



பிரதமசெயலாளர் செயலகம், வடக்குமாகாண சபை  
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**Chief Secretary's Secretariat, Northern Provincial Council**



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My No: NP/09/A&P/04/12/CIR/2021

Date: 04.12.2021

Provincial Finance Circular No: PF/AP/04/2021

Secretaries,  
 Deputy Chief Secretaries,  
 Head of Departments,  
 Northern Province

**Guidelines and Formats for preparation of the Financial Statements – 2021**

The format for Preparation of Financial Statements introduced in 2018 by the Provincial Finance Circular No PF/AP/05/2018 is revised by this guideline with due confederation to the preparation of Financial Statements by each Reporting Entity under the provision of clause number 16 and 38 of the National Audit Act No. 19 of 2018 and relevant provision of FR 150 for the preparation of Annual Appropriation Accounts and FR 151 for preparation of Revenue Accounts under the Financial Regulations.

Accordingly, All the Ministries & Departments of Northern Provincial Council should prepare Financial Statements of year 2021 in accordance with the provision of this guideline and submitted to the Auditor General on or before 28<sup>th</sup> February 2022 in accordance with the Audit Act No 19 of 2018.

**2. Preparation of the Financial Statement**

- 2.1 Final Financial Statements for the year 2021 should be prepared trilingual in Sinhala, Tamil and English languages separately in the formats introduced in the Section 6 of this guideline ensuring that all formats should be printed in A4 size papers.
- 2.2 Each Financial Reporting Entity shall identify the Financial reporting formats that are relevant and non- relevant as per the given format ACA - D.

**3. Statistical data required for the preparation of Financial Statements**

Financial Statements should be prepared in accordance to the below mentioned guidelines, based on figures appeared in the Final Provincial Treasury Accounting Statements for the

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year 2021 and the tables annexed there to be released by this Provincial Treasury as indicated in the Section 4.6 of the "Closing of Accounts for the Financial Year 2021" Provincial Finance Circular No. PF/AP/02/2021 dated 10.11.2021.

- 3.1 Financial Statement shall be prepared using the Trail balance Generated by the desktop CIGAS application without any modification and it should be attached to the Financial statements as annexure.
- 3.2 In preparation of Financial Statements of each Ministry/ Department, it should be ensured that figures indicated therein should be tallied with the revenue, expenditure and main ledger balances as appeared in the Final Provincial Treasury Accounting Statements. Further it shall be ensured that the total individual balances of deposits, Advance Accounts and other relevant main ledger accounts are equal to the respective control ledger balances. Of those Final Provincial Treasury Accounting Statements should be enclosed to the Financial Statements of the respective institute as an annexure.
- 3.3 In reporting non-financial assets, it should be ensured that the value of the main ledger balance of those assets be tallied with the individual assets value. If there is any non-reconciled balance, such values should be revised in the main ledger balance by journal entries until the balance is identified.
- 3.4 Commitments and Liabilities of the Reporting Entity as at 31.12.2021 should be disclosed by commitment number. Separate disclosure should be made for the commitments and liabilities incurred under PFR65(2) & 65(3).
- 3.5 Variations between total Net Provision and actual expenditure with reasons for the variations should be furnished in ACA-2(ii) under each object code. It is not required to furnish such explanation for savings less than 5% of Net total provision or Rs.10,000/- whichever is higher. Explanation for variations should be concise and justified with reasonable facts.
- 3.6 Statement of Financial Performance, Statement of Financial Position and Statement of Cash Flow should be prepared based on the details in formats ACA-1 to ACA-7 and the Notes No. (i) to (viii). The relevant formats should be prepared separately for each programme and only the consolidated figures should be incorporated in the Financial Statements.

The formats ACA-2(a) and other, format ACA-2(a)( i), ACA-2 (a)(ii), ACA-2(a)(iii) and ACA-2(a)(iv) should be furnished by the Provincial Treasury to reveal the information in relation to additional allocations provided under Budgetary Support Services and Contingent Liabilities vote for other



expenditure heads by the Provincial Treasury as per the Section 6 of the Appropriation Act.

- 3.7 In preparation of Financial Statements all ( ACA (F) – ACA (C), ACA1- ACA 7) financial figures should be stated to the nearest rupee value.

#### **4. Presentation of the Financial Statements**

- 4.1 Chief Accounting Officer / Accounting Officer of each Ministry and Department shall be responsible for the preparation of the final Financial Statements for the year 2021, as per FR 150(Appropriation Accounts), 151(Revenue Accounts) and PFR 258 with sufficient information when necessary. Especially the Chief Accountant / Accountant should certify that the details in relevant financial statement are in agreement with the Final Provincial Treasury Accounting Statements.
- 4.2 Chief Accounting Officer / Revenue Accounting Officer / Accounting officer should sign the specimen formats where the requirement is specifically stated. The Chief Accountant / Accountant should sign all the specimen formats.

