

**MINUTES OF THE 71ST MEETING OF MAHAPOLA HIGHER EDUCATION
SCHOLARSHIP TRUST FUND**

DATE & TIME: 28TH SEPTEMBER 2018 AT 5.00 P.M.

VENUE: THE LOUNGE, CHIEF JUSTICE'S OFFICE, 5TH FLOOR,
SUPREME COURT, COMPLEX, COLOMBO 12.

PRESENT:

1. HIS LORDSHIP THE CHIEF JUSTICE MR. W.P.G. DEP P.C.	EX.OFFICIO TRUSTEE
2. HON. (DR) WIJEYADASA RAJAPAKSA, P.C. MINISTER OF HIGHER EDUCATION & CULTURAL AFFAIRS	FOUNDER TRUSTEE
3. MR. J.J. RATHNASIRI, SECRETARY, MINISTRY OF HIGHER EDUCATION & CULTURAL AFFAIRS	EX.OFFICIO TRUSTEE
4. MR. S.V.D. KESARRALAL GUNASEKARA 5. DR. D.K. DARREL MATHEW, MBBS, FCGP	APPOINTED TRUSTEE APPOINTED TRUSTEE

EXCUSED

MR. S.S. HETTIARACHCHI
SECRETARY, MINISTRY OF EDUCATION

EX.OFFICIO TRUSTEE

BY INVITATION

- (i) Mr. D.A.W. Wanigasooriya, Additional Secretary/Chief Accountant - Presidential Secretariat (Observer)
- (ii) Mr. M.P. Bandara, Director MTF
- (iii) Ms. R. Arulanandan, representing S S P Corporate Services (Private) Limited, Secretaries

1. CONFIRMATION OF THE MINUTES OF THE 70TH MEETING HELD ON 31ST AUGUST 2018

The Minutes of the 70th Meeting of the Mahapola Higher Education Trust Fund held on 31st August 2018 which had been circulated were approved by the Board subject to the following amendment:

Minute No. 4 – Board Paper No.2

Cabinet Memorandum for Re-Organization of the Activities of SLIIT and NWCL and NWSL

Mr. S.V.D. Kesarralal Gunasekara, Appointed Trustee pointed out that the following paragraph should be included as the penultimate paragraph of the above minute

“The Board noted that the sanction of the Mahapola Trust Fund Board had not been granted in relation to the Agreement that has been signed between the MTF and SLIIT.”

Thereafter proposed by Mr. S.V.D. Kesarralal Gunasekara, Appointed Trustee and seconded by Dr. D.K. Darrel Mathew, MBBS, FCGP, the Chairman signed the minutes as a correct record of the proceedings.

2. MATTERS ARISING FROM THE MINUTES

2.1 Re - commencement of Mahapola Trade Fair and Exhibition with National Youth Services Council

Mr. M.P. Bandara, Director tabled the Project Proposal in respect of the recommencement of the Mahapola Trade Fair and Exhibition.

The Board having noted the contents decided to take up the Paper at the next Meeting in consultation with the National Youth Services Council.

2.2 Approval for the Settlement of Legal Cases Trillion Securities (Pvt) Ltd Vs. Natwealth Securities Limited and Virtual Investment & Trading Lanka (Pvt) Ltd Vs. Natwealth Securities Limited in the Commercial High Court and MC Colombo

Mr. M.P. Bandara, Director informed the Board that Natwealth Securities Limited is required to pay a total amount of Rs. 90.90 Mn to Trillion Securities (Pvt) Ltd in respect of the case in the Commercial High Court and Rs. 120.60 Mn to Virtual Investment & Trading Lanka (Pvt) Ltd in respect of the case in the Magistrate Court, Colombo, which was noted by the Board.

The Hon.(Dr.) Wijeyadasa Rajapaksa, P.C. requested Mr. S.V.D. Kesarralal Gunesekara, Trustee to discuss with the parties and come to an agreement.

