

ANNUAL REPORT

2012

Condominium Management Authority





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2012

CONDOMINIUM MANAGEMENT AUTHORITY

1st Floor ,National Housing Department Buiding
Sir Chittampalam A Gardiner Mawatha
Colombo 02

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www.condominium.lk



Director Board

Mr.Kapila Gamage (attony_at_law)
Since 2010.05.13)
Chairman
Condominium Management Authority

Mr.G.U.Upawansa
General Manager /Secretary to the board
Condominium Management Authority

Mr.Dhamitha Kumarasingha
Director General
Sri Lanka Public Utilities Commission

Mrs.Chandani Wijayawardhana
Director
Krama Samadana Department
General Treasury

Mr.D.C.Siribaddana
Asst.Director
Management Service Department

Mr.K.L.L.Premanath
General Manager
National Water & Drinage Board

Major General Wasantha Kumara
(From 2011.08.29-2011.10.20)
Brigadior Mahinda Mudalige
(Since May 2012)
General Manager
National Housing Development Authority

Mrs.Bhadrani Jayawardhana
Commissioner
Colombo Munciple Council

Mrs.Shantha .P.Liyanage
Comissioner (Act.)
Sri Jayawardhanapura Munciple Council

Mr.K.B.R.Dhammika Namal Muthugala
Commissioner
Dehiwala - Mt.Lavinia Urban Council

Mrs.H.N.S.Angamma
Commissioner
Moratuwa Munciple Commission

Mr.Nihal Fernando
Director General
Urban Development Authority



Vision

Condominium as a solution to the housing requirement of the country

Mission

Constructing condominium property to be apposite with the benefit and welfare of residents and establishing management corporations for the systematic administration and management of such property and regulating their maintenance activities

CORPORATE INFORMATION



Name

Condominium Management Authority



Year of Incorporation

2003 November 10

Common Amenities Board Act No 10 of 1973

Common Amenities Board (Amendment)

Act No 24 of 2003



Registered Office

1st Floor ,
National Housing Department Buildg.
Sir chittampalam A Gardiner Mawatha
Colombo 02



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Web

www.condominium.lk

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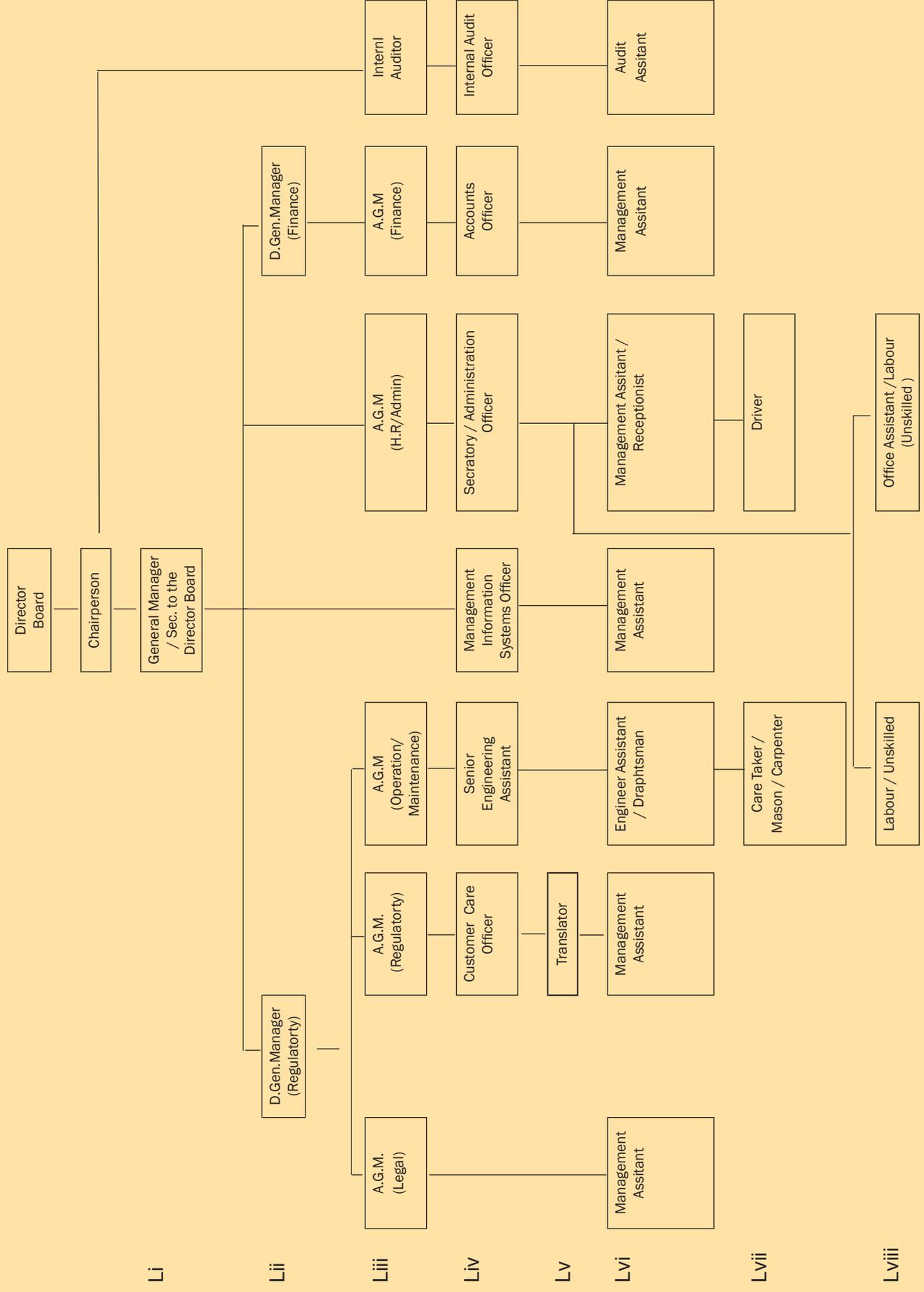
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Objectives of the Authority

