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இலங்கை மத்திய வங்கி
CENTRAL BANK OF SRI LANKA

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Press Release

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Progress on implementation of the Recommendations of the Presidential Commission of Inquiry to Investigate, Inquire and Report on the Issuance of Treasury Bonds (COI) during the period from 1 Feb 2015 to 31 March 2016

The Central Bank wishes to inform the public that several measures have been initiated and some have already been implemented, to strengthen transparency and accountability in several areas of operations of the Central Bank in line with the recommendations of the COI.

In relation to the legal framework within which the Central Bank operates, measures are under way to strengthen several laws applicable to the Central Bank. Amendments are being formulated with respect to the Monetary Law Act and the Registered Stocks and Securities Ordinance.

Operations relating to issuance of Government securities were strengthened by introducing a new auction system for Treasury bonds. A similar system is being formulated for Treasury bills as well. Pre bid meetings are held regularly, the auction calendar is announced in advance and a policy of accepting no more than the total offered amount has been adopted. Internal controls in relation to the issuance process have been strengthened and the operational manual has been updated.

The fund management function of the Employees' Provident Fund was strengthened by a new robust Investment Policy Statement, an Investment and Trading Guideline, and an updated operational manual, which are now in place with enhanced internal controls to mitigate risks and improve transparency and accountability.

The legal function is being strengthened with measures to increase resources and the internal audit function has improved its coverage and depth in terms of related risk exposures. A Whistleblowing Policy and a Code of Conduct for all employees have been introduced.

The procurement process for several forensic audits is underway in several areas such as investments of a Fund in equities and Treasury bonds, issuance of Treasury bonds and certain operations of selected entities regulated and supervised by Central Bank. The Forensic Audits are to be conducted by entities with a global practice. Several internal disciplinary proceedings are also underway.

Civil recovery action has been filed to recover unlawful gains made by a Primary Dealer at the expense of funds of the Central Bank and the Employees' Provident Fund. On a complaint made by the Central Bank, action has also been initiated by the law enforcement authorities.