2.3 Design and Construction of CMS WEB Site for Mahapola Trust Fund

Mr. M.P. Bandara, Director informed the Board that the CMS WEB Site for MTF was 60% complete and should be complete by the end of this year.

2.4 Health Insurance Scheme for Mahapola Trust Fund Staff

Mr. M.P. Bandara, Director informed the Board that as approved by the Board of Trustees at the meeting held on 28th September 2018, MTF awarded the Health Insurance cover for the employees to Sri Lanka Insurance Corporation (SLIC).

2.5 Proposal for purchasing of Quick Book Accounting Software

Mr. M.P. Bandara, Director informed the Board that as approved by the Board of Trustees at the meeting held on 28th September 2018, MTF granted approval for procurement of accounting software (Quick Book) from AccSoft Solutions (Pvt) Ltd.

2.6 Purchase of Vehicle for Mahapola Trust Fund under the Duty Concessions

Mr. M.P. Bandara, Director informed the Board that at the previous meeting of the Board of Trustees, Mr. D.A.W. Wanigasooriya, Additional Secretary/Chief Accountant, Presidential Secretariat was requested to check with the Customs on the possibility of obtaining a vehicle for MTF on a duty concession basis.

The Board was informed that duty concessions are not available for vehicles at present.

The Board requested Mr. M.P. Bandara, Director to check with Mr. J.J. Rathnasiri, Secretary, Ministry of Higher Education and Cultural Affairs on the 40 vehicles returned by retired Judges.

3. BOARD PAPER NO.1 CABINET APPROVAL FOR THE RESTRUCTURING OF NWCL/NWSL AND THE AMENDMENT TO THE MAHAPOLA HIGHER EDUCATION SCHOLARSHIP TRUST FUND ACT NO.66 OF 1981

The Board noted the contents of Board Paper No.1 from Mr. M.P. Bandara, Director, MTF on the above subject.

The Board noted that as approved by the Board of Trustees at its 68th meeting of the Board of Trustees, Hon. (Dr) Wijeyadasa Rajapaksa, P.C. submitted the Cabinet memorandum for the re-structuring of NWCL and NWSL and the amendment to the Mahapola Act No.66 of 1981. The Cabinet at its meeting held on 28th August 2018 having considered the Memorandum granted approval in respect of the following:

- Notifying the Cabinet of Ministers on the Activities of National Wealth Corporation Limited (NWCL) and National Wealth Securities Limited (NWSL), sub companies of Mahapola Higher Education Scholarship Trust Fund.
- Amendment of the Mahapola Higher Education Scholarship Trust Fund Act No.66 of 1981.

The copies of the Cabinet approvals were tabled for the information of the Board.

Accordingly the Board noted that approval of the Cabinet of Ministers was granted in respect of re-structuring of the activities of NWCL and NWSL and amending the MTF Act No.66 of 1981.

4. BOARD PAPER NO.2
APPOINTMENT OF AUDITORS TO UNDERTAKE DUE DILIGENCE AUDIT OF NWCL AND NWSL

The Board noted the contents of Board Paper No.2 from Mr. M.P. Bandara, Director, MTF on the above subject.

The Board was informed that as approved by the Board of Trustees at its 69th meeting held on 13th July 2018, two subsidiaries of MTF, NWCL and NWSL are to be re-structured, for which Cabinet approval was obtained.

Mr. M.P. Bandara, Director informed that according to the above Cabinet decision a Due Diligence Audit has to be carried out to ascertain the value of the business of both subsidiaries. The Board was informed that when the Auditor General was informed to conduct a Due Diligence audit in respect of NWCL and NWSL, the Auditor General Department had been informed that they carry only financial audits. Accordingly the Company decided to call quotations from reputed Audit firms. Mr. M.P. Bandara, Director also informed the Board that on checking with the Central Bank of Sri Lanka, the Company was informed that approval had to be obtained from them in respect of the above.

The Board having noted the quotations obtained from the Audit firms decided to appoint M/s Ernst & Young, Chartered Accountants, No.201, De Saram Place, Colombo 10, the lowest bidder to conduct the Seller's Due Diligence covering Financial Due Diligence, Tax Due Diligence and Business Valuation of NWCL and NWSL at the quoted price of Rs.1,800,000/-.

