Assistant Director (Finance).

c) Assistant Director (Finance) will extract following information from the appointment letter. (Any information not available in the letter will be requested from the new appointee in writing.)

- Name
- Designation
- Date of Appointment
- NIC No.
- Bank and Account No - to remit Salary
- Basic salary - Amount
- Allowances - Type
- Allowances - Amount
- Annual increment - Amount
- Annual increment - Date

d) Any requests to change the bank account number by staff members should be forwarded to Deputy Director (Finance), in writing.

e) Assistant Director (Finance) will obtain leave particulars of the Members of Staff of the previous month before the preparation of the Salary Statement.

f) Assistant Director (Finance) will prepare Salary Statement (pay roll hard copy) and together with salary slips under the computerized payroll system, will be forwarded to the Deputy Director (Finance) for checking and certification.

- g) Deputy Director (Finance) will check payroll soft copy (with the hard copy) before transmitting to floppy diskette for Sri Lanka Interbank Payment System (SLIP) transfer.
- h) Deputy Director (Finance) will arrange the floppy diskette and a hard copy to be sent to the Bank for SLIP transfer.
- i) Assistant Director (Finance) will hand over the Pay Slips to respective officers and obtain acknowledgement.
- j) Assistant Director (Finance) will prepare a statement of PAYE tax in respect of every employee who is liable and draw up a Cheque Payment Voucher, obtain approval from Director General, certification from Deputy Director (Finance) and arrange remittance to the Department of Inland Revenue in accordance with the policy of the Commission on PAYE tax.
- k) At the end of each tax year, Assistant Director (Finance) will prepare and issue T-10 certificates under the signature of Deputy Director (Finance), to the Staff Members who are liable for PAYE tax.
- l) Assistant Director (Finance) will prepare a schedule of Employees Provident Fund (EPF) and Employees Trust Fund (ETF), indicating both employees' contribution and employers' contribution at the end of each month on the basis of salaries paid and forward to Deputy Director (Finance) for approval.
- m) Assistant Director (Finance) will prepare the Cheque Payment Vouchers for the monthly EPF/ETF payments, obtain necessary approval and certification, and draw up the relevant cheques.
- n) Assistant Director (Finance) will ensure payment of EPF/ETF cheques in time and obtain acknowledgement to ensure that no penalties are imposed by relevant authorities for delayed payment.
- o) Assistant Director (Finance) will be responsible for timely preparation and forwarding of monthly and bi-annual statements prescribed by Central Bank and ETF Board, under the signature of Deputy Director (Finance).
- p) Deputy Director HR will forward a memo to Deputy Director (Finance) to notify any resignation/retirement/served with vacation of post (VOP)/discontinuation of services or salary and/or allowances not payable to an officer due to some other reason.
- q) Deputy Director (Finance) will make arrangements immediately to stop payment of the salary and/or allowances to the officer concern.
- r) Deputy Director HR should inform Deputy Director- Finance of any Changes or General Revisions or Salary Scales or Wage Rates after obtaining approval for payment from the Commission.

13.2 Staff Overtime

13.2.1 Policy

Every member of the staff other than the professional staff members who is expected to work overtime will have to perform such work when requested by the Head of Division. The professional staff members maybe expected to perform reasonable level of overtime work for which no payment will be made.

13.2.2 Procedure

An Overtime Prior Approval Register will be maintained in the HR division. A folio will be allocated to each staff member of the division indicating the following particulars:

- Name
 - Short description of the type of work to be performed
 - Duration (by indicating starting time and finishing time)
 - Approved by
- a) Management Assistant (Receipts & Payments) will check Overtime Time Claim forms against attendance register and the Overtime Prior Approval Register as to the hours claimed and prior approval.
 - b) If in order Management Assistant (Receipts & Payments) will retain it for payment on the stipulated date. If not he will return it to the Staff Member for “corrections and return”.
 - c) Management Assistant (Receipts & Payments) will obtain necessary approval from the respective officials on the basis of number of hours worked.
 - d) Two working days prior to the date of payment Management Assistant (Receipts & Payments) will prepare the Overtime Payment Sheet indicating the Name, Number of hours, Rate per hour and the Amount payable
 - e) Management Assistant (Receipts & Payments) will raise a Cheque Payment Voucher for the total in the Overtime Payment Schedule in his/her name and forward to Assistant Director (Finance) for checking.
 - f) Assistant Director (Finance) will check the documents and the Cheque Payment Voucher and obtain approval from Deputy Director General /Director General /relevant Head of Division.
 - g) Assistant Director (Finance) will obtain the necessary signatures for the cheque and hand over to Management Assistant (Receipts & Payments) for encashment and payment
 - h) Staff member will check the due amount and acknowledge receipt by signing against his/her name in the Overtime Payment Sheet.

- i) Management Assistant (Receipts & Payments) will return the Voucher and Overtime Payment Sheet to Assistant Director (Finance) for recording and filing.

13.3 Petty Cash Payments

13.3.1 Definition of Petty Cash

“Petty cash is an imprest fund that is used only for expenditure of an incidental nature. An imprest fund is a fund established for a fixed amount that replenishes the exact amount expended from it.”

13.3.2 Policy

The petty cash fund is established in the Commission to improve the efficiency of the Commission's operations. These funds are available to purchase minor items when it will be otherwise impractical to purchase items through the usual procurement methods.

13.3.3 General Guidelines on Petty Cash Imprest

Following are the general guidelines in respect of maintenance of Petty Cash Imprest:

- a) Petty Cash imprest limit will be Rs.10,000.
- b) The Finance Division is responsible for the proper safeguarding of petty cash money for the Commission. A person who handle petty cash must deposit the relevant security deposit.
- c) The petty cash custodian/handler (usually Management Assistant), under the supervision of the Deputy Director (Finance)/Assistant Accountant, is personally responsible for the cash which is specifically issued to him/her. Therefore, access to the fund must be limited to the custodian.
- d) The disbursement from petty cash funds must be properly documented and for a valid Commission's business purpose.
- e) Petty cash fund must be kept separately from all other funds. The likely payments from the fund and restrictions are given below:
- f) The payments out of petty cash will include any payment that can be justify as petty cash payment as defined above.
- g) The petty cash fund cannot be used to
 - Pay personal services that will be considered either wages or independent contract payments.
 - Pay travel expenditure, except for local travel.
 - Make personal loans or salary advances.

13.4 Procedure for Petty Cash Payments

- a) The Petty Cash Imprest is maintained by Management Assistant (Receipts & Payments-MA)
- b) Management Assistant (Receipts & Payments) will settle all petty cash payment claims that are below Rs.1,000 and raise a Petty Cash Voucher and attach the relevant cash memos, receipts, invoices etc. Petty Cash Voucher will be acknowledged by the claimant.
- c) When the expenditure reach approximately Rs.7,000 in total, Management Assistant (Receipts & Payments) will raise a Cheque Payment Voucher to which the paid petty cash vouchers and relevant documents are attached and forward to Assistant Director (Finance).
- d) Assistant Director (Finance) will check the voucher with the supporting documents and forward to Director General/ Deputy Director General for approval.
- e) Assistant Director (Finance) will forward the approved voucher for certification by Deputy Director (Finance).
- f) Deputy Director (Finance) will scrutinize the payments and certify.
- g) Assistant Director (Finance) will raise a cheque in the name of Management Assistant (Receipts & Payments) for the exact amount expended, obtain necessary signatures and hand over to Management Assistant (Receipts & Payments) for encashment.

13.5 Insurance

The Commission has several insurance covers as given below

- Medical Insurance to cover staff medical scheme.
 - Motor Vehicle Insurance
 - Insurance coverage to protect against losses (e.g. Fire, theft etc.)
 - Workmen Compensation
 - Any other insurance cover that will be approved by the Commission, time to time
- a) Insurance policies will be maintained in insurance files by the Deputy Director (Finance).
 - b) Insurance policies will be reviewed by the Deputy Director HR and Deputy Director (Finance) before renewal and forward observations and/or proposed changes, to Director General, for action.
 - c) Director General will designate an Officer to re-negotiate the insurance cover and the premium.

13.6 Medical Insurance

The Commission operates a Participatory Medical Benefits Scheme for members of its staff. The scheme is governed by the policies, the rules and regulations laid down in Manual of Administrative and Disciplinary Procedures Part 1 – Chapter XV Under this scheme each family unit is entitled for medical insurance, in respect of indoor treatment and outdoor treatment.

13.6.1 Payment Procedure (Inpatient Bills)

When a member of the scheme is admitted to a paying hospital he/she will inform the insurer, of the admission giving relevant information such as name, policy number etc.,. When the patient is discharged bills will be either forwarded to the insurer by the hospital or a representative of insurer will call over at the hospital to take over the bills. Any disallowable expenses will be paid to the hospital by the staff member. Such disallowable expenses will not be reimbursed by the Commission.

13.6.2 Payment Procedure (Outpatient Bills and Claims)

- a) An officer seeking reimbursement of outdoor treatment expenses, fills the Medical Claim Form (MCF) as stipulated in the insurance policy.
- b) Member will attach the prescription/diagnosis card pharmacy bill, doctor's bill /receipt etc, and hands over to the Deputy Director HR /HR Division.
- c) Deputy Director HR collects several claims, records in the Medical Claim Register, forwards to insurer with the recommendation.
- d) Insurer sends a cheque, normally for several claims, along with a statement to Director General or to the Deputy Director (HR).
- e) Director General will forward the insurer's cheque to Deputy Director HR.
- f) Deputy Director HR will check with his records and if in order forward to Management Assistant (Receipts & Payments) for reimbursement.
- g) Management Assistant (Receipts & Payments) will prepare a Payment Schedule and raise a Cheque Payment Voucher.
- h) Management Assistant (Receipts & Payments) will forward payment schedule and the Cheque Payment Voucher to Assistant Director (Finance) for checking, certification and raising a cheque.
- i) Assistant Director (Finance) will check the voucher and obtain approval of Deputy Director General or Director General
- j) Approved medical claim reimbursement vouchers will be certified by Assistant Director (Finance) and raise a cheque in the name of Management Assistant.
- k) Assistant Director (Finance) will obtain necessary signatures for the Cheque and forward to Management Assistant (Receipts & Payments) for encashment and payment.

13.7 Payment of Festival Advance

Subject to the provisions under Chapter XI of MADP all members of the staff are entitled for a festival advance once a year, an amount decided by the Director General and adopted by the Commission.