- ▶ Control, manage, maintain and administer the condominium parcels, the common elements and the common amenities of the Condominium Property or Semi Condominium Property;
- ▶ Ensure the common elements and the Common Amenities of the Condominium Property or Semi Condominium Property are properly maintained in good order and that periodic repairs are being carried out in order to maintain such property in good and serviceable order, and to assist the management corporation or the owner or owners or occupiers to carry out such activities in the event of the management corporation or owner or owners or occupiers failing to carry out such activities;
- ▶ Ensure that all buildings comprising such Condominium parcels are insured against risk of fire, civil commotion and riot or to insure or keep insured, if so requested by the management corporation or by the owners, and to recover such premium or charges from the management corporation or the owners as the case may be ;
- ▶ Remove all such unauthorized constructions erected or carried out by the respective owners or occupiers of such Condominium Parcels or by any person, contrary to the registered Condominium Plan of the Condominium Property or the registered Semi Condominium Property;
- ▶ Ensure that the management corporation of the Condominium Property or Semi Condominium Property are properly functioning and to manage and administer the activities of such management corporation;
- ▶ Assist the management corporation or the owner or owners or occupiers of the Condominium Parcels, of the Condominium Property or Semi Condominium Property in providing the services such as water, sewerage, drainage, gas, electricity, garbage disposal, air conditioning, telephone, radio and redifussion services to the owner or owners or occupiers of the Condominium Parcels of such Condominium Property or Semi Condominium Property ;
- ▶ Assist the management corporation to establish and maintain for use by owners or occupiers of such condominium parcels , facilities such as roads , access ways , lawns , gardens , parks , play grounds and other open spaces , or to be directly involved with such activities in the event of the management corporation failing to establish and maintain such facilities
- ▶ Transfer to the local authority the maintenance of roads, access ways, lawns, gardens, parks, playgrounds, and other open spaces for the use by owners or occupiers of the Condominium Parcels of the Condominium Property or Semi Condominium Property;
- ▶ Provide maintenance and repair services to such Condominium Parcels of the Condominium Property or Semi Condominium property at the request of the management corporation or owners or occupiers thereof;
- ▶ Monitor the progress of the construction of the registered provisional Condominium Property in order to ensure that the interests of the stakeholders are protected and to intervene wherever necessary to protect such interests;
- ▶ Formulate and submit Condominium re-development program including capital investment plans to the Minister for approval by the Government ;
- ▶ Call upon the National Housing Development Authority or the Urban Development Authority or any local authority or any government agency or any private sector developer, to undertake the implementation of such Condominium re-development projects, or to undertake the execution of the Condominium re-development projects, of such program as may be approved by the Government;
- ▶ Undertake the completion of any Condominium Building shown in the registered Semi Condominium Plan or Provisional Condominium Plan , in the event of any owner failing to complete such project;
- ▶ Develop or re-develop land for carrying out of any of the objectives of the Authority and
- ▶ Do all such other acts as may be necessary or conducive to the attainment of any or all of the above objectives.



Powers of the Authority

- (a) Acquire by way of acquisition , vesting grant of purchasing , or to receive by way of gift or otherwise any immovable or movable property and to hold , manage , sell , surrender , exchange , lease or otherwise dispose of such property ;
- (b) Receive donation and bequests from any source whether local or foreign ;
- (c) Borrow moneys required by it for the discharge of the functions ;
- (d) charge rent for any land parcel or buildings or Condominium Property let by the Authority ;
- (e) Levy fees or charges , for any services rendered by the authority under this Law or any other written law ;
- (f) Recover any premia from owners in proportion to their interests in the condominium parcels ;
- (g) Recover from any person including an owner , expenses incurred in making good any day damage caused by him to the common amenities or common elements of the condominium parcels ;
- (h) Providing to any condominium parcel , any services including its refurbishment , repair , and maintenance at the request of the management corporation or owner or occupier of the condominium parcel and levy charges therefor ;
- (i) Undertake construction work ;
- (j) Enter , either by itself or by its duly authorized agents , at all reasonable times , any condominium parcel for the purpose of inspecting , or renewing pipes , wires , cables and ducts witch also serve other condominium parcels or the common elements of the condominium parcels or for the purpose of maintaining , renewing , refurbishing , or repairing the condominium parcel or the common amenities or the common elements , of the Condominium Property or for the purpose of removing or demolishing unauthorized constructions of the condominium property or semi condominium property or for the purpose of ensuring that any relevant statutory requirements are being compiles with , or in the exercise of any of the powers , referred to in this section ;
- (k) Enter either by itself or by its duly authorized agents at all reasonable times , any land parcel of the Provisional Condominium Property for the purpose of inspecting and reviewing the progress of the construction of the building shown in the registered provisional condominium plan ;
- (l) Enter into contracts and to make such arrangements as are reasonably required for the purpose of carrying out any of the objects of the Authority ;
- (m) Resolve disputes between the management corporation and the owner or owners , and occupier , or owner and purchaser , or owner and mortgagee , or mortgagee and prospective purchaser or morgagor and mortgagee of the condominium parcels of the Condominium Property, or registered Provisional Condominium Property ;
- (n) Employ such officers and servants as may be necessary to carry out the work of the Authority and exercise disciplinary control over its officers and servants ;
- (o) Make rules for the administration of the affairs of the Authority ; and
- (p) Do all things which in the opinion of the Authority , are necessary to facilitate the carrying out of its objects .”