#### **5. Obtaining specimen formats for Financial Statements**

Specimen formats of the Statement of Financial Performance, Statement of Financial Position, Statement of Cash Flow, and the relevant sub specimen formats can be sent through the Email of respective Ministries and Departments. Soft copies can also be obtained from the Accounts and Payments division of Provincial Treasury if required.

#### **6. Specimen forms to be used in preparation of the Financial Statements**

The following specimen formats, attached herewith should be utilized for the preparation of Financial Statements for the year 2021.

ACA-(F)	Statement of the Financial Performance
ACA-(P)	Statement of the Financial Position
ACA-(C)	Statement of Cash Flows (Cash Basis)
ACA-(D)	List of Relevant Formats & Annexures for Reporting Entity

ACA-1	Statement of Revenue
ACA-1(i)	Statement of Arrears of Revenue
ACA-1(ii)	Explanation for the Variances between Original Revenue Estimate and Revised Revenue Estimate
ACA-1(iii)	Explanation for the Variances between Actual Revenue and Revised Revenue Estimate
ACA-2	Summary of Expenditure by Programme
ACA-2(a)	Summary of Expenditure by Programme (Only for the use of Provincial Treasury)
ACA-2(a)(i)	Explanation for the variation between Total Net Provision allocated under the vote of Budgetary Support Service and Contingent Liabilities as per the section 6 of the Appropriation Act to meet Recurrent Expenditure of any other Expenditure Heads and the Actual transfers.(Only for the use of Provincial Treasury)
ACA-2(a)(ii)	Allocation issued to Other Expenditure Heads for Recurrent Expenditure from the vote of Budgetary Support Services and Contingent Liabilities during the year (Only for the use of Provincial Treasury)
ACA-2(a)(iii) -	Explanation for the variation between Total Net Provision allocated under the vote of Budgetary Support Service and Contingent Liabilities as per the section 6 of the Appropriation Act to meet Capital Expenditure of any other Expenditure Heads and the Actual transfers (Only for the use of Provincial Treasury)
ACA-2(a)(iv) -	Allocation issued to Other Expenditure Heads for Capital Expenditure from the vote of Budgetary Support Services and Contingent Liabilities during the year (Only for the use of Provincial Treasury)
ACA-2(i)	Statement of Expenditure by Programme
ACA-2(ii)	Statement of Expenditure
ACA-2(iii)	Explanation for Variance between Original Expenditure Estimate and Revised Expenditure Estimate

ACA-2(iv)	Statement of Summary of Financing the Expenditure by Programme
ACA-2(v)	Statement of Financing of Expenditure of Each Programme by Projects
ACA-3	Statement of Imprest Account
ACA-4	Statement of Deposit Accounts
ACA-5	Statement of Advance Accounts
ACA-5(a)	Statement of Rent and Work Advance Accounts
ACA-5(b)	Statement of Rent and Work Advance Reserve Accounts
ACA-6	Statement of Non-Financial Assets
ACA-7	Statement of Imprest Reconciliation
Note-(i)	Statement of Losses and Waivers (Losses under P.F.R.72 and P.F.R. 77)
Note-(ii)	Statement of write off from books (Statement of losses & waivers under P.F.R 75 during the year & statement of write off from the book and recoveries under P.F.R 75 during the year)
Note-(iii)	Statement of Liabilities and Commitments
Note-(iv)	Statement of Liabilities - (i) Statement of Commitments in Terms of P.F.R 65 (2) and 65(3)
Note-(v)	Statement of Liabilities - (ii) Provision transferred to the Deposit Account in terms of P.F.R 162
Note-(vi)	Statement of Claims under Reimbursable Foreign Aid
Note-(vii)	Statement of Missing Vouchers
Note-(viii)	The Status Report as at 31/12/2021 on New Bank Accounts Opened in terms of Para (01) of Treasury Operation Circular No. 5/2007 of 5/9/2007.
Annexure I	Trial Balance generated by the Desktop CIGAS application.

## **7. Guideline for preparation of the Financial Statements**

The following steps should be followed when preparing Financial Statements for the year 2021.