13.7.1 Procedure

- a) Director General will authorise the amount payable to a staff member on account of festival advance on the recommendation of Deputy Director (Finance).
- b) Deputy Director (Finance) will decide as to the date of payment.
- c) Deputy Director (Finance) will send an internal memo/email message advising Staff members who wish to obtain Festival Advance to forward a written request on or before a certain date. (A list could be circulated)
- d) Deputy Director (Finance) will direct such letters to Assistant Director (Finance) to check whether there are any outstanding from previous festival advances.
- e) Assistant Director (Finance) will check the records, and return the requests with a note to Deputy Director (Finance) for approval and/or directive.
- f) Assistant Director (Finance) will prepare a statement indicating the name of the staff member, amount recoverable from previous advances, amount payable and a provision for acknowledgement of payment.
- g) Assistant Director (Finance) will prepare a Cheque Payment Voucher in favour of Management Assistant, attach the statement and the request letters and forward the Director General for approval.
- h) When approved by Director General, Assistant Director (Finance) will draw up a cheque in the name of Management Assistant (Receipts & Payments) and obtain the signatures.
- i) On receipt of the festival advance cheque, Management Assistant (Receipts & Payments) will en-cash and relevant staff members will be paid.
- j) On completion of the payment Management Assistant (Receipts & Payments) will return the voucher to Assistant Director (Finance) for recording and filing.
- k) Assistant Director (Finance) will make arrangements to deduct festival advance in ten (10) monthly installments.

13.8 Reimbursement of Fuel & Lodging Expenses

Subject to the provisions under Chapter XVIII of MADP all officers of the Commission who undertake outstation traveling on duty are paid lodging allowance approved by the Commission in addition to subsistence allowance payable as per PA Circular.

Any fuel expenses incurred by the Chairman and the Director General on assigned vehicles or any other officer using his own vehicle are reimbursed if such expenses exceed the monthly fuel allowance payable to them.

13.8.1 Procedure

- a) The officer concern will forward a duly completed form of “Application for Request of Fuel/Additional Fuel” to the Head of Division (HOD) for recommendation. (The form should include information such as nature of duty, the number of days, vehicle number, destination, distance, etc. together with an estimate of the expenses.)
 - b) The recommended form will be forwarded to Director General/Deputy Director General for approval of the trip and for a cash advance.
 - c) The officer will forward the approved form direct to the Management Assistant.
 - d) Management Assistant (Receipts & Payments) will raise a Cheque Payment Voucher infavour of the officer concern and forward to Assistant Director (Finance) for checking.
 - e) Assistant Director (Finance) will make arrangements to effect advance payment by cheque, following the normal cheque payment procedure.
 - f) On return the Officer concern will forward a written claim on the basis of the actual number of days he was on outstation duty and actual fuel bills, direct to Deputy Director (Finance). (Fuel bills should be certified by the Officer by placing the signature on the face of the bill)
 - g) If the claim is less than the advance the officer will refund the excess money to Management Assistant (Receipts & Payments) and obtain a receipt.
 - h) The officer will attach the receipt to the claim and forward to Deputy Director (Finance).
 - i) Deputy Director (Finance) will scrutinize the relevant claims and certify the amount entitle by the officer.
 - j) If the certified claim is more than the advance Deputy Director (Finance) will approve the reimbursement.
 - k) The certified claims will be handed over to the Management Assistant (Receipts & Payments) for reimbursement.
-
- a) Management Assistant (Receipts & Payments) will reimburse the expenses by cheque drawn up in favour of the officer, following the normal cheque payment procedure.
 - b) If requested by the officer, Deputy Director (Finance) may authorize reimbursement to be made with the salary.

13.9 Reimbursement of Telephone bills& Other Communication facilities

The Commission provides telephone (land phone) facilities to the Chairman and Director General and mobile phone facilities are provided to the Commissioners, Chairman, Director General and all Professional Staff Members. The settlement of the bills of the communication facilities thus provided will be based on latest Public Finance Circulars and Commission papers adopted and approved by the Commission.

13.9.1 Procedure

- a) All officers entitle for reimbursement of their telephone bills will settle their bills to the relevant service providers and forward the original bills and the receipt to Deputy Director (Finance).
- b) Deputy Director (Finance) will recommend the bills for reimbursement in accordance with the approved and adopted latest Public Finance Circulars and/or any other facilities approved by the Commission.
- c) Deputy Director (Finance) forwards such bills to Management Assistant (Receipts & Payments) for reimbursement.
- d) Management Assistant (Receipts & Payments) will collect such bills, record in the telephone register and raise a Cheque Payment Voucher in his name.
- e) Management Assistant (Receipts & Payments) will forward the voucher, the bills and the register to Assistant Director (Finance).
- f) Assistant Director (Finance) will check the bills and the voucher with the register and forward to Deputy Director (Finance) for certification and Director General/ Deputy Director General for approval.
- g) Assistant Director (Finance) will draw the cheque in favour of the Management Assistant (Receipts & Payments) hand over the cheque and the register to Management Assistant.
- h) Management Assistant (Receipts & Payments) will en-cash the cheque, effect payment and obtain acknowledgement.
- i) Management Assistant (Receipts & Payments) must ensure that the reimbursement of telephone bills is made only on 15th working day and the last working day of the month.

13.10 Foreign Training & Traveling Expenses

Travel abroad for study or training or on duty is governed by the provisions under Chapter VIII of Manual of Administrative & Disciplinary Procedures. Subject to those provisions stipulated in relevant financial circulars.

13.10.1 Procedure

- a) Subsequent to the Training Need Assessment by the individual Head of Divisions, Deputy Director (HR) will select a suitable training opportunities from available training courses. DD (HR) will then prepare the Capacity Development Programme in consultation with the Director General.
- b) Deputy Director (HR) forwards a Commission Paper to the Commission for authorization.
- c) Deputy Director (HR) forwards a memo to the Officer selected for training providing the details, with a copy to Deputy Director (Finance). A copy is filed in the Personal File.
- d) Deputy Director (Finance) makes arrangements to pay the necessary fees to the training institution through the Commission's bankers either by Cheque, Bank Draft, Telegraphic Transfer (TT) or SWIFT based on the internal memo prepared by the DD (HR) with DG's approval.
- e) The Officer selected for training will be paid necessary allowances such as warm cloth, incidental etc as per relevant government circulars.
- f) Assistant Director (Finance) will prepare a direct debit voucher after receiving bank debit advisory slip and forwards to Deputy Director (Finance) for authorization and to Director General for approval,
- g) Assistant Director (Finance) will make necessary entries in the books.

14 Maintenance of the Books of Accounts and General Ledger

14.1 Policy

The Commission will operate a semi -computerized Accounting System (CAS) using Computer software package. Access will be restricted to the Deputy Director (Finance), Assistant Director (Finance) and Management Assistant.

Raising of Invoices, Receipts, Purchase Orders (PO), Goods Received Notes (GRN), and printing of cheques are to be carried out through the CAS, to ensure accuracy in the long run.

(During the transition period current semi computer based system as well as CAS will be in operation.)

14.2 Classification of Accounts

14.2.1 All items of accounts shall be classified and coded in a comprehensive manner so that as to identify all material items of costs and revenues. It should also lend itself to the computerization of the system eventually.

14.2.2 Items of Income, Expenditure, Assets and Liabilities, of a like nature shall be grouped into broad classes (i.e. as Current assets, Non Current assets, Current liabilities, Non Current Liabilities, Reserves and Expenditure and Other Funds).

14.2.3 With regard to Income and Expenditure to broad groups shall be identified with standard classification adopted in the final accounts for presentation in financial statements.

14.2.4 Revenue receipts, Deposits, Reimbursements and Advances shall be separate groups or classes with appropriate sub-itemisation (i.e. Refundable deposits and Non Refundable Deposits and in case of Advances, described as Festival Advances, Salary Advances, Purchase Advances etc.).

14.2.5 Classification and coding can follow a totally numerical or alpha numeric coding. All Paying in vouchers and payment vouchers should carry the accounts code of Receipt or Payment at the time vouchers are prepared and signed.

14.3 Classification of Revenues

Revenue classification of the Commission is as follows:

- a) Levies.
- b) Revenue generated by the Commission in the exercise, performance and discharge, of its powers, duties and functions under the Act or any other industry Act, including fees received by the Commission for the grant or renewal of licenses under those Acts.
- c) Gifts and Grants.
- d) Interest on Investments.
- e) Interest on Loans to Members of Staff.
- f) Profit on sale of Fixed Assets.
- g) Miscellaneous Income.
- h) Any sums of money authorised or required to be paid into the fund by any provision of the PUCSL Act or any other industry Act.

14.4 Classification of Expenditure

Expenditure classification of the Commission is as per the Classification given by the MOF&P.

14.5 Books of Accounts

It is the responsibility of the Deputy Director (Finance) and Assistant Director (Finance) to maintain following Books of Accounts, Registers and other Records:

- a) Cash Book or Cash Books (manual or computerised).
- b) Petty Cash Book/s.
- c) General Ledger (manual or computerised).
- d) Main Journal.

- e) Expenditure Control Registers.
- f) Debtors Ledger.
- g) Creditors Ledger.
- h) Fixed Assets Registers.
- i) Stores Ledger/s.
- j) Payment Register of Electricity, Water supply, Telephone bills , medical bills
- k) Any other book or register when a need arise

14.6 Ledger Accounts and Total Accounts

- a) Leger Accounts shall be maintained in a manual system or computerised system for all Accounts included in the Accounts Code or Chart of Accounts.
- b) Any new inclusion or withdrawal of items of accounts from the Code or Chart of Accounts should be for valid reason and should be explained and included by the HOFD. This information should also be generally available to the accounts staff and to appropriate level of management.

14.7 Control Accounts

Control Accounts shall be maintained appropriately for different categories of transactions to Proof in total the accuracy of detailed transaction (i.e. Debtors control accounts, Creditor's Control account etc.).

14.8 Journals and Journal Vouchers

Day Books or journals shall be maintained appropriate for day to day transaction, in addition to Cash Book entries. They shall be supported by invoices, bills, receipts or evidence as applicable.

14.9 Main Journal

A Main Journal shall be maintained to record appropriate journal entries, where it is not possible to cover the relevant transaction through any other journal or books of accounts. The journal entries shall be supported by written journal vouchers, with sufficient narrative explanations.

- a) These journal vouchers shall be serially numbered and preserved for inspection by audit.

14.10 Accounting for Fixed Assets

- a) Fixed Assets are held by the Commission for the use in the supply of goods & services for rental to others or for administrative purposes and may include items held for the maintenance and repair of such assets and are held by the Commission for more or less permanent use and not for resale or consumption. It should have been acquired or constructed with the intention of being used over more than one financial year.

- b) Where a policy of revaluing fixed assets is adopted the valuation should be kept up to date. When fixed assets are restated at a valuation, it should be done on the basis of an appraisal undertaken by professionally qualified valuers.
- c) When a material item of fixed assets is fully depreciated, the omission of depreciation on such an asset would impair the true and fair view. In these cases the asset value should be reinstated and credited directly to a reserve.
- d) Fixed assets should be removed from the financial statements on disposal or when no further benefits it expected from its use. Gains or losses arising from the retirement or disposal of fixed assets should be recognised in the income statement.
- e) In instances where financing costs are attributable to a construction project undertaken by the Commission for its own use, the expenditure incurred up to the completion of construction are capitalised, the amounts so capitalised during a financial period should be disclosed in the Financial Statements of the Commission for the period.

