

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

11.12.2006

To : All Secretaries to Ministries.

**PAYMENT OF BONUS TO EMPLOYEES OF PUBLIC CORPORATIONS AND FULLY OWNED GOVERNMENT COMPANIES (FOGC'S) FOR THE YEAR 2006**

The Cabinet of Ministers at their meeting held on 06.12.2006 approved the payment of bonus to employees of Public Corporations and Fully Owned Government Companies (FOGCs) for the year 2006. The following guidelines should be followed in making such payments.

- (a) As a pre-requisite for payment of bonus by an organization, the annual accounts for the previous year (2005) should have been rendered to the Auditor General in terms of para 03 of Public Finance Circular No. PF/PE/21 of 24.05.2002, on or before 28.02.2006.
- (b) The payment of bonus shall depend on the generation of profits by a Corporation/FOGC in the year 2006, which shall be based on the projected Profit & Loss Account for the year 2006, 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 organizations which continue to offer other incentive schemes such as incentives related to attendance, in addition to the annual bonus, if paid in the year 2005, will be allowed to do so depending on the needs of individual organizations 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, attendance and/or to increase in revenue generation which have been approved by the Treasury.

- (e) A loss making organization will be permitted to **pay a bonus of only Rs. 1,000/-** provided sufficient funds are available for this purpose in the current year (2006).
- (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, therefore, be paid to those who have taken no-pay leave for 10 days or more during the year. Those who have taken **less than 10 days of no-pay leave** should have proportionate deductions made from their bonus at the rate of 1/10 per day.

02. 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.

03. Organizations which have paid annual bonus to their employees deviating from (b) and (c) above, with specific Cabinet approval under different situations in the year 2005, may continue payment of such bonus for the current year as well in the same manner provided the situation that warranted the authorization of the deviations at that time do still exist.

04. Where any institution has paid to its employees, a mid year allowance which could be considered as a bonus it should also be treated as an advance against the annual bonus paid at the end of the year unless special approval of the Cabinet is available for such payment as additional bonus.

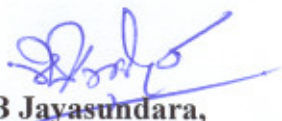
05. Any situation necessitating deviation from the above criteria should be referred to the Director General, Department of Management Services with the recommendations of the Secretary to the relevant line Ministry. The Director General of Management Services will evaluate such requests in consultation with the Director General of Public Enterprises with respect to return on investment and impact of the resultant financial commitment on the viability of the organizations and make his observations to the Secretary to the Treasury, for a decision.

06. The line Ministries in charge and the Boards of Management of respective organizations 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.

07. Treasury will not provide any funds for payment of the bonus.

08. The bonus should be paid subjected to the observance of good governance practices, submission of budgets and draft accounts to audit and tabling of annual reports and audited accounts in Parliament on time.

09. Please bring the contents of this circular to the notice of all 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. DGPE.  
2. Auditor General.  
3. Heads of relevant institutions.