Condominium Management Authority

Administrative Report 2012

The overall performance of the Authority in the year 2012

The Authority was able to provide an efficient service to the sector and clients in the year 2012 employing the regulatory powers vested with it under the Condominium Management Authority Act No.10 of 1973 as amended by Act No.24 of the 2003. The Authority made the maximum effort to make available these services while executing regulatory functions as per the provisions of the Apartment Ownership Act No 11 of 1973 as amended by Act No 45 of 1982 and Act No. 39 of 2003.

Overall performance of the year 2012

Main functions under review of the Authority during the year

- Issued certificates on common amenities and common elements of condominium property
- Establishment of management corporations in condominium property of which the ownership has been transferred.
- Solving disputes between and among partners of condominium property
- preparation of redevelopment plans for housing schemes which are unfit for human habitation
- Carred out large scale renovation in multi-storeyed housing schemes using funds allocated from the 2012 budget and transferring future maintenance to management corporations.
- Dealed with relevant institutions to regulate the public and private sector properties of which the ownership had still not been transferred
- Identification of condominium housing schemes have been constructed under tsunami rehabilitation programme in order to transfer their ownership.
- Conducted awareness programmes for residents/ management corporations of condominium property.

Issued Condominium Certificates

One of the key functions of the Authority is to issue a certificate on the common elements and common amenities of condominium property to enable the registration of provisional, semi and full condominium property in the Land Registry which is the main source income of the Authority.

Issuance of Condominium Certificates 2005-2012

	Provisional Condominium Certificates	Semi condominium certificates	Full condominium certificates
2005	-	-	12
2006	-	03	81

2007	11	02	92
2008	04	03	94
2009	05	02	112
2010	01	02	62
2011	06	06	50
2012	05	04	49

In the year 2011, the Authority generated Rs 27.7 million as certificate income by issuing 62 certificates and in the year 2012, 58 certificates were issued and the income dropped to Rs 21.53 million.

The main reason for the drop in the income was that 36 of the applications forwarded for condominium certificates consisting of less than 10 condominium units. Another contributory factor for the slump in the income of the Authority was the inability to secure certificates of conforming from local government authorities for a large number of condominium properties which should be registered in the Department of Land Registration having obtained the condominium certificate. Further, there are many large scale condominium properties proposed to be constructed, but their planning were still being designed even by the end of year 2012.

Intervention for the establishment, registration and active functioning of Management Corporations

The Authority intervened to form 219 Management Corporations in the year 2012. Accordingly, the total number of Management Corporations set up with the intervention of the Authority as at 31 December 2012 was 707. Of the Management Corporations established in 2012, 182 were in the condominium property constructed by the public sector while 37 were in condominium property constructed by the private sector of which the ownership was transferred subsequently.

Further, with a view to enabling residents to be familiar with the functions of Management Corporations that may be established in the future, action was taken to establish 38 Management Committees in housing schemes constructed by the National Housing Development Authority for which management corporations could

not be formed, as their condominium certificates could not be registered either due to the failure to obtain certificates of conforming or non-settlement of land disputes. From the 2011 budget, a provision of Rs. 1000 million was allocated for the completion of renovations of common elements and common facilities within a period of three years in the multi-storey housing schemes constructed by the government and since this allocation was channeled for the said renovations in the year 2012, a greater participation could be secured from their residents in constituting the management corporations.

Nevertheless, the following difficulties were encountered the year 2012 too in constituting management corporations.

- Lack of understanding among the owners of the property regarding the importance of the Management Corporations in maintaining common elements
- Lack of interest among residents of the multistoreyed housing schemes constructed by public sector institutions such as the National Housing Development Authority in the establishment of management corporations
- Most of the owners of condominium property constructed by the private sector not residing permanently in them
- Reluctance of owners to be involved in maintenance and management activities under a voluntary basis due to their busy lifestyle
- Defaulting the payment of maintenance fees and other residents not cooperating with the panel of office bearers of the Management Corporation.

Undeterred by these difficulties, the staff of the Authority worked with dedication throughout the year creating awareness among owners/residents of condominium property every weekend.