14.11 Accounting for Retirement Benefits in the Financial Statements

- a) The cost of retirement benefits should be determined using appropriate and compatible assumption by a consist method. Current service costs should be charged to income systematically over the working lives of the Members of Staff covered by the retirement benefit plan.
- b) Under the Payment of Gratuity Act No. 12 of 1983 the Commission may be required to pay Gratuities to its Members of Staff on termination on their services in accordance with the provisions payable under the Act. The quantum of gratuity payable is based on the period of service and rate of wages or salary last drawn by the relevant Member of Staff.
- c) The value of gratuities payable may be estimated at the amount payable, if all Member of Staff terminate their employment on the date of valuation. The total of current service cost relating to the period and past service cost arising during the period may be treated as the difference between the sum of the value of gratuities payable as at the end of period and the gratuities paid during the period and the value of gratuity payable as at the beginning of the period.

14.12 Accounting for Government Grants & Disclosure of Government Assistance

- a) Govt. grants including non-monetary grants at fair value should not be recognised until there is reasonable assurance on the following:
 - i. The enterprise will comply with the condition attaching to them and the grants will be received.
 - ii. They should not be credited directly to Surplus fund

- b) Govt. grants should be recognised in the income statement over the periods necessary to match them with the related cost which they are intended to compensate on a systematic basis.
- c) Govt. grants related to assets, including non- monetary grants as fair value should be presented in the balance sheet either by setting up the grant as deferred income or by deducting the grant in arriving at the carrying amounts of the asset.
- d) A Government grants that becomes receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the enterprise with no further related costs should be recognised in the income statement of the period in which it becomes receivable as an unusual item, if appropriate.

14.13 Fixed Assets Registers

14.13.1 Maintenance of a Fixed Assets Register

The Administration Division shall maintain a Fixed Asset Register for the Commission. It is different from the normal inventory which records receipts and issues non consumable items. The following details should be recorded in the Fixed Assets Register.

- a) The title, date & cost of purchase, installation costs, location, capacity of each fixed asset and its value at end of each year.
- b) Useful life, rate of depreciation.
- c) Identifying number, transfers and other information.
- d) Additions, improvements, appreciations in value etc. where relevant.
- e) Depreciation and disposals.
- f) The additions, improvements, in value, depreciations, disposal in every subsequent year and value carried forward shall also be recorded.

14.13.2 Importance of Fixed Assets Register

This is the register that supports and avoidances the important item of fixed assets in the balance sheet, which is the principal financial statement of the Commission. The auditor looks to this record to satisfy in verification of assets and is likely to make adverse comments continuously their completion. It should be a special exercise for the Finance Division with the assistance of other Divisions.

14.13.3 Methodology for Maintenance of Fixed Assets Register

- a) Each item of asset should be marked with a distinguishing number that also indicates the division and class or category of equipment or asset.
- b) A proper description of the assets should be given.
- c) Appropriate Forms should be used for the categories of; Land, Buildings, Structures, Plant & Machinery, Equipment and Motor vehicles. These forms also

have additional sector to record the; Improvements, additions, appreciations in value, Sales, deposits and valuation in each subsequent years.

14.13.4 Fixed Assets Ledgers

a) A Fixed Assets Ledger shall be maintained and a folio should be maintained for each category of asset.

b) It should be maintained under the care of Assistant Director-Finance and not be delegated to the stores Member of Staff or stores clerk.

14.13.5 Fixed Assets Verification

A Fixed Asset verification list shall be made at end of the year. The quantities and values should be verified and certified by members of the Board of Survey . (Refer; Board of Survey for methodology)

14.13.6 Fixed Assets Statement

A Fixed Asset Statement shall be prepared as at end of the year and certified by Deputy Director (Finance) and Accounting Officer for audit by the Auditor General.

14.14 Methodology for Maintenance of Books of Original Entry and Generation of Financial Statements

14.14.1 Assistant Director (Finance) will code all the receipts, Cheque Payment Vouchers and petty cash vouchers received for reimbursement as per "Chart of Accounts".

14.14.2 Assistant Director (Finance) will update all receipts and disbursements daily.

14.14.3 Assistant Director (Finance) will prepare general journal entries in the computer under his/her password and take a Hard Copy (HC). All supporting documents for the journal entry will be attached to the hard copy.

14.14.4 Assistant Director (Finance) will forward Journal Entry (a Hard Copy) with the supporting documents to Deputy Director (Finance) for approval.

14.14.5 Deputy Director of (Finance) will scrutinize the Journal Entry and approve by logging into the system through own password.

14.14.6 Deputy Director (Finance) will obtain all Bank Statements, Bank Debit/Credit Advises and any other bank correspondence direct and scrutinize before pass them over to the Assistant Director (Finance), with an approval note/minute.

14.14.7 Assistant Director (Finance) should enter all bank charges, direct debits and direct credits to the Cash Books.

14.14.8 Assistant Director (Finance) will be responsible for updating the records in the computer and Deputy Director (Finance) will carry out periodical random checks to ensure accuracy and correctness of the records.

14.14.9 Assistant Director (Finance) will generate a general ledger and trial balance and forward to Deputy Director of Finance for information and checking.

14.14.10 Assistant Director (Finance) will prepare a Bank Reconciliation Statement by 15th of following month and forward to Deputy Director (Finance) for approval.

14.14.11 Deputy Director (Finance) will go through the ledger accounts and if in order generate a set of Monthly Accounts that includes the following:

- Income Statement
- Balance Sheet
- Cash flow Statement

14.14.12 Deputy Director (Finance) will forward the Monthly Accounts to the next month Commission meeting, with comments.

14.14.13 Deputy Director (Finance) will scrutinize all ledger accounts at the end of the year and pass the relevant journal entries necessary to finalise annual accounts.

14.14.14 Deputy Director (Finance) will ensure that Draft Annual Accounts are prepared and forwarded to the Auditor General by 28th of February of the next year.

14.15 Counterfoil Books.

a) Register of Counterfoil Books

The Finance Division should maintain a register to record the receipts/ disposal of Counterfoil Books.

b) Custody

Designated Members of Staff are responsible for their safe custody and proper use and they should not be accommodated from their remaining stocks until the supply is exhausted.

c) Books to be kept intact

Counterfoil Books should be kept intact and should not be cut or divided.

d) Spoilt Forms

When a Counterfoil Form is spoilt, it must not be pinned to its duplicate, or to its Counterfoil.

e) Disposal of completed Books of Counterfoil

Subject to Guidelines, Books which are completely used should be retained by the Finance Division and destroyed five years after the date of issue of last form thereof.

f) Partly used Counterfoil Books

- i. Partly used counterfoil Books which are no longer required by the Commission should be effectively cancelled by means of a rubber stamp, or otherwise, so that the word "Cancelled" will appear across the face of the forms and they cannot be used again. They should then be retained for the period of five years, after the date of issue of the last form used, and destroyed.
- ii. Loss of used or unused Counterfoil Books, or forms in Counterfoil Books, should be considered as a serious matter and be dealt with in the following manner, apart from disciplinary action that may become necessary.
 - The Finance Division should ascertain how the loss occurred and take steps to avoid recurrence.
 - If the Counterfoil Books contain forms on which documents such as; licenses, permits and certificates are issued on payment of fees or charges, it should be treated as a loss. The maximum value that could possibly have been realised by the issue of such documents on the lost forms, at rates prescribed for such issues shall constitute the maximum recoverable value.
- iii. If the lost forms are not of the type contemplated in (b) above should be treated as follows:
 - It is ascertained that they have been put to improper use with resultant financial losses to Government, such financial loss, should also be dealt with as loss the maximum recoverable value in such a case being ascertained as financial loss.
 - If the Commission is satisfied that the form has not been put to; improper use or not suffered a Financial loss, no surcharge is imposed.
 - When the final order regarding the loss is received the books or forms may be written off, by making suitable entries in the Register of Counterfoil Books and authenticating such entries.
 - A copy of every order issued in terms of (c) (ii) or (d) above should be sent to the appropriate authority who issued the counterfoil Books.

15 Banking

15.1 Operation of Bank Accounts

Authority to Operate Bank Accounts and Limits

15.1.1 Only the Members of Staff authorised by the Commission to operate on any specific Bank Account shall be allowed to operate on such Bank Account and sign Cheque. Whenever Member of Staff need to be so authorised, the Deputy Director-Finance shall seek approval of the Commission through DG furnishing; Name, designation and specific Bank Accounts to be operated and the specimen signature/s of the Member/s of Staff.

15.1.2 In seeking such approval and giving such approval, the permanent status, seniority, trustworthiness and the comparative position of the Member of Staff shall be taken into consideration.

15.1.3 The Commission may require security in an appropriate sum from Members of Staff entrusted with such responsibility.

15.1.4 The Bank shall be informed by a standard letter furnishing specimen signature/s of the Member/s of Staff authorised to operate on the specific Bank Account. Acknowledgement of the Bank shall be obtained before permitting the Member of Staff or Members of Staff to operate on the Bank Account.

15.1.5 The management may place any appropriate limit, on the amount up to which any, Member of Staff authorised to operate on a specific Bank Account may sign Cheques drawn on such Bank Account.

15.2 Cheque Signing Authority & Responsibility of Signatories

15.2.1 There shall always be two signatories to Cheques: one to be referred as the first signatory and the other as the second signatory.

15.2.2 Signatories should sign on a printed designation or on a seal with designation placed on the Cheque.

15.2.3 They should take special care to maintain uniform signatures as they sign. When the authorised signatory retires or leaves the Commission his authority to operate should be immediately revoked and the Bank informed and an early acknowledgement obtained.

15.3 Revocation of Authority to Operate

15.3.1 In case of an urgency, the Bank may be informed by telephone and the revocation confirmed by telephone and the revocation confirmed by letter.

15.3.2 Such exigency can occur, when any Member of Staff authorised to operate on a Bank Account is known to have committed an irregularity, fraud individually or in collusion.

15.3.3 When action was overdue to cancel the authority of Member of Staff, who has left the employment of the Commission.

15.4 Action to be taken in regard to Outstanding Cheques

The term “outstanding Cheque” means a Cheque, the period of validity of which has expired.

15.4.1 Payee should be addressed as soon as possible after the period of validity of which has expired.

15.4.2 If there is no response, a further letter should be sent under registered cover requesting a reply within two weeks.

15.4.3 If the Cheque remains unrealised for more than six months from the date of issue or from the date of revalidation and no reply to the letters has been received, the following course of action should be taken:

- a) Obtain confirmation of the Bank that Cheque will not be paid if presented thereafter.
- b) Treat Cheque as cancelled and make necessary entries in the Cash Book and in the list of unauthorised Cheques of the latest Bank Statement.

15.5 Cheque Books - Receipt, Custody and Issue

15.5.1 The Deputy Director-Finance shall be in charge of requisition for Cheque Books.

15.5.2 Requisitions for Cheque Books shall be signed by specific signatories or by the Deputy Director-Finance as appropriate.

15.5.3 The Member of Staff taking delivery of Cheque Books shall carefully check the Cheque Books for sequential numbers completeness and before signing in an acknowledgement.

15.5.4 Upon receipt in the office of the Commission, they shall again be checked and entered on a Register of Cheque Books. This register will carry Date of receipt, Serial numbers of Cheques in each Cheque Book, and signed by the Member of Staff in charge of Cheque Books.

15.5.5 All entries of issues and deliveries of Cheque Books shall promptly be made in the register in chronological order of receipt and issue, by the Senior Member of Staff (hereinafter referred to as ‘Accountant’).

15.5.6 When Cheque Books are issued for the Member of Staff taking over the Cheque Books, (i.e. Cashier, Cash Book Cheque writing Management Assistant) Accountant shall sign in acknowledgement.

15.5.7 The Cheque Books shall be issued in the order in which they were received and in order of the numerical sequence of Cheque (i.e. on a first IN first OUT basis).

15.5.8 Used Cheque Books should be bundled in numerical sequence of Cheques and preserved until the accounts are finally audited and authorised for disposal.

15.6 Handling of cheques and Cheques Books

15.6.1 Cheques Books should be issued or entrusted only to Members of Staff expected to use them in their official work (i.e. Accounts, Cheque writing Management Assistants, Cash Book Management Assistance, Authorized Signatories and Designated Members of Staff). Only Designated or Named Members of Staff or Named Primary Level Members of Staff should be permitted to handle Cheque Books.

15.6.2 The Accountant in charge of Cheque Books should not lose sight of their whereabouts during working hours. They should expect to be informed of their movements.

15.6.3 The Cash Book Management Assistant (Receipts & Payments) Cheque writing Management Assistant, Cashier or any other member of Staff handling Cheque Books in the course of their duties should on completion of the specific task and whenever required and/or at the end of the day return such Cheque Books to the supervisory Member of Staff or Accountant to be placed in the safe.

15.6.4 Where a Cheque is incorrectly written, mutilated or otherwise rendered unfit for use, such Cheque should be cancelled, by writing across its face, and cancellation indicated on the counterfoil, and the Cheque leaf preserved in the Cheque Book.

15.7 Signing of Cheques

15.7.1 Commission Resolution

Cheques would be signed by the Chairman, Director General, Deputy Director General, Deputy Director (Finance) and any other Executive level Member of Staff authorized by the Commission. The signatories for signing of cheques shall be authorized by a Commission Resolution and such resolution to be communicated to the respective Bank/s.

15.7.2 Responsibilities of Cheque Signatories

a) First signatory to the will be responsible for the following:

- i. Ensuring that the cheque has been prepared on the authority of a voucher duly authorized and certified for payment in accordance with the procedure.

- ii. That the payee stated on the voucher agrees with the payee as stated on the cheque and that the documents attached on the voucher have been cancelled with a "PAID" stamp containing the date of signing the Cheque and that the identical stamp has been placed on the voucher itself.
 - iii. That the amount of the Cheque agrees with the amount payable on the voucher.
 - iv. That the cheque number and date are included on the payment voucher and he/she initials it at the time of signing the cheque
 - v. That he/she initials at counterfoil of a cheque which should record payment voucher number and month.
 - vi. That the Cheque is properly prepared and there are no alternations in the cheque.
 - vii. That if crossing on the Cheque is to be cancelled proper authority has been obtained for such cancellation and the crossing cancelation noted in the Cash Book & Cheque counterfoil.
 - viii. That the Cheque has been correctly entered in the Cash Book and he/she initials the entry in the Cash Book at the time of signing the Cheque.
 - ix. Those adequate funds are available in the Bank Account to meet the amount of the Cheque.
- b) Second signatory to the will be responsible for the following:
- i. That the payment is supported by a voucher duly certified for payment and carries all annexes mentioned.
 - ii. That the payee and the amount give on the voucher agrees with the payees name and the amount given on the Cheque.
 - iii. That the Cheque Counterfoil and the relevant payment voucher are initialed by him.

15.7.3 Delivery of Payment Cheques

- a) A separate dispatch Register should be maintained to record all Cheques sent by post or handed over to the counter.
- b) Crossed Cheques may be posted to the payee.
- c) Cheques on which crossing has been cancelled, should not be posted to the payee.
- d) Where payee calls over to get his/her Cheque, the recipient should be identified and a receipt should be obtained on the voucher. National

Identity Card Number may be used for this purpose and also noted on receipts section of the voucher.

- e) In the case of an open Cheque, in addition to the receipt, there should be signature of the person identifying the payee.

15.8 Special Safeguards for cash payments

15.8.1 The following safeguards should be taken by the paying Member of Staff in respect of cash Payments:

- a) In the case of Salaries and Advances the amounts should be packed and reconciled.
- b) The identity of the payee is verified and a receipt is obtained immediately after the payment.
- c) Where the paying Member of Staff cannot identify the payee, he/she should insist that a person known him identifies the payee. National Identity Card also can serve to identify
- d) If payment is made on a letter of authority sent by payee, the payment should be approved by an authorised Member of Staff and acknowledged by recipient and receipt from actual payee obtained.

15.8.2 The following action should be taken on outstanding Cheques:

- a) Payee should be addressed as soon possible after the period of validity has expired, requesting him/her to return the Cheque for revalidation.
- b) If there is no response further letter should be sent under registered cover requesting a reply within two weeks.
- c) If the Cheque remains uncashed for more than six months from the date of issue or from the date of revalidation and no reply to the letter has been received the following action should be taken:
 - I. Obtain confirmation of the Bank that the Cheque will not be paid if presented thereafter.
 - II. Treat the cheque as cancelled and make necessary entries in the Cash Book and in the list of the Bank Reconciliation Statement.

16 Treasury Management

Under Part VIII, 31 – 4 of the PUCSL Act No.35 of 2002, the Commission is allowed to invest moneys that are not immediately required, in such securities as the Commission may consider fit and transfer or sell such securities with the approval of the Minister in Charge of the subject of Finance.

The Commission may therefore make every effort to optimize the return from investment of surplus funds or cash. Deputy Director (Finance) is delegated with the responsibility of Treasury Management to ensure proper management of funds.

16.1 Procedure for investment:

16.1.1 Deputy Director (Finance) as the HOFD should review the working capital position and prepare periodical cash forecast to assess surplus cash that will accrue time to time.

16.1.2 Deputy Director (Finance) should assess the duration for which such surplus cash is not required to meet expenses and other payments.

16.1.3 Deputy Director (Finance) should call for quotations for interest rates, prices etc. from the state banks or by checking with web published details that offer financial instruments.

16.1.4 When such quotations are received or by printing the published information of State Banks Deputy Director (Finance) should forward a report to Director General for approval for investment, indicating information such as availability of funds, duration, interest rates and prices and recommendation. A statement of cash flow forecast to indicate surplus cash and duration also should be forwarded.

16.1.5 Once Director General approves investment, Deputy Director (Finance) should make necessary arrangements to obtain the covering approval from the Commission and to effect investment.

16.1.6 Deputy Director (Finance) should make arrangements to uplift or sell such investment on maturity.

17 Final Accounts

17.1 Format of Accounts

The Format of Accounts includes the following:

- a) Income & Expenditure Account.
- b) Balance Sheet.
- c) Cash flow Statement.
- d) Capital Expenditure Statement.
- e) Other relevant schedules and statistical information.

17.2 Accountancy Principles

17.2.1 Generally Accepted Accounting Principles

A general understanding of the Commission's accounting should be based on Generally Accepted Accounting Principles and where it is applicable may be followed in the accounting treatment of transactions.

17.2.2 Fundamental Accounting Assumption

The Fundamental Accounting Assumptions should underline the preparation of accounts. There are broad based assumptions that underline the financial statements of the Commission. At present the following fundamental assumptions are singled out for special attention and defined as follows:

a) Accrual Basis

In order to meet their objectives, financial statements are prepared on the accrual basis of accounting. Under this basis, the effects of transactions and other events are recognised when they occur (and not as cash or its equivalent are received or paid) and they are recorded in the accounting records and reported in the financial statements of the periods to which they relate. However, the Monthly Financial Statements prepared on cash basis.

b) Going Concern

The financial statements are normally prepared on the assumption that the Commission is a going concern in operation for the foreseeable future. Hence, it is assumed that the Commission has neither the intention nor the need to liquidate or curtail materially the scale of its operation; if such an intention or need exists, the financial statements may have to be prepared on a different basis and if so the basis used is disclosed.

17.3 Preparation of Final Accounts

17.3.1 The Deputy Director- Finance shall keep proper accounts on the income and expenditure, assets and liabilities and all other financial transaction of the Commission and shall prepare an Annual Statement of Accounts, including appropriate statistics, relating to its activities. Deputy Director- Finance shall submit to the Director General the annual accounts for his approval before end of February each year.

17.3.2 Annual Draft Accounts of the Commission for each financial year shall be submitted to the Auditor General for audit within two months after the closer of that year; along with any report on the accounts, which the Auditor General may require to be presented in the manner specified by him.

17.3.3 Annual accounts shall be approved by the Commission before forwarding to the Auditor General.

17.3.4 After Auditor General has commented to the Draft Financial Statements through their Draft 14 (2) (c) Report, the Deputy Director –Finance need to prepare the answers to that with the help of other divisional heads and adjust the needed arrears in the Draft Financial Statements as well. The draft Financial Statements should forward to the Commission for their approval before sending to the Auditor General.

17.3.5 The reply to the 14 (2) (c) Report plus the adjusted Final Financial Statements need to be signed by the Chairman and Director General before sending them to the Auditor General.

17.3.5 These Final Financial Statements , 14 (2) (c) Report of Auditor General and the Reply of Director General to 14 (2) (c) will become part and parcel of Annual Report of that particular year.

17.3.6 The Deputy Director- Finance should forward copies of the Final accounts to the Ministry of Finance & Planning

17.4 Presentation of Financial Statement

The Commission as a regulatory body may mainly use the following formats for presentation of its financial statement.

- a) Statement of Financial Position at the end of financial year.
- b) Statement of Financial performance for the year.
- c) Statement of changes in Net assets during the year.
- d) Cash Flow Statement.
- e) Quarterly Performance Report.
- f) Any other adhoc report

17.5 Submission of Periodical Reports

Following periodical reports and details need to submit to the relevant authorities by PUCSL .