5. **BOARD PAPER NO. 3**
DRAFT – AGREEMENT OF THE MAHAPOLA LOTTERY CONDUCTED BY DLB

The Board noted the contents of Board Paper No.3 from Mr. M.P. Bandara, Director, MTF on the above subject.

The Board was informed that as approved at the 68th Meeting of the Board of Trustees held on 13th July 2018, the draft Agreement was submitted by the Development Lotteries Board (DLB). Mr. M.P. Bandara, Director informed the Board that Mr. S.V.D. Kesarralal Gunasekera, Trustee and he had checked the draft agreement which is in line with the Mahapola Act and the objectives of the Mahapola Trust. A copy of the draft Agreement was tabled for the information of the Board.

Accordingly the Board having noted the above and the recommendation of Mr. M.P. Bandara, Director approved in principle the signing of the Final Lottery Agreement by and between the Mahapola Trust Fund and the Development Lotteries Board for conducting the Mahapola Lottery through the Development Lotteries Board and authorized two Trustees to sign the Lottery Agreement on behalf of the Company subject to obtaining Cabinet approval.

The Board was informed that DLB gives 100% of the profit earned to the President's Fund out of which 50% will be given to MTF.

6. **BOARD PAPER NO.4**
ARBITRATION MTF Vs. OCEANIC GAMES

The Board noted the contents of Board Paper No.4 from Mr. M.P. Bandara, Director, MTF on the above subject.

The Board was informed that as approved by the Board of Trustees Dr. Harsha Cabraal, P.C., was appointed as MTF counsel for the above Arbitration with Oceanic Games, considering the proceedings of the arbitration. Dr Harsha Cabraal, P.C. has instructed to file a petition and affidavit in the High Court, Colombo against the proceedings of the Arbitration, as the Arbitration was not duly constituted.

Accordingly Mr. Sanjaya Fonseka, Attorney-at-Law appointed by Dr. Harsha Cabraal, P.C., drafted the petition/affidavit for MTF, and the Director MTF signed same and the petition and affidavit were filed at the High Court, Colombo on 21st September 2018.

Copies of the Petition and Affidavit were tabled with the Form of Proxy for the information of the Board.

The Board having noted the above ratified the contents of the Petition and Affidavit and granted covering approval for Mr. M.P. Bandara, Director to sign as Director MTF on behalf of MTF.

7. BOARD PAPER NO.5
OPEN NEW BANK ACCOUNT WITH BANK OF CEYLON – TORRINGTON BRANCH UNDER
THE MTF FOR SCHOLARSHIP PAYMENT

The Board noted the contents of Board Paper No.5 from Mr. M.P. Bandara, Director, MTF on the above subject.

Mr. M.P. Bandara informed that the Board at its meeting of the Board of Trustees held on 30th July 2018 approved the implementation of the new scholarship payment system through the direct bank payment method (slip system).

The Board was informed that accordingly, the UGC and General Treasury have given their concurrence to implement the new payment system and the software and bank details in connection with the new payment system are being collected from the Universities. The Board was informed that the government contribution for of the scholarship (Rs. 2,450/- per scholarship) is transferred through the UGC and the UGC main bank account is also operated through Bank of Ceylon, Torrington Branch.

Mr. M.P. Bandara, Director informed the Board that when processing the direct bank transfers (slip) Bank of Ceylon, Corporate Branch charges Rs. 7.50 per entry on slip transfers and since the student intake by all the Universities and Technical Colleges totals around 70,000, the total bank charges on slip transfers will work out to approximately Rs. 500,000/- per month to the MTF. Therefore, MTF has negotiated with BOC – Torrington Branch and they have agreed to remit the scholarship money to the student's accounts free of charge.

The Board having noted the above and the recommendation of Mr. M.P. Bandara, Director approved the opening of a new Bank Account with Bank of Ceylon, Torrington Branch for scholarship payments

Accordingly it was resolved

“That the Board hereby authorizes the Mahapola Higher Education Scholarship Trust Fund to operate an Account at Bank of Ceylon – Torrington Branch by any two of the following authorized persons:

1. Mr. J.J. Rathnasiri, Secretary Ministry of Higher Education and Cultural Affairs (Chief Accounting Officer of MTF)
2. Mr. M.P. Bandara, Director MTF
3. Ms. Samanthi Rajapaksha, Administrative Officer, MTF”

Further resolved

“That Mr. M.P, Bandara, Director MTF is hereby authorized to take necessary steps in this regard”

8. **BOARD PAPER NO.6**
SCHOLARSHIP PAYMENT POLICIES AND GUIDELINES

The Board noted the contents of Board Paper No.6 from Mr. M.P. Bandara, Director, MTF on the above subject.

Mr. M.P. Bandara informed the Board that Mahapola Scholarship payment policies and guidelines were set long before and it has to be re-visited to make some changes. Therefore it is proposed to revise the Scholarship payment policies and guidelines to update the changes of the monthly scholarship payment of Universities and Higher Education Institutes.

A copy of the revised payment policies and guidelines was submitted together with the bank account declaration form, which is to be submitted by the respective scholarship holder for the information of the Board.

The Board having noted the above granted approval for the revised scholarship payment policies and guidelines with a bank account declaration form to be submitted by the respective scholarship holders to be implemented by 1st January 2019.

9. **BOARD PAPER NO.7**
AUDITOR GENERAL'S REPORT ON THE ACTIVITIES OF MAHAPOLA TRUST FUND –
SPECIAL AUDIT REPORT DUE FOR SUBMISSION TO THE PARLIAMENT

The Board noted the contents of Board Paper No.7 from Mr. M.P. Bandara, Director, MTF on the above subject.

Mr. M.P. Bandara, Director informed the Board that the Auditor General has issued a special audit report on 7th September 2018 on the fund management and the activities of the MTF and its subsidiary companies NWCL/NWSL, SLIIT and DLB.

Mr. M.P. Bandara, Director summarized the contents of the Draft Report for the information of the Board which covered the following:

1. **Section 4** – Limitation of scope. It was noted that MTF has not submitted the necessary details and information for the audit and MTF has not agreed to all the details submitted. The details relating to all construction of schools are at the Ministry of Trade (Sathosa). Those are not available at MTF and all the procurement has been done at Sathosa.
2. **Section 4.2** – Consolidated account for 2012 has been prepared by M/s Ernst & Young, Chartered Accountants. They have submitted all the working papers for the audit in respect of the years 2013, 2014, 2015 and 2016 consolidated accounts. Consolidated Accounts got delayed due to SLIIT matter. Consolidated Accounts for all 4 years given to M/s Ernst & Young, Chartered Accountants for preparation in August 2018. Soon after completion they will be submitted for Audit.

3. **Section 4.3** – Relevant receipts for all donations received by MTF have been submitted for audit. The Auditors also have not specifically mentioned the receipts which were not submitted for the Audit.
4. **Section 6.16** – According to the guidelines and regulations of the Central Bank of Sri Lanka, core capital of the primary dealer increased up to Rs.1 Bn. Therefore NWCL/NWSL, core capital also had to be increased, even though NWSL made losses.
5. **Section 6.15** – Dividend for both NWCL and NWSL have been declared and capitalized. Those dividends were in the form of shares and MTF has not been taken to the books of accounts. This was rectified in 2016 accounts of MTF.
6. **Section 6.31** – MTF has not agreed with the Auditors comment in the year 2017. Development Lottery Board (DLB) has not given the profit share for MTF as planned due to the payment of default tax by DLB. Therefore, MTF utilizing the maturity proceeds of Treasury Bonds and Fixed Deposit for the payment of scholarship money to the university students in 2017.

A copy of the audit report and the response was submitted for the information of the Board.

Hon. (Dr) Wijeyadasa Rajapaksa, P.C., Minister of Higher Education and Cultural Affairs at this stage read out for the information of the Board item (07) of the Audit Report which referred to the weaknesses in the system and management which was noted by the Board.

The Board also noted the conclusions set out in the Audit Report and the action proposed to be taken.

The Board having noted the above decided that the Board should sit together and decide what action should be taken. It was also decided to appoint a Committee to look into this and report to the MTF. It was further decided to report to the Law Enforcement Authority, the CID or the Bribery Commission in this regard.

Hon.(Dr.) Wijeyadasa Rajapaksa, P.C., Minister of Higher Education and Cultural Affairs having noted the above recommended appointing a retired Judge or an Ex-banker to carry out an investigation with the Accountant and suggest remedial measures to be taken up by the MTF Board.

10. BOARD PAPER NO.8
LAND TO SET UP MAHAPOLA HEAD QUARTERS

The Board noted the contents of the Board Paper No.8 from Mr. M.P. Bandara, Director, MTF on the above subject.

The Board was informed that as approved by the Board at the 68th meeting of the Board of Trustees held on 13th July 2018, Director MTF requested from the Ministry of Megapolice and Western Development for a block of land to set up Mahapola Head Quarters. The Board was informed by the UDA that there is no land available in Colombo to allocate for MTF purposes. The UDA had further informed that they are planning to construct a building at D.M. Colombage Mawatha, Colombo 5 with office spaces for government agencies and a portion of the building can be allocated for the MTF Head Quarters.

A copy of the letter received from the Director General UDA on 27th August 2018 was submitted for the information of the Board.

Mr. J.J. Rathnasiri, Secretary, Ministry of Higher Education & Cultural Affairs informed the Board that since the UDA does not have a block of land in Colombo for the above purpose he will try to get a block of land from the GA for this purpose.

11. BOARD PAPER NO.9
APPOINTMENT OF ASSISTANT DIRECTOR PROJECT ON CONTRACT BASIS

The Board noted the contents of the Board Paper No.9 from Mr. M.P. Bandara, Director, MTF on the above subject.

The Board was informed that as approved by the Board of Trustees, the Mahapola Trade Fair and Exhibition is scheduled to re-commence in collaboration with the National Youth Services Council (NYSC). Mr. M.P. Bandara, Director informed the Board that with the enhancement of the activities of MTF and with the existing small staff it is difficult to assign one officer for the Trade Fair and Exhibition. He stated that there is also a plan to recommence the Scholarship Awarding ceremony.

Mr. M.P. Bandara, Director stated that in order to co-ordinate both the Trade Fair and Scholarship Awarding Ceremony, MTF should have a dedicated officer. Mr. M.P. Bandara stated that he had contacted Mr. Rasika Karunaratne, Deputy Secretary of the University Grants Commission (UGC) who is having experience in handling the “Dayata Kirula” programme. The Board was informed that he is a qualified administrative officer having more than 15 years experience with academic qualifications.

The Board having noted the above and the recommendation of Mr. M.P. Bandara, Director approved the appointment of Mr. Rasika Karunaratne, Deputy Secretary, UGC who would be released on sabbatical leave, as Assistant Director, Project MTF on contract basis for a period of one year at an all inclusive salary of Rs. 100,000/- per month and for this cost component to be added to the project cost of Trade Fair and Exhibition.

A copy of the Curriculum Vitae of Mr. Rasika Karunaratne was tabled for the information of the Board.

12. OTHER BUSINESS

Note of appreciation to the Hon. Chief Justice

Hon. (Dr.) Wijeyadasa Rajapaksa, P.C. on behalf of the Board wished to convey and place on record the Board's appreciation to the Hon. Chief Justice, Mr. W.P.G. Dep, P.C. for the very important decisions taken during his tenure and sought his support even after retirement. He also wished to place on record the service he has rendered to the nation.

The Hon. Chief Justice thanked the members of the Board for the support extended to him during his tenure on Board.

CONFIRMED TRUE RECORD

CHAIRMAN

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