Establishment of Management Corporations

Year	Target	Progress
2005	75	64
2006	195	24
2007	100	50
2008	120	63
2009	120	49
2010	120	54
2011	130	184
2012	250	219
Total	1110	707

Solving disputes of Condominium Property

The Authority has been vested with powers to intervene in the event of disputes arising between the management of the condominium property and the property owner or between the residents and the owner or between the owner and the buyer. Accordingly, an investigation council has been set up for the resolution of such disputes. The complaints received by the Council can be categorized as follows according to their nature.

- Non granting deeds to the residents since the Condominium Plan cannot be registered despite the lapse of over five years since the construction and sale through a sales agreement.
- Construction in violation of the approved building plan; some property developers construct several additional floors than the number approved and as a result they are unable to obtain the certificate of compliance or conforming
- Not providing common amenities and common elements in accordance with the approved plan
- Residents not paying the monthly maintenance fee to the Management Corporation
- Complaints made by some residents

about harassments caused by others while using their units.

- Erecting unauthorized structures

In the year 2012, the Authority received 100 such complaints and solutions were offered to 87 of them during the year and 13 complaints are still being investigated. The above mentioned activities amply illustrates that the Authority has made a commendable contribution during the past year for the attainment of the objectives for which it was established. The introduction of a new system to investigate into complaints in 2012 enabled the process of investigation to be expedited.

Renovating common elements of apartment housing schemes

From the 2011 budget, a provision of Rs 25 million was allotted to effect repairs at the Serpentine Housing Scheme which cannot be carried out by residents. The renovation activities were started in May 2011 and the renovation was completed and handed over to the residents in December. In the year 2012 too, a sum of Rs. 109.2 Million was allocated by the treasury for renovating 07 such housing schemes and action was taken to complete work amounting to Rs 55.5 million. Renovation activities of Dehiwala National Housing Scheme and Kindhawatta Housing Scheme were completed and handed over to management corporations for future maintenance activities. Repairs at the Bolamesawatta Housing Scheme were completed by 31 December 2012 and it is due to be handed over to the management corporation in January 2013. The restoration activities of the following houses were launched in the year 2012.

Housing Scheme	No of beneficiary families	Value of the work completed as at 31 Dec.2012(Rs.M)
Dehiwala Housing Scheme	54	6.53
Kindawatta Housing Scheme	34	7.17
Bolamesawatta Housing Scheme	146	18.13

Kamkarupura Housing Scheme	240	8.82
Dias Place Housing Scheme-Phase 1	30	2.10
Hulftsdorp Housing Scheme	95	5.95
Dissanayakawatta Housing Scheme	72	7.43
TOTAL	671	56.13

Unregistered Condominium Property

The Authority has identified that some condominium property constructed by the private sector as well as a number of properties constructed by the National Housing Development Authority during its early years have still not been registered. Though those who purchased these properties numbering over 150 reside in them now, the entitlement had not been transferred to the owners and the Board of Directors of the Authority conducted an awareness program on the issue for the officials of the relevant institutions and the National Housing Development Authority in 2012. As a result, the Authority was able to direct the relevant institutions to tackle this problem.

Awareness on Condominium Property Law

The officials of the Authority participated in an action program conducted throughout the year to enhance the knowledge of residents on the condominium law, change attitudes and empowering management corporations. Accordingly,

- Launching and distribution of quarterly journal "Condominium" were carried out successfully in 2012 and 45,000 copies of 03 volumes were published.
- An awareness workshop for the management corporation leaders was conducted at the auditorium of the Colombo Municipal Council parallel to World Habitat Day with the participation of more than 500 members from manage-

ment corporations.

- 8000 students from 08 schools in and around Colombo metropolitan area were educated on condominium property and their maintenance to mark World Habitat Day.

Identifying condominium property constructed under Tsunami rehabilitation

Under tsunami rehabilitation programmes in 2004, 19838 housing units were constructed of which 30 were dual housing schemes and the number of houses in them was 2064. During a survey conducted by the Authority in 2012, it was identified that 39 condominium multistoreyed housing schemes with 3749 units had been constructed. These housing schemes are scattered in the districts of Colombo, Kalutara, Galle, Matara, Trincomalee, Ampara, Batticaloa and Gampaha. It was also found at the survey that since the ownership of these 5813 houses had not been transferred, the responsibility of their maintenance had become a problematic issue. As a result of this survey, the Authority was able to draw the attention of the government to the policy of transferring ownership during the 2013 budget proposals.

Amendment to Legislation

The committee of experts appointed on the instructions of the Cabinet of Ministers for amending the Condominium Management Authority Act No 10 of 1973 held a number of meetings in 2012 took action to submit the final draft to the Cabinet. By the end of 2012, the cabinet had forwarded the draft to the cabinet subcommittee on constitutional affairs.

Generating other revenue

The Authority has always been conscious of the trend of dwindling revenue, adopted the following measures as alternative revenue generation.

1. Maintenance activities and repairs of

the sewage plants of the Gampaha and Negambo national hospitals.

2. Maintenance activities of the Members of Parliament housing scheme at Madiwela.
3. Maintenance activities of the pump house of the Elapitiwala apartment housing scheme
4. Undertaking contracts of decentralized budget projects approved by the Department of Local Government.

From these alternative sources, the Authority had earned Rs. 8.0 million in the year 2012.