No	Description	Submission Period
1	Monthly financial statements	by 15 th of the next month to the Commission
2	Budget Utilization for each Quarter	by 20 th of next month to the Director General and to then to the next Commission meeting
3	Quarterly Performance Report to DPE	by 20 th April /20 th July /20 th September/ 20 th January of every year
4	Quarterly Cash Flow Forecast and fund management report	by December – the 1 st Qtr of year By March – the 2 nd Qtr of the year By June – the 3 rd Qtr of the year By September – the 4 th Qtr of the year
5	Quarterly Financial Performance Report to the Commission	1 st Qtr- by 30 th April ,2 nd Qtr by 31 st July 3 rd Qtr by 31 st , 4 th Qtr by 30 th January
6	Draft Financial Statements	by 28 th February of each year
7	Final Financial Statements	By 30 th May

8	Projected financial statements for the next year	by 15 th of December
9	Board of Survey Board of Survey Report	Between 31 st December to 3 rd of January of each year By 15 th January of each year
10	14(2)(c) Report Answers	Upon 7 days of receiving of 14(2) (c) report from AGD
11	13 (7) (a) Report Answers	Within 60 days of receiving of 13 (7) (a) report from AGD
12	Answers to Audit Queries	Within 14 days of receiving of the query
13	Budget of the subsequent Year	Published in Gazette before 30 th September of the year under review
14	Procurement Plan of Next year	Before 30 th October of the year under review

17.6 Audited Accounts

17.6.1 The Head of the Finance Division shall on receipt of Audited Accounts in respect on any year, prepare a report on matters raised by the Auditor General on the annual accounts in consultation with the Director General and forwarded it to the Commission for their reference.

18 Internal Audit, External Audit and Committee on Public Enterprises (C.O.P.E.) Meetings

18.1 General and Statutory

a) Statutory Minimum Internal Audit Programme

Under Section 13 (5) (d) of the Finance Act No.38 of 1971 the Auditor-General shall have the right to require the corporation to settle its minimum internal audit programmes by agreement with the Auditor-General, and the right to give any directions to the corporation with regard to the conduct of the minimum internal audit programmes and the manner of reporting by the internal audit.

b) Definition of Internal Audit

Internal Audit is an independent appraisal function within the Commission, for the review of activities as a service to the levels of management. It is a control which measures, evaluates and report on the effectiveness of internal controls, financial operations and other factors that contribute to the efficient use of resources within the Commission.

18.2 Main Objectives

18.2.1 To participate in the system of internal control of the financial & operational activities of the Commission and carry out a continuous survey and an independent appraisal of such operation and the soundness and adequacy of the internal checks adopted in the prevention and detection of errors and frauds.

18.2.2 To assist the Commission in ascertaining the progress made on development works, projects and schemes and in the fulfillment of the plans and programs laid down for an undertaking of the Commission.

18.3 Functions of the Internal Audit Unit

18.3.1 Ascertaining whether the system of internal checks and control practiced in the Commission for the prevention of errors and frauds is effective in design as well as in actual operation.

18.3.2 Ascertaining the reliability of the accounting and other records to ensure that the accounting method provides the information necessary for the preparation of correct financial statement.

18.3.3 Ascertaining the extent to which the assets of the commission are safeguarded from losses of all kinds. Ascertaining whether provisions of the Manual of Financial and Administrative Procedures of the Commission being followed.

18.3.4 Appraisal of the progress of work, schemes and projects and to the extent to which programs and schedules are on target.

18.4 Independence of Internal Audit

The Internal Auditor should be independent and responsible to the Secretary/ Director General of the Commission.

18.5 Internal Audit Program

Internal Audit program for the survey of the financial aspects of the work of the Commission should be prepared and submitted to the Director General for approval.

18.6 Internal Audit in relation to the External Audit

18.6.1 A procedure defining the manual reporting by Internal Audit to the Auditor General by public corporations have been described by Auditor General in terms of section 13 (5) (d) of the Financial Act. This requires the following:

- a) Two half yearly reports to be submitted; the first report by 31st July and the second report by 31st January of the following year.
- b) Each half yearly report to consist of two sections:
 - I. The summary of information relating to major deficiencies observed during the course of the audit.
 - II. Particulars of the scope of work done.

18.7 Communication of the Internal Audit Report

Copies of Internal Audit reports pertaining to the financial and operational activities of the Commission should be forwarded to the Auditor General.

18.8 Relationship of Internal Audit to the Financial Division Function

18.8.1 Internal audit is an important constituent element of the internal control system of the Commission. It is expected to assist all levels of the Office of the Commission to see the functions of the Commission are carried out in an orderly manner economically and efficiently, safeguarding all assets.

18.8.2 In that sense whether preformed by the authority's own staff or by an external, authorized agency, the Internal Audit should be seen as a 'friend' and a 'guide' who supplements other checks and controls instituted by the management.

18.9 Internal Audit observations

18.9.1 Report and Observations of Internal Audit should be given earnest consideration and urgent attention firstly by all the Head of Divisions .The Internal Auditor should where relevant and necessary, prepare a summary of the observations, preferably in the following order:

- a) The observation or reported matter in brief.
- b) Irregularity of action or shortcomings non compliance of rule or regulation or non observance of procedures alleged (Descriptive).
- c) Financial Account; Loss or Loss due to negligence.
- d) Detail and documents register or accounts affected.
- e) Explanation for the short comings or loss.
- f) Remedial measures recommended.
- g) Any responsibility cast on any Member or Members of Staff is specific or blame can be attached.

18.10 External Audit

18.10.1 In terms of Section 154 (I) of the Constitution, Auditor General is the auditor for public corporations. Auditor General may employ the service of any qualified auditor, as defined in the Finance Act, who shall act under his direction and control.

18.10.2 Under section 13 (1) of the Finance act No. 38 of 1971 too; the Auditor General is the auditor of the Commission as a public corporation.

18.11 Rights of the Auditor General

- 18.11.1 The Auditor General or any Officer authorised by him/her as qualified auditor shall have the right of access to any books, records, statements and any type of information, which is directly or indirectly related to the activities of the Commission.
- 18.11.2 The right to call for such information, documents explanation, reports or other material at any time as in his opinion is necessary for the purpose of the audit.
- 18.11.3 The right to summon any Member of Staff or/and any person for examination and for the production of any documents, where such examination or production is considered necessary of the audit.
- 18.11.4 The right to require the Commission to settle a minimum Internal Audit program in agreement with the Auditor General and the right to give direction to the Commission with regard to the conduct of the minimum Internal Audit programme and the manner of reporting by the Internal Auditor.
- 18.11.5 The Commission shall also comply with any request made by the Auditor General in the exercise of the above mentioned rights.

18.12 The Scope of Auditor General's Examination

- 18.12.1 Where the Office of the commission's systems, procedures, books, records and other documents have been properly and adequately designed from the point of view of financial control process and from the point of view of the presentation of information to enable a continuous evaluation of the activities of the Commission and whether such systems, procedures, books, records and other documents are in effective operation.
- 18.12.2 Whether the conduct of the Office of the Commission has been in accordance with the law, rules and regulations relevant to the Commission and whether there has been fairness in the administration of the Office of the Commission.
- 18.12.3 Whether there has been economy and efficiency in the commitment of funds and utilisation of such funds.
- 18.12.4 Whether the system of keeping moneys and the safeguarding of property are satisfactory.
- 18.12.5 Whether the accounts audited have been so designed as to present a true and fair view of the affairs of the Commission in respect of the period under consideration and due regard has been given to principles of accountancy, financing and valuation.
- 18.12.6 The Auditor General shall at his discretion determine the nature and extent of the audit that shall be carried out in particular period in respect of the Commission and may at his discretion dispense with the audit of any particular aspect or aspects relevant to the Commission.

18.13 Interim Reports

The Auditor General, if necessary, will submit to the Chairman of the Commission, interim reports, at any time, dealing with the matters arising from the audit.

18.14 Rendition of Accounts to Audit

The Commission shall submit the accounts for each financial year to the Auditor General within two months after the close of the financial year.

18.15 Annual Report of the Commission

18.15.1 The Commission shall prepare a draft Annual Report on the exercise, discharge and performance of its powers, functions, duties, policy and programs immediately after the end of each financial year.

18.15.2 Copies of such report should be submitted to the Minister of Finance within 90 days after the end of that year.

18.16 Auditor General's Report

The Auditor General shall submit his report to the Chairman of the Commission within the stipulated time after close of the financial year.

18.17 Action upon the Auditor General's Report

The Auditor General's Report shall be studied by the Chairman, the Director General and other officials of the Commission, and shall inform the Auditor General of the steps that they propose to take with regard to the matters pointed out in the report, within three months from the date of submission.

18.18 House of Representative

18.18.1 The Minister of Finance shall present the following documents before the House of Representatives within 10 months of the following year to which such documents relate the following:

- a) The audited Balance Sheet.
- b) The audited Operating and Profit and Loss Accounts.
- c) Any comments or observations made by the Auditor General.
- d) Other relevant statistics.
- e) The Annual Report of the Commission.

18.19 Committee on Public Enterprises (COPE)

Standing orders of Parliament No.126 requires COPE to report to Parliament on the accounts examined, budget and annual estimates, the finances, financial procedures, performance and management of the Commission.

18.19.1 COPE Meetings

- a) The report of the Auditor General upon submission to Parliament is referred by the Speaker to the Committee on Public enterprises. This committee consists of 13 Members of Parliament, with one of them as Chairman appointed by the Speaker with the Standing Orders of Parliament.
- b) The Auditor General's report is considered by the committee at its sittings attended also by the Auditor General and his relevant Officials. The Secretary to the Ministry of Finance as Chief Accounting Officer and the Director General of the Commission as the Accounting Officer is expected to attend these meetings.
- c) The Accounting Officer may require any Member of Staff, with approval of Chief Accounting Officer and after notification to the committee, attend these meetings to explain matters connected with the Auditor General's Report.

18.20 Responsibility of the Head of the Finance Division

The Head of the Finance Division shall ascertain the date of these meetings and the content of audit paragraphs relating to the financial matters and prepare the explanation notes. He/She also should assist the Accounting Officer in the preparation of notes and reports.

18.21 Audit Queries

It is the duty of Chief Accounting Officer and Accounting Officer to ensure that letters and queries addressed to them by the Auditor General or any officer authorised by him/her are promptly dealt with and complete answers are given. When final reply cannot be given immediately an interim report should be submitted.

18.22 Audit Query Register

An Audit query register must be kept in every Division, indicating the date or receipt of all letters and queries received from the Auditor General and the date on which a reply was sent. The duplicate copies of queries received from the Auditor General should be filed in serial order along with copies of replies. The Accounting Officer should inspect the Audit Query Register, on first assuming office, and at regular intervals thereafter, in order to ensure not only that audit queries are promptly investigated, but also that steps have been taken to correct any short comings which they reveal. The Chief Accounting Officer will also personally inspect the Audit Query Register from time to time as part of his supervisory functions. Not with standing the examination of the accounts by the Auditor General, the responsibility for their accuracy and correctness rests entirely with the Accounting Officer.

18.23 Audit Committee

In terms of guidelines for Good Corporate Governance in the Public Enterprises an Audit Committee should be established by the Commission. This committee should comprise of at least three non Executive

Commissioners, chaired preferably by a person possessing financial management skills. The committee should meet on a regular basis at least once in three months with the Internal Auditor as Convener and should submit its observations to the Commission with its recommendations for necessary action. The scope of this committee would include amongst others, the following:

- a) Determination of the responsibilities of the Internal Auditor and review of the annual audit plans.
- b) Review and evaluate internal control systems for all activities of the Commission.
- c) Review performance at regular intervals for cost effectiveness and to eliminate wasteful expenditure etc.
- d) Liaise with external auditors and follow up on Auditor General's/ External Auditors Management letters.
- e) Ascertain whether statutes, regulations, rules and circulars are complied with.
- f) Review financial statements to ensure compliance with Accounting Standards.
- g) Review Internal Audit/Audit Reports, Management Letters for remedial action.
- h) Review implementation of recommendations/directives of the COPE.
- i) Prepare report on the findings of the committee for inclusion in the Annual Report. This is to ensure that decisions for effective operations are taken after careful deliberations.

18.24 Liability of Commissioners of the Commission

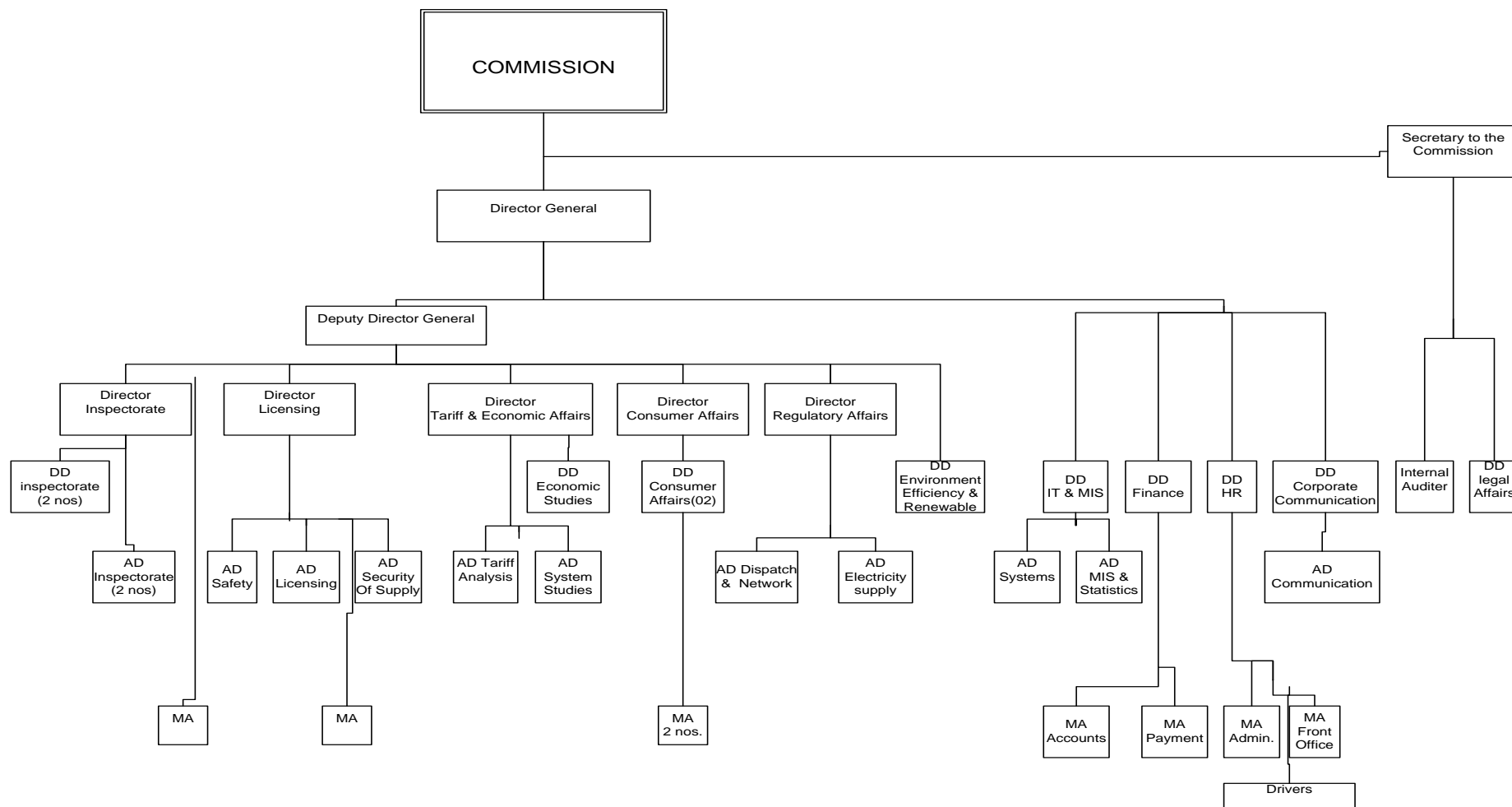
- 18.24.1 Under Section 10 of the Finance Act No 38 of 1971, where a public corporation is guilty of an offence under this Act by reason of a contravention of the provisions of Sub-section (6). Accordingly, every Member of the Commission shall be deemed to be guilty of that offence.
- 18.24.2 However that a Member of the Commission shall not be deemed to be guilty of such offence, if he proves that such offence was committed without his knowledge or that he/she exercised all due diligence to prevent the Commission of such offence.
- 18.24.3 The Deputy Director-Finance assigned the responsibility shall ascertain the date of these meetings and the content of audit paragraphs relating to the Commission and prepare explanations and also assist the Accounting Officer in the discharge of his responsibilities in this regard.

Annexure 1 – The Registers and Documents to be used under the Financial Manual

(Following Registers are part and parcel of the Financial Manual)

1. Purchase Order (PO)
2. Capital Asset Expenditure Request Form (CAPEX)
3. Purchase Requisition (PR)
4. Goods Received Note (GRN)
5. Invoice
6. Receipt
7. Cash/Cheques Receipts register
8. Overtime Prior Approval Register (OPAR)
9. Cheque Return Register (CRR)
10. Medical Claim Register (MCR)
11. Overtime Claim Form (OCF)
12. Fixed Assets Register (FAR)
13. Stock Register (SR)
14. Cheque Dispatch Register (CDR)
15. Audit Query Register (AQR)
16. Telephone Register (TR)
17. Consumer Consultative Committee Member Payment Register (CCCMR)
18. Parking Ticket Issue Register (PTIR)
19. Telephone Bill Reimbursement Register (TBRR)
20. Revenue register- electricity (RRE)
21. Revenue register- Pet. Sec. (RRP)
22. Other Income – inspection , fines, public registers..., dispute resolution fee (OI)
23. Investment register (IR)
24. Insurance register (Ins.R)
25. Any other register when it become necessary

Annex 2 – PUCSL Organization Structure



Annex 3 – Sample Purchase Order

Serial NO

Purchase Order

PUBLIC UTILITIES COMMISSION OF SRI LANKA
BOC Merchant Tower, No..28, St.Michael's road, Colombo 03
Telephone NO. (011)2392608, Fax: (011)2392641

Suppliers Name
 Address.

Date
 Oder No

Procurement Reference

Item	Description	Quantity	Unit Price	Total

*Please forward your invoice to Deputy Director Finance

Credit Terms

Ref. No.of PR
 (CAPEX)

Delivery Terms

Date

Date Of Delivery

Prepared by

Approved by

Annex 4 – Sample Capital Asset Expenditure Request Form (CAPEX)

Capital Asset Expenditure Request Form(CAPEX)							Serial NO
<small>PUBLIC UTILITIES COMMISSION OF SRI LANKA BOC Merchant Tower, No..28, St.Michael's road, Colombo 03 Telephone NO. (011)2392608, Fax: (011)2392641</small>							
Requesting Department				Date			
Item	Description	Specification	Life Span	Quantity	Estimated Unit Price	Total	
Justification							
Location for Installation							
Previous purchase price & Date							
Prepared by			Head Of Department				
Recommendation of evaluation Committee							
Chairman Evaluation Committee							
Recommended by			Authorised by				

Annex 5 – Sample Purchase Requisition

Serial NO

Purchase Requisition

PUBLIC UTILITIES COMMISSION OF SRI LANKA
BOC Merchant Tower, No..28, St.Michael's road, Colombo 03
Telephone NO. (011)2392608, Fax: (011)2392641

Requesting Department

Date

Procurement Reference

Item	Specification	Re-Order Level	Quantity Available	Quantity Requested	Previous Unit Price

Prepared by

Approved by

Recommended by

Authorised

Annex 6 – Sample Goods Received Note

<u>Goods Received Note</u>				Serial NO										
PUBLIC UTILITIES COMMISSION OF SRI LANKA														
BOC Merchant Tower, No..28, St.Michael's road, Colombo 03														
Telephone NO. (011)2392608, Fax: (011)2392641														
Supplier Name		Date												
Address												
.....													
<table border="1" style="width: 100%; border-collapse: collapse;"><thead><tr><th style="width: 25%;">Item</th><th style="width: 10%;">PO. NO</th><th style="width: 10%;">Serial NO</th><th style="width: 20%;">Quantity Received</th><th style="width: 25%;">Quantity Rejected</th></tr></thead><tbody><tr><td style="height: 40px;"></td><td></td><td></td><td></td><td></td></tr></tbody></table>					Item	PO. NO	Serial NO	Quantity Received	Quantity Rejected					
Item	PO. NO	Serial NO	Quantity Received	Quantity Rejected										
Remarks														
Invoice Number														
Received by														
Accepted by														

Annex 7- Verification Sheet (Checklist Prior to submission for Approval)

Annex 8 - Interpretation of Terms

Ministry – Ministry in charge of the subject of Policy Development and Implementation

PUCSL- Public Utilities Commission of Sri Lanka

Commission- Chairman and members of the Commission

Act- Public Utilities Commission of Sri Lanka Act No. 35 of 2002

Summary of Amendments to the Financial Manual

	Section/sub section	Pg Ref	Existing Terminology	Replaced by	Removed/addition
1	2.2 The Chief Accounting Officer	13	Ministry of finance	relevant Ministry	
2	2.5 Organization chart and lines of authority	14	Organization Chart as at 9 th January 2012 is given in the Annex 1)	New Organization Chart as at 2015 is given in the Annex II)	
3	2.6.4	14	Deputy Director (Finance)	Director (Finance)	
4	2.6.5	15	Assistant Director (Finance)	Management Assistant	
5	2.8 Financial Procedure	15	aim of converting the manual system to a semi-computerized accounting system,		Removed
6	Under the 3.12.2 New addition as sub sec e)				<i>Addition as e)</i> For the purpose of budgetary control the quarterly/monthly cash disbursement progress/Budget utilization will be carried out and the division heads are responsible for providing the reason for deviation (i.e cash disbursement forecasted vs Actual for the relevant period) and the expected future cash disbursement. This quarterly report should submit to the

	Section/sub section	Pg Ref	Existing Terminology	Replaced by	Removed/addition
					DG by 20 th of the next month after the end of each quarter/month
7	Procedure for Revenue Collection 4.4.1	21	Assistant Director Finance	Director Licensing	
8	Procedure for Revenue Collection 4.4.1	21	Deputy Director (Finance)	Director (Finance)	
9	Procedure for Revenue Collection 4.4.3	21	Assistant Director Finance	Management Assistant (receipt and Payments)	
10	Procedure for Revenue Collection 4.4.4	21	Assistant Director Finance	Management Assistant (receipt and Payments)	
11	Procedure for Revenue Collection 4.4.5	21	Assistant Director Finance	Deputy Director (Finance)	
12	Procedure for Revenue Collection 4.4.5	21	Deputy Director (Finance)	Director (Finance)	
13	Procedure for Revenue Collection 4.4.6	21	Assistant Director Finance	Management Assistant (receipt and Payments)	
14	Procedure for Revenue Collection 4.4.7	21	Deputy Director (Finance)	Director (Finance)	
15	New addition as 4.4.8	22			<i>Addition as</i> Procedure to Recover Annual Regulatory Levy

	Section/sub section	Pg Ref	Existing Terminology	Replaced by	Removed/addition
					For the purpose of collecting/recovering the annual regulatory levy from the licensing following procedures need to adhered by relevant officers at the stipulated time period (refer Addition 1)
16	5.5.1 Authorization New addition as (f)	22			<i>Addition as</i> Getting an authorization for fixed assets purchase servicers Maintenance and repairs of fixed assets the forms introduced Capital Expenditure Request Form (CAPEXRF) and Servicers, Repairs and Maintenance Request form (SRMRF) need to use. For purchase of consumable items Consumable Purchase Request Form (CONRF) need to use
17	5.5.2 Approval - New addition as (J)	24			<i>Addition as</i> When requesting for approval it is required to use the format introduced namely Approval Request Format (APRF) Currently use as an Internal memo

	Section/sub section	Pg Ref	Existing Terminology	Replaced by	Removed/addition
18	5.5.3 Certification New addition after the (i)	25			<i>Addition as</i> It requires to hand over the payment vouchers to the Finance division for the certification and the payment. The each division is responsible for hand over the complete set of payment voucher with relevant authorization, approval, and relevant supporting documents such as original invoices, .etc,) . Once the complete set of payment voucher received by finance division and will releases the payment within the two working days from the date of receipt of payment voucher if there is no any other constraints (cash availability or any other external factors which cannot controlled by the Finance division)
19	5.5.5 Cheque Payments	26	Assistant Director Finance	Management Assistant (receipt and Payments)	
20	6.2 Register of Suppliers and	27			Propose to remove the register supplier

	Section/sub section	Pg Ref	Existing Terminology	Replaced by	Removed/addition
	Contractors				and suggest to use yellow pages/rainbow registered suppliers for calling the bid for goods and services under the shopping procedure (except works and consultancy servicers) Public Finance circular 448 (i)
21	7.4 Tender Notice New addition as d)	28			<i>Addition as</i> d) Bidding Documents i) It is required to use the appropriate specimen SBDS (Standard Bidding Documents approved by the NPA) ii) All such documents should vetted and approved by the TEC and the PC
22	7.4 Tender Notice New addition as E)	28			<i>Addition as</i> d) Bid Security (refer Addition 2)
23	7.21 Evaluation of Tenders b) Examination of Tenders new addition as (iii)	33			<i>Addition as</i> iii) The VAT shall not considered for the evaluation and bidders should instructed to indicate the VAT separately and it should

	Section/sub section	Pg Ref	Existing Terminology	Replaced by	Removed/addition
					illustrated in the price schedule
24	7.21 Evaluation of Tenders new addition as (C)	33			<i>Addition as (C)</i> Responsibilities and Duties of Procurement Committees (refer Addition 3)
25	7.23 Responsibility of TEC	34	Removed the Responsibilities of TEC a to G	Replace with Responsibility of TEC (refer Addition 4)	
26	7.35 Selection of Prospective Tenderers 7.35.1	37			Proposed to remove since register of suppliers cancelled
27	7.42 Progress on Purchase Requisitions and Purchase Orders 7.42.2	39	Deputy Director (Finance)	Director (Finance)	
28	New addition as 7.44 Procurement File Check list				New addition as 7.44 Procurement File Check list (pls refer the addition)
29	8.4 Capital Assets - Methodology for Procurement 8.4.1 8.4.2		Deputy Director (Finance) Assistant Director Finance Deputy Director (Finance)	Director (Finance) Deputy Director (Finance) Director Finance	
30	8.4 Capital Assets - Methodology for Procurement	41			This two sections removed since its irrelevant with new

	Section/sub section	Pg Ref	Existing Terminology	Replaced by	Removed/addition
	8.4.6				delegation of authority
31	Deviation from normal procedure 8.4.7	42	Removed and	Replace with	Deviation from normal procedure can be allowed in case of very urgent and exceptional circumstances with regard to the procurement under the following authorities Director General up to Rs.250,000/- Chairman up to Rs.1 Mn with the recommendation of DPC (Minor) Commission above Rs. 1 Mn with the recommendation of DPC (Major)
32	8.4.12	43	Assistant Director (Finance)	Director Finance	
33	8.4.13	43	Removed and	Replaced with Deputy Director (Finance) will forward the Purchase Orders to the Director Finance/Director General (as per authorization given to sign the PO) for approval and	

	Section/sub section	Pg Ref	Existing Terminology	Replaced by	Removed/addition
				send the original to the supplier.	
34	12.2 Responsibility	52	(Secretary, Ministry of Finance & Planning)	(Secretary relevant ministry,	
35	12.4 Annexes to the Voucher	52			Removed
36	12.5 Requirements regarding Payments	53			Removed
37	12.6 Forms of Payment Voucher	53			Removed
38	New addition as 12.4 Requirements for Payment Process				<i>Addition as 12.4 Requirements for Payment Process (Refer addition 6)</i>
39	12.7 Payment Methodology	54			Removed
40	12.8 General Guidelines for Preparation of Payment Vouchers, Approval and Certification 12.8.1 & 12.8.2	55 & 56			Removed
41	12.9 General Guidelines for Payments	59			Removed
42	12.10 Regular Periodical Payment				Removed
43	12.11 Cash				Removed

	Section/sub section	Pg Ref	Existing Terminology	Replaced by	Removed/addition
	Requisitions				
44	13.1 Staff salaries 13.1.2 Procedure (a)	61	Deputy Director HR Deputy Director (Finance)	Director HR Director Finance	
45	13.1.2 Procedure (b)	61	Deputy Director (Finance) Assistant Director Finance	Director Finance Management Assistance	
46	13.1.2 Procedure (c)	61	Assistant Director Finance	Management Assistance	
47	13.1.2 Procedure (e)	61	Assistant Director (Finance)	Assistant Director (HR)	
48	13.1.2 Procedure (i),(j),(k),(l),(m),(o)	62	Assistant Director (Finance)	Management Assistance	
49	13.1.2 Procedure (l),(o)	62	Deputy Director (Finance)	Director Finance	
50	13.1.2 Procedure (p),(q),(r)	62	Deputy Director HR Deputy Director (Finance)	Director HR Director Finance	
51	New addition as 13.1.2 Procedure (s)	62			<i>Addition as (s)</i> It is required to forward the new appointments, increments, salary revision ,promotion ,resignation ,deduction or changes to the salary and allowances from the HR division to Finance division on or before five working days prior to the salary date.

	Section/sub section	Pg Ref	Existing Terminology	Replaced by	Removed/addition
52	13.2 Staff overtime 13.2.2 (F)	63	Assistant Director (Finance)	Deputy Director (Finance)	
53	13.5 Insurance (a)	65	Deputy Director (Finance)	Director HR	
54	13.7 Payment of Festival Advance 13.7.1 (a),(b),(c),(d),(e)	67	Deputy Director (Finance)	Director (Finance)	
55	13.7 Payment of Festival Advance 13.7.1 (e),(h),(j),(k) 13.8.1 (e)	67	Assistant Director (Finance)	Management Assistant	
56	13.9 Reimbursement of Telephone bills& Other Communication facilities 13.9.1 (f),(g)	69	Assistant Director (Finance)	Management Assistant	
57	13.10 Foreign Training & Traveling Expenses 13.10.1 (a)-(g)	69,70	Deputy Director HR	Director HR	
58	13.10 Foreign Training & Traveling Expenses 13.10.1 (c),(d),(f) 13.10.1 (f),(g)	70	Deputy Director (Finance) Assistant Director (Finance)	Director (Finance) Management Assistant	
59	14 Maintenance of the Books of Accounts and General Ledger	70	14.1 Policy		New addition as 14.1 policy The commission operates its

	Section/sub section	Pg Ref	Existing Terminology	Replaced by	Removed/addition
	14.1 Policy				accounting function in a computerized accounting software and access to the system is limited for the authorized persons only. Accordingly all books of accounts and ledger accounts are maintained in the accounting software .The Finance division is responsible to maintain its books of accounts in compliances with the financial regulations , relevant accounting standards, basic accounting concepts and statutory requirements.
60	14 Maintenance of the Books of Accounts and General Ledger 14.2 to 14.6				Removed
61	14.13.4 Fixed Assets Ledgers				Removed
62	14.14 Methodology for Maintenance of Books of Original Entry and Generation of Financial Statements 14.14.1-14.14.11				Removed
63	15.6 Handling of cheques and Cheques Books				Removed

	Section/sub section	Pg Ref	Existing Terminology	Replaced by	Removed/addition
	15.6.2				
64	17 Final Accounts 17.1 Format of Accounts				Removed
65	17.4 Presentation of Financial Statement (e),(f)				Removed and addition as (e) Notes to the financial statements
66	17.4 Presentation of Financial Statement addition as Year End Procedure check list				<i>Addition as</i> Year End Procedure check list Following check list need to complete and it will be guide for year end process. (Pls refer Addition 07)
67	18.3 Functions of the Internal Audit Unit New addition as 18.3.5	87			<i>Addition as</i> 18.3.5 Conducting the audit committee with the relevant committee members and participate as an observer
68	18.3 Functions of the Internal Audit Unit New addition as 18.3.6				<i>Addition as</i> 18.3.6 Preparation of quarterly internal audit report and submitted to the commission
69	18.5 Internal Audit Program	87			18.5 Removed and addition as Internal Audit Program

	Section/sub section	Pg Ref	Existing Terminology	Replaced by	Removed/addition
					Internal audit programme for upcoming year need to prepared before the end of current year and submit to the audit committee for approval. Then approved audit programme will forward to the commission approval. Copy of approved audit programme is forward to the Auditor general.
	18.7 Communication of the Internal Audit Report	88			Suggestion to removed

Annexure I-Addition List

Additions 1

4.4.8 Procedure to Recover Annual Regulatory Levy

	Action	Target date/Due Date	Responsible Officer/Officers
1.	Send Invoices to licensees	31st January	AD-Licensing
2.	Forward (to Licensing Division) the list of licensees who have not paid the levy up to date	1st May	Director-Finance
3.	Send the first reminder to the licensees who have not paid the levy upto date	14th May	AD-Licensing
4.	Forward to the Licensee division the list of licensees who has not paid the levy within 07 days from 30th June	08th July	Director-Finance
5.	Send the reminder (second reminder) to licensees given in preceding list, indicating the legal actions to be taken and inform to settled the dues within two weeks	15th July	AD-Licensing
6.	Provide the list of due amounts (default) from each licensees to the commission secretary	07th August	Director-Finance
7.	Production of Certificates issued by the Chairman before the District courts	30th August	Secretary

Additions 2

7.4 Tender Notice New addition as

e) Bid security

A bid security in the prescribed format must be obtained from all bidders who are participating in ICB (International Competitive Bidding) Limited International Competitive Bidding (LIB), National Competitive Bidding (NCB) or Limited National Competitive Bidding (NCB) process

The bid security must be obtained by either of following options.

- Option 1-Bid Declaration-PUCSL may require the bidders to sign and submit a declaration in the prescribed format
- Option 2-Bid Guarantee or Cash deposit
- To obtain a bid security in the form of guarantees (only up to lump sum amount equivalent to one percent 1 % to two percent (2%) of the estimated contract value or
- ii) Obtain a cash deposit fixed lump sum generally amount to point five percent to one percent (0.5 % to 1 %) of the estimated contract value

If a bid security has been submitted in the form of guarantee it shall be a irrecoverable and unconditionally en-cashable upon the first written request from the PUCSL.

Additions 3

7.21 Evaluation of Tenders

c) Responsibilities and Duties of Procurement Committees

- Ensure that the funds/Budget allocations are available for the procurement action
- Agreeing with the TEC on the type and nature of bidding and contract document to be used and this documents should be vetted and approved
- Reviewing the evaluation report and recommendation of TEC and making determinations/recommendations.
- Reviewing agreed agreeing upon the procurement time schedule in order to award the contract as scheduled

- At the beginning determine the dates and manner of advertising the procurement ,sale of bidding documents and closing and opening of bids
- Participate and directing the TEC in providing /requesting clarifications where deemed appropriate

Addition 04

7.23 Responsibilities of TEC

- a) Preparation of Terms of References/ Specifications based on the tendering subject.
- b) Preparation/scrutiny of tender documents and vetted and recommends/approved the bidding documents.
- c) Preparation of pre-qualification documents and evaluation of tenders comprehensively.
- d) Make suitable recommendations to PC to enable them to arrive at a decision.
- e) To direct the Procurement Entity (PE) (PUCSL) to obtain the clarifications from bidders in writing where appropriate
- f) To agree upon the bid opening procedure with the PE
- g) To approve and issue addenda to the bidding documents where necessary
- h) To Participate in negotiations if directed by PC
- i) To review the draft contract prepared by the PE to ensure that it complies with the Determination of the PC

Note :The TEC may get the assistance from any external consultant (if any).However any services performed by the consultant during the procurement process should be under the guidance and supervision of the PC.

Addition 05

7.44 Procurement File Check list

1. Request for procurement
2. Approval, and budget availability
3. Appointment of Bid Opening and TEC
4. Specification and Tender document recommended and approved by TEC/PC
5. List of suppliers called for quotations
6. Bid opening meeting minutes and attendance at the bid opening
7. TEC report
8. Procurement Committee Report
9. Internal auditor's certification for issuing Purchase order
10. Purchase order
11. Invoice
12. Technical confirmation of the goods /services received (compliance with the specifications)
13. Copy of Performance Bond
14. Contract Agreement
15. Any other documents relevant to the procurement

Addition 06

Requirements for Payment Process

1. Relevant Authorization, Approval and Certification
2. Confirmation on budget availability and relevant CP activity no/Deliverable, File reference
3. Copy of Procurement committee decision (if applicable)
4. Copy of Purchase order
5. Good Received Note (GRN)
6. Confirmation on compliances with specification of the goods received (technical confirmation of the Goods received),if it's a service confirmation of work completion/service delivered ; in a consultancy procurement ,confirmation need to get from the consultancy procurement committee regarding that the service delivered is technically compliances with requirements thus recommending for the payment
7. Original Invoice/Tax invoice/ Performa Invoice (in the case of advance payment)
8. Certification to pay the VAT (check whether the supplier is registered for the VAT)
9. Inventory /Fixed Assets Register note (i.e confirmation regarding take in to Fixed Assets or Inventory)
10. Check the other relevant documents depending on the nature of the payment (Agreements, Performance bond, etc.)
11. For vehicle repairs/maintenances- vehicle number, certification for work completion and copy of log book duly completed by Administration Officer
12. Any other documents/information required by the certifying officer to get the comfortable to certify the payment

Addition 07

17.5 Year End Procedure check list

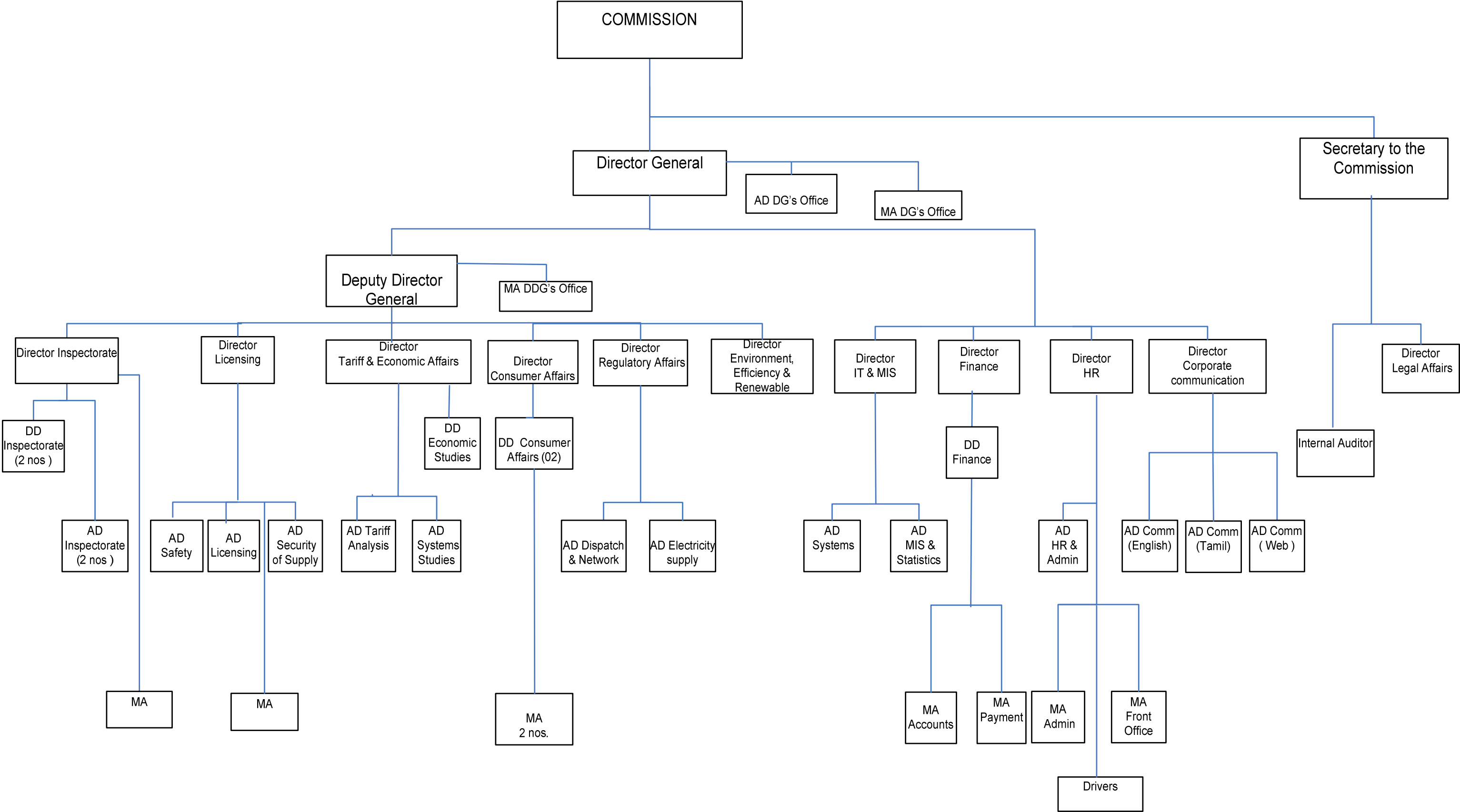
Following check list need to complete and it will be guide for year end process.

No	Task Description	Done	Reason for non-completion
1.	Ensure Accounts Receivable as at 31-December has update to the accounting system and cross checked with the receivable schedule		
2	Ensure all Deposits, prepayments and advance has recorded and prepare lists as at 31 December		
3	Prepare the list of Accounts payable ,accrued expenses and identify the commitment as at 31 December, and pass the relevant Journal entries		
4	Ensure the Fixed assets register and Fixed assets ledger is tally		
5	Ensure the correct depreciation has charged and cross check with the register and Ledger		
6.	Check the opening balances with the previous year audited financial statement		
7.	Complete the bank reconciliation as at 31 December		
8.	Record all the cash receipts and deposits all receipts as at 31 Dec 2015		
9.	Perform the physical count of inventory as at 31 Dec		
10.	Ensure the completeness of the journal entries passed and keep the supporting evidence for each journal entries		
11	Ensure the classification of expenditure in to the correct expenditure categories		

Note:

Based on the duty List responsibilities need to change among Director Finance and DD Finance

PUCSL – Organization Structure



DD – Deputy Director
AD – Assistant Director
MA – Management Assistant

Annexure III
Procurement process flow
chart

Purchase
Requisition

Procurement
process

PO

GRN

Update the
Inventory/Fixed Assets
Register

Invoice Received

Does the
Invoice agreed
with PO

Get the relevant
approval for Payment

Raise the
payment voucher
from the system

Update the
accounting software

Get the certification for
the payment voucher

Prepare the
cheque

Get the signature from
authorized signatories

cheque

Handover the cheque to
the relevant party and get
the acknowledgement of
receipt