- 7.1 In compilation of the Statement of Financial Performance, Statements of Financial Position and Statement of Cash Flow, information included in ACA-1, ACA-2, ACA-2(a) ; ACA-2(i), ACA-2( ii) , ACA-3 , ACA-4, ACA-5, ACA-5(a), ACA-5(b), ACA-6 and ACA-7 should be taken in to consideration.
- 7.2 Revenue collected by Ministries/Departments on behalf of other Revenue Accounting Officers should not be included in the Statement of Financial Performance (ACA- F) and such revenue should be adjusted in Statement of Imprest Reconciliation. **Comparative figures for the year 2020 should also be stated accordingly.**
- 7.3 Receipts and payments on “Other Main Ledgers” are relevant only to the chief accounting Officer / Accounting Officer of the Main Ledgers.
- 7.4 Remittance to the Provincial Treasury (Item D) in the Statement of Financial Performance (ACA-F) includes remittances made to the Provincial Treasury during the year and year end Imprest settlement.
- 7.5 Balance of the Statement of Financial Performance as at 31<sup>st</sup> December 2021 (Item J) should be equal to the total of balance as per the Statement of Imprest Reconciliation and Imprest balance as at end of the year. **Comparative figures for the year 2020 should be stated accordingly.**
- 7.6 Statement of Cash Flow should be prepared by using direct method considering cash basis method.
- 7.7 Equivalent value of Property Plant and Equipment should be shown as reserve under Net Assets/Equity in the Statement of Financial Position (ACA-P).
- 7.8 Equivalent value to Treasury under the Net Assets/Equity in Statement of Financial Position is calculated by deducting the value of Deposit Accounts from the value of Advance Accounts of the Ministries / Departments.
- 7.9 Cash balance remitted to the Treasury by each Ministry / Department at the end of the financial period should not be included in the Cash & Cash Equivalent Balance in the Statement Position.



7.10 The Following transactions should be considered when preparing the statement of Imprest Reconciliation (ACA -7).

- Revenue collected by others on behalf of Reporting Ministries & Departments (Revenue Accounting Officer)
- expenditure incurred by other Ministries & Departments on behalf of the Reporting Ministries & Departments (Expenditure Head)
- Advance “B” Account transactions.  
Payment- Loans paid by other entities in case of transfer in receipts – In case of transfer out.
- Revenue collected by the Reporting Entity on behalf of Other Revenue Heads.
- Expenditure incurred on behalf of Other Heads (In accordance with PFR 155)

## **8. General Instructions**

8.1 As per the State Accounts letter No SA/AS/AA/circular dated 12.07.2013 issued in relation to identification of non-financial assets and Northern Provincial Council circular no PF/AP/03/2017 dated 18.07.2017 issued in relation to recording of all non-financial assets of the Government in order to oversee the asset and cost management, assets were categorized and relevant codes have been given and those assets are accounted under the main ledger account Nos.9151, 9152, 9153, 9154, 9155, 9160 and 9180. Accordingly all the assets to be categorized in the correct identification code and to be accounted properly. Considering the requirement of maintaining the fixed asset register, register on computer accessories and software also necessary until fixed assets module developed in the Newcigas programme be implemented in the Northern Provincial Council completely.

8.2 If there are non-financial assets which are yet to be reported, they should be properly identified and should be accounted at cost or in the absence of costs, they should be accounted at assessment values. Accounting of all the non-financial assets required to be completed by 2022 by all the entities.

8.3 The details of Deposits and Advance accounts have to be provided in Specimen Formats ACA-4 and ACA-5 of the Financial Statements, all the expenditure heads should prepare Reconciliation Statement for Deposit Advance Accounts separately under FR 502, 506 and PFR 273, 279. Statement of Deposit Reconciliation and Advance Accounts shall be submitted to the Provincial Treasury on or before 1<sup>st</sup> February 2022 and 7<sup>th</sup> February 2022 respectively to enable me to send the same to the Auditor General.

8.4 Since the receipts and payments are reported daily under the CIGAS programme it is not required to maintain a manual cash book. A printed copy of the cash obtained through the CIGAS programme may be filed separately.


8.5 Financial Statements for the year 2021, with the observation of the Auditor General in relevant to these Financial Statements should be published in the Ministry / Department website.

#### 9. Forwarding the Accounts to the Provincial Treasury

Financial statement prepared in the Specimen format along with the 4 copies should be furnished to Provincial Treasury in all 3 Languages having duly signed in the required formats with full of accuracy on or before 7<sup>th</sup> February 2022 to enable me to submit the same to the Auditor General on or before 28<sup>th</sup> of February 2022.

#### 10. Preparation of Annual Reports & Accounts

Preparation of Annual Reports & Accounts on Accrual basis in terms of Provincial Financial Circular PF/AP/07/2017 also required to be forwarded in 2 copies to the Provincial Treasury on or before 7<sup>th</sup> March 2022 as per the Financial Reporting Manual issued to the Ministries and Departments in the year 2017.

  
S.M. Saman Bandulasena  
Chief Secretary

S.M. Saman Bandulasena  
Chief Secretary  
Northern Province

Copies to:-

1. Secretary to the Hon. Governor, NP

- To inform to the Hon.  
Governor

2. Secretary, M/PC & LG, Colombo

3. Secretary, Finance Commission, Rajagiriya

4. Asst. Auditor General, NP

5. Chief Internal Auditor, NP

- For your information please