

Department of Management Services Circular No. 02

My No: DMS/Bonus/01,
Department of Management Services,
Colombo 01.

16 .11.1999

To: All Secretaries to Ministries,

**PAYMENT OF BONUS TO EMPLOYEES OF PUBLIC CORPORATIONS AND
FULLY OWNED GOVERNMENT COMPANIES (FOGCs) FOR THE YEAR
1999**

Cabinet at their meeting held on 03.11.1999 approved the payment of bonus to employees of Public Corporations and Fully Owned Government Companies (FOGCs) for the year 1999. The following guidelines should be followed in making such payments.


- (a) As a pre-requisite for payment of bonus by an organisation, the annual accounts for the previous year (1998) should have been rendered to the Auditor General in terms of Section 13 of the Finance Act, No. 38 of 1971, on or before 30.04.1999.
- (b) The payment of bonus shall depend on the profits of a Corporation/FOGC in the year 1999, which shall be based on the estimated Profit & Loss Account for the year 1999 as approved by the Board of Directors.
- (c) Employees of such Corporations/FOGCs that have made profits may receive a bonus of Rs. 10,000/= or two (02) months gross salary whichever is less.
- (d) Profit making organisations which continue to offer other incentive schemes such as incentives related to attendance, in addition to the annual bonus, if paid in the year 1998, will be allowed to do so depending on the needs of individual organisations subject to the proviso that the annual bonus, in their case, should also be limited to Rs. 7,500/= or two (02) months gross salary whichever is less.

The payment of bonus shall be based only on one of the two schemes mentioned at (c) and (d) above.

The incentive schemes referred to here include all incentive schemes linked directly to accepted norms in output and/or to increase in revenue generation which have been approved by the Treasury.

- (e) A loss making organisation which has paid a bonus in the previous year (1998) will be permitted to pay a bonus of only Rs. 1,000/= provided sufficient funds are available for this purpose in 1999.

- (f) Institutions dependent on Treasury Grants for their Recurrent and/or Capital Expenditure are not entitled to pay bonus. The approved Cess Funds are also treated as Treasury Funds for purpose of determination of entitlement to bonus.
- (g) The payment of bonus is tied to attendance. No bonus should be paid to those who have taken more than 10 days of no-pay leave during the year. Those who have taken less than 10 days of no-pay leave should have proportionate deductions.
2. Full-time Chairmen and Full-time Working/Executive Directors of Corporations/FOGCs are also entitled to this bonus subject to the conditions stipulated above. Casual/ Contract employees filling permanent vacancies may also be considered for this bonus subject to attendance requirements applicable to other employees of such Corporations/FOGCs.
3. Organisations which have paid annual bonus to their employees, deviating from (a) to (g) of para I above, with specific Cabinet approval under different situations, in previous years may continue payment of such bonus for the current year as well in the same manner provided the situations that warranted the authorisation of the deviations at that time still exist.
4. Any situation necessitating deviation from the above criteria should be referred to the Director General Public Finance (DGPF) with the recommendations of the Secretary to the relevant Ministry. The DGPF will evaluate such requests in respect to return on investment and impact of the resultant financial commitment on the viability of the organisations and make his observations to the Secretary to the Treasury, for a decision.
5. The line Ministry in charge and the Boards of Management of respective organisations should ensure that bonus payments are made in accordance with the above guidelines, seeking Treasury clarifications in cases of doubt. Any request for clarifications or a new approval should be made through the line Ministry, which should forward such request to the Treasury with its comments and recommendations on the point at issue.
6. Please bring the contents of this Circular to the notice of Chairmen of Corporations and Fully Owned Government Companies (FOGCs) falling within the purview of your Ministry, for necessary action.


(P.B. Jayasundara)

Secretary to the Treasury
and
Secretary, Ministry of Finance and Planning

Copies: (1) Director General of Public Finance
(2) Auditor General