Operational and Maintenance Activities

The treasury allocated a provision of Rs. 39.5 million for the payment of salaries of employees of the Authority in the year 2012. The Authority was able to generate a turnover of Rs. 41.5 million from the operation income activities of the Authority. This was a decline of 7.1% as against the overall turnover of Rs. 44.7 million in 2011. The total expenditure of the Authority in 2011 was Rs 63.6 million and it rose to Rs. 71.6 million in 2012. On account of the receipt of the above provision for the payment of salaries, the Authority was eventually able to gain an operational surplus of Rs 8.96 million. Coupled with the capital profits, the Authority earned an operational surplus of Rs 16.0 million in the year 2012.

Corporate Plan 2012-2016

Action Plan -2012

The Authority developed a Corporate Plan for the period from 2012- 2016 and on the basis of that an Action Plan was prepared for 2013. It has to be noted here that the overall operational activities of the Authority were geared towards the attainment of objectives in the twin plans.

Board Meetings and Audit and Management Committee Meetings

The Board of the Authority held 07 meetings in the year 2012 and decisions were taken with regard to a number of important Board papers. 07 meetings of the Audit and Management Committees and 02 meetings of the Special Audit and Management Committee too were held during the year.

Restructuring the staff

In the year 2010, the cadre estimates and promotions and recruitment procedure were approved by the Management Services Department. Accordingly, measures were taken in 2011 to grant promotions as per the vacancies in cadre estimate. In addition, steps were also taken to recruit staff for essential posts. By the end of 2011, the staff was 110 and as of December



We take this opportunity to extend our thanks to all members of the staff who contributed to the performance of the Authority in the year 2011 and to all ministries, departments and the heads of public and statutory bodies who supported the activities of the Authority. The board of directors also wishes to convey its heartfelt thanks to the Hon Minister of Construction, Engineering Services, Housing and Common Amenities who has been source of inspiration, and for constantly and for guiding us to ensure sustainability of the Authority. Our thanks are also due to the Secretary of the Ministry, additional secretaries and the staff for the unstinted support extended to the activities of the Authority.

Chairman

28.02. 2013



Report of the Audit and Management Committee

Report of Audit and Management Committee meetings of 2012 which should be submitted together with the Annual Report as per the instructions of section 6.3.1 of the Guide Book on Good Governance in Public Enterprises.

As per the instructions of section 6.3.1 of the Guidelines for Good Governance in Public Enterprises, a review report of the Audit and Management Committee should be submitted together with the Annual report.

Report of the Audit and Management Committee of the year 2012 of the Condominium Management Authority

During the year under review, 09 meetings of the Audit and Management Committee were held.

The Audit and Management Committee consists of the following officers.

Audit & Management Committee
Chairman
Mrs. Chandani Vijayawardane Deputy Director Department of Public Finance Policies (Treasury Representative) General Treasury
Members
Mr.K.B.V.Dhammika Namal Muthugala (From August 2011) Municipal Commissioner Dehiwala- Mount Lavinia Municipal Council
Brigadier A.L.S.M.Perera (From January 2012 to July 2012) General Manager National Housing Development Authority
Brigadier Mahinda Mudalige (from July 2012 to December 2012) General Manager National Housing Development Authority
Observer
Mr. I.K.K.S.Edirisinghe Audit Superintendent Representative of Deputy Auditor General Auditor General's Department

Alternative Member

Mrs. Shantha P. Liyanage
Municipal Commissioner
Sri Jayawardanapura-Kotte Municipal Council

The following officers participated as invitee officers of the Authority

1. Attorney at law Kapila Gamage
Chairman
2. Mr .U.Upawansa,
General Manager/ Secretary to the Board of Directors
3. Mr. K.H.A.Upali
Deputy General Manager (Finance)
4. Miss Chamila Nilushi Pemmadu
Internal Auditor

The Audit and Management Committee inquired into the following policy matters.

- The report compiled by the Committee of Experts appointed consequent to a cabinet paper in the year 2011 to amend the Common Amenities Board Law No 10 of 1973 so as to enable the solving of existing problems in the Condominium sector was studied.
- The progress of the following housing schemes for which provisions were allocated from the 2012 budget was regularly monitored.
 - ✓ Dehiwala National Housing Scheme
 - ✓ Kindawatta National Housing Scheme
 - ✓ Dias Place, Phase I National Housing Scheme, Colombo 12
 - ✓ Aluthkade National Housing Scheme, Colombo 12
 - ✓ Dissanayakewatta National Housing Scheme
 - ✓ Kamkarupura National Housing Scheme
- Reviewing audit reports to be submitted to the Committee on Public Enterprises in respect of the year 2005, 2006, 2007, 2008 and 2009 and offering suitable solutions.
- Taking necessary action to amend the policy of

the Authority on doubtful and bad debt.

- Submitting recommendations to the Board of Directors regarding the writing off of long standing balances from the books.
- Inquiring into and instructing on the filling of vacancies in the approved cadre.
- Providing necessary recommendations for the budget of 2012 and giving necessary instructions to formulate the 2012 Action Plan.
- Preparing the Corporate Plan of the Authority for 2012-2016 on the basis of the recommendations of the Committee on Public Enterprises.
- As the Prince of Wales Mawtha Housing Scheme, Colombo 14 which is more than 80 years old and the Wekanda Housing Scheme, Colombo 02 which is more than 40 years old are in a highly dilapidated and precarious condition, drawing the attention of the Cabinet of Ministers for

the preparation of redevelopment plans as per section 5 (l) of the Condominium Management Authority Act.

- Further, the Audit and Management Committee paid constant attention to the following matters.
 - ✓ Budget variation report
 - ✓ Reports on financial activities
 - ✓ Cash flow and liquidity
 - ✓ Bank reconciliation report
 - ✓ Report on human resources management
 - ✓ Regularly reviewing the achievement of goals set out in the budget.

Condominium Management Authority

Financial Statement 2012

Condominium
Management Authority
Financial Statement as at
31st December 2012
(Balance Sheet)

Condominium Management Authority

Financial Statement as at 31 December 2012 (Blance Sheet)

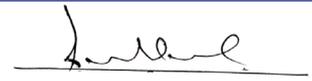
2011 Rs.	Assets			2012 Rs.
Non Current Assets				
Fixed Assets				
9,656,419	Property, Plant and Equipment investment	Note 01		26,778,214.78
	Long term investment			
3,000,000	Shares of Housing Development Finance Corporation			3,000,000.00
<u>12,656,419</u>				<u>29,778,214.78</u>
Current Assets				
470,505	Stocks	Note 02	544,212.62	
23,233,232	Trade debtors, employee loans and receivable balance	Note 03	22173,854.86	
127,502	Other receivable balance	Note 04	800,156.36	
98,018	Payments made in advance	Note 05	118,668.00	
10,497,670	Short term investments	Note 06	44,342,989.85	
7,015,003	Cash and financial items	Note 07	1,628,873.59	
<u>41,441,930</u>				<u>69,608,755.28</u>
54,098,349	Total assets			99,386,970.06
Liabilities				
Current Liabilities				
	Bank of Ceylon-lease	Note 08	2,796,428.52	
14,421,809	Payable	Note 09	31,220,939.07	
1,675,327	Accrued expenses		1,678,934.72	
42,153,042	Creditors/ advances	Note 10	43,382,749.05	
27,642,455	Provisions	Note 11	26,542,287.12	105,621,338.48
<u>85,892,633</u>	Total current liabilities			<u>105,621,338.48</u>
Non Current Liabilities				
	Lease loan	Note 08		9,554,464.36
<u>85,982,633</u>	Total Liabilities			<u>115,175,802.84</u>
<u>31,794,284</u>				<u>15,788,832.78</u>
Net assets/represented by				
500,000	Authorized capital			500,000
500,000	Government capital			500,000.00
2,500,000	Bonus shares			2,500,000.00
<u>3,000,000</u>				<u>3,000,000.00</u>
Total				
(41,763,291)	Accumualted funds			
	Adjustments for previous year		(60,715,712.63)	
(18,952,422)	Surplus/(deficit) in the year		16,005,451.53	(44,710,261.10)
22,308,765	Revaluation reserves			22,308,765.04
1,350,000	Common reserves			1,350,000.00
2,262,663	Capital transfers			2,262,663.28
<u>(31,794,283)</u>	Total net assets/ rights			<u>(15,788,832.78)</u>



Kapila Gamage, attorney at law
Chairman



G.U. Upawansa General Manager



K.M.A. Upali Deputy General Manager
(Finance)

Condominium Management Authority

Report on financial situation from January 01-December 31,2012

2011 Rs.			2012 Rs.
Income			
42,519,125	Operational income	Note 12	38,192,179
1,849,100	Other operational income	Note 13	2,050,527
317,477	Non-operational expenses	Note 14	1,272,416
44,685,702	Total operational income		41,515,122
44,685,702	Receipt of treasury provisions for payment of salaries		39,050,000
	Total stockturn		80,565,122
Operational expenses			
43,264,198	Salaries and emoluments	Note 15	49,043,661
600,038	Travel expenses		788,879
3,947,284	Supplies and consumer commodities	Note 16	4,883,606
4,484,134	Maintenance expenditure	Note 17	4,748,028
3,240,426	Statutory expenses	Note 18	4,225,177
705,146	Direct expenses	Note 19	1,591,652
5,322,077	Depreciation		3,537,805
625,451	Project expenditure	Note 20	707,594
387,915	Other operational expenditure	Note 21	95,900
62,567,699	Total operational expenditure		69,622,302
(17,881,697)	Surplus/ (Deficit)		10,942,820
888,350	Financial expenditure	Note 22	1,431,705
182,105	Non operational expenditure	Note 23	553,158
1,070,455	Total non operational expenditure		1,984,863
	Surplus/ (Deficit)		8,957,957
	Surplus/ (Deficit) of the Sale of capital assets	Note 24	7,047,495
(18,952,422)	Net surplus/de(deficit) before tax deductions		16,005,452
	Provisions for income tax		
(18,952,422)	Net surplus/(deficit)		16,005,452
(41,763,291)	Surplus./ (deficit) carried forward from last year		(60,715,713)
60,715,713			44,710,261
Adjustments relevant to previous year			
-	Debit total		-
-	Credit total		-
60,715,713			(44,710,261)

Notes to the accounts

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Notes to the Accounts

Managements responsibility for the Financial Statements

These financial statements have been presented in accordance with Sri Lanka Accounting Standards and generally accepted accounting principles and by selecting and applying appropriate accounting policies and making accounting policies that are responsible in the circumstances.

It is assured that measures have been taken to present fair financial statements by designing,, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

2

Accounting policies

The accounting reports of the Authority have been presented with mutual interconnection between periods of time and on historic cost basis in accordance with recognized accounting policies. Adjustments have been made towards inflationary factors that may affect the financial policies and the accounting reports have been prepared on accrual basis.

3

Fixed Assets

The provisions for depreciation for fixed assets are calculated by using straight line basis from the date of purchase to the date of sale as per the policy of the Authority.

Motor vehicle	25%
Office furniture and fittings	20%
Machinery and equipment	20%
Office equipment	20%
Buildings	04%

4

Gratuity

Allocations have been made in accounts for the value of the gratuity to be paid for employees who have completed a minimum period of service of five years. The value of such allocation relevant to the year ended 31st December 2012 was Rs. 20,640, 107/=.

6

Income

Profit/loss accounts have been prepared on the basis of gross income.

8

Contingent Liabilities

A case has been filed in the Colombo District Courts under Case No. 53429/MR to recover the dues amounting to Rs 807,187.50 from Lanka Kate (Pvt) Ltd. Since there is no contingency liability for cases filed by the Authority or against the Authority, no provisions have been made for same in the accounts.

5

Stocks

Purchasing of stocks are valued at cost and adjusted in accounts and no profit has been included in it.

7

Allocations for bad and doubtful loans

The policy of the Authority is to make provisions in the accounts for bad and doubtful debts only for the trade debtor balances which have either been unidentified or non-recoverable. Provisions have been made in the accounts as bad and doubtful debts amounting to Rs. 3,857,864 for the said values.

Since such debtors have not been identified as at 31/12/2012, no allocations have been made in the year 2012.

Proeprty, plant and equipment		Cost as at 01.01.2012	Acquisitions during the year	disposals during the year	Note 01 Cost as at 31.12.2012
1,520,000	Kataragama circuit bungalow land	1,520,000.00	-	-	1,520,000.00
6,700,000	Kataragama circuit bungalow building	6,700,000.00	-	-	6,700,000.00
1,848,454	office furniture and accessories	1,848,455	7300	-	1,855,755
16,740,000	Motor vehicles	16,740,000	19,785,714	7,125,000	29,400,714
821,486	Machinery and equipment	821,486	182,655	-	1,004,141
1,954,340	Tools and equipment	1,954,340	708,931	25,000	2,638,271
295,84,280		29,584,281	20,684,600	7,150,000	43,118,881
Less depreciation provision		Cumulative depreciation allocation as at 01/01.2012	Depreciation allocation for the year	Depreci- ation for disposal	Allocation for cumulative depreciation as at 31.12.2012
1,072,000	Kataragama circuit bungalow building	1,072,000	268,000	-	1,340,000
1,256,301	Office furniture and accessories	1,256,301	370,015	-	1,626,316
16,263,542	Motor vehicles	16,263,542	2,291,023	7,125,000	11,429,564
248,878	Machinery and equipment	248,878	172,363	-	421,241
1,087,140	Tools and equipment	1,087,140	436,404	-	1,523,545
19,927,861		19,927,861	3,537,805	7,125,000	16,340,666
9,656,419	Value written off as at 31.12.2011			-	26,778,215
Stock accounts					Note 02
136,004	Stocks of operationa division				135,570
72,037	Stocks of head office				80,254
262,464	Office supplies stocks				328,389
470,505					544,213
Trade debtors, employee loans					Note 03
248,990	Various deposits receivable	Schedule 01			253,066
19,142,319	Creditors	Schedule 02			17,778,679
3,841,923	Staff loan and advances	Schedule 03			4,142,110
23,233,232					22,173,855
Other receivables					Note 04
127,502	Withholding tax				133,101
-	One day deposit interest				667,054
127,502					800.155
Payments made in advance					Note 05
56,865	Fuel allowance				85,065
41,153	Vehicle registration fees				33,603
98,018					118,668

Short term investments		Note 06
2,120,846	Savings deposit -People's Bank	685,244
7,079,043	Investment from the sinking fund of Ed- monton government housing scheme	7,810,432
1,297,781	Gratuity allocation investment	1,847,314
-	Seven day deposits -People's Bank	34,000,000
10,497,670		44,342,990
Cash and financial items		Note 07
7,015,003	Bank and cash in hand	Schedule 04
7,015,003		1,628,874
		1,628,874
Bank of Ceylon- Lease		Note 08
-	Total lease amount	17,912,410
	Less	
-	Total lease interest	5,561,517
		12,350,893
-	Current liabilities	2,796,429
-	Non-current liabilities	9,554,464
-	Total liabilities	12,350,893
Payable		Note 09
344,333	Office rent	688,666
10,150,458	Payable to contractors	21,896,279
486,478	Accrued liabilities	Schedule 05
793,232	Payment for supplies	483,129
1,159,088	Cash withheld	532,907
173,100	Refundable tender fees	4,109,814
1,315,121	Safe deposits	896,600
1,315,121		Schedule 06
14,421,810		2,613,544
		31,220,939
Creditors and advances		Note 10
2,854,729	Advances from clients	Schedule 07
39,298,313	Miscellaneous creditors	Schedule 08
42,153,042		1,599,750
		41,782,999
		43,382,749
Provisions		Note 11
2,115,639	Provision for audit fees	1,989,330
18,102,966	Provision for gratuity	20,640,107
65,986	Provision for employee compensation	54,986
3,857,864	Provision for bad and doubtful loans	3,857,864
3,500,000	Provisions for the preparation of project reports for redevelopment of Bambalpiti- ya housing scheme	
27,642,455		26,542,287
Operational income		Note 12
7,089,261	Service charge income	Schedule 09
27,712,898	Income from issuing certificates for condo- minium property	Schedule 10
		7,757,486
		21,526,941

6,817,808	Income from repairs and maintenance	Schedule 11	8,047,852
2,395,332	Misellenous income	Schedule 12	859,900
56,454,482			38,192,179

Other operations income		Note 13
40,500	Income from tender applications	152,000
759,610	Registration fees	Schedule 13 1078,950
74,550	Application fees	84,750
647,000	Mediation charges	707,727
2,550	Condominium publication income	11,500
1,050	Condominium journal income	-
66,500	Income for sponership	-
24,100	Administrative fee	15,600
233,240	Income from removing unauthorized structures	-
1,849,100		2,050,527

Non-operational income		Note 14
4,000	Fines and other recoveries	28,700
109,047	Interest for employee loans	124,021
150,000	Dividends	
35,053	Interest for savings	119,531
19,377	Income generated from issuing condominium information lists	5,000
-	Interest for seven-day deposits	995,164
317,477		1,272,416

Employee emoluments and allowances		Note 15
630,000	Chairman's allowance	720,000
330,000	Chairman's housing rental	360,000
30,085,608	Salaries and wages	32,971,790
2,676,052	Employees Providnt Fund	2,784,001
669,013	Employees Trust Fund	692,656
5,933,331	Overtime and holiday payments	7,136,585
102,400	Bonus	105,400
-	Intrem Allowance	256,250
2,492,794	Gratuity	3,409,679
261,000	Board allowances	546,000
	Employee welfare	546,000
64,000	Staff Tranning	58,800
20,000	Employee compensation	2,500
43,264,198		49,043,661

Supplies and Consumer Commodities		Note 16
1,234,127	Printing and stationary	1,030,688
787,656	Tea expenses	828,103
1,079,897	Fuel for vehicles	2,044,356

614,535	Fuel allowances		858,180
231,069	office supplies		122,279
<u>3,947,284</u>			<u>4,883,606</u>

Maintenance			Note 17
3,437,842	Vehicle repairs and maintenance		3,647,808
89,110	Computers repairs and maintenance		60,275
149,098	Maintenance of Kataragama circuit bunga- low		240,345
239,120	Maintenance of furniture accessories, machinery and equipment		256,694
439,120	Office building maintenance		401,293
129,844	Office maintenance		141,613
<u>4,484,134</u>			<u>4,748,028</u>

Statutory expenses			Note 18
360,391	Electricity		427,601
917,539	Telephones		909,064
203,750	Insurance		406,517
252,932	Water bills		151,265
17,027	Vehicle permit charges		55,800
133,476	Postal and telegram charges		123,135
635,277	Lawyers fees		1,106,879
139,012	Advertisement fees		224,616
28,148	Transit money insurance charges		28,148
108,937	Publicity expenses		289,635
72,545	Newspapers		82,360
307,440	Office rent		307,440
63,952	Translation fees		90,217
-	Appeal Committee expenss		22,500
<u>3,240,426</u>			<u>4,225,177</u>

Direct expenses			Note 19
119,745	Expenditure for issuing certificates		211,050
481,678	Expenditure for repiars and maintenance	Schedule 14	860,704
103,723	Mediation charges		519,898
<u>705,146</u>			<u>1,591,652</u>

Project Expenses			Note 20
368,860	Janasevana Project		17,940
83,555	Expenditure for seminars		76,895
173,036	Condominium newspaper		590,250
-	Establishing Management Corporation at Tsunami H.S.		22,509
<u>625,451</u>			<u>707,594</u>

Other operational Expences		Note 21
378,915	unoutorized construction remove	95,900
378,915		95,900

Other operations expenditure		Note 22
350,000	Audit fees	345,872
8,790	Debit taxes	250
4,397	Bank charges	3,250
5,000	Procurement expenditure	7,000
279,146	Bad and doubtful loans	-
54,195	Stocks adjustments	-
26,921	PAYE Taxes	6,503
7,942	Nation Building Taxes	-
151,959	Bank loan interest	-
-	- Board of survey committee fees	18,000
-	- Ex-gratia payment	10,000
-	- Vehicle lease stamp fees	202,790
-	- Lease interest	734,540
-	- Semi luxury taxes	40,000
-	- Designing website	36,000
-	- Amending Condominium Act	27,500
888,350		1,431,705

Non-operational expenditure		Note 23
3,085	Entertainment allowance for the visitors of the Chairman	25503
117,987	Sundry expenses	90157
-	- Deyata Kirula exhibition	13190
-	- World Habitat Day Celebration- 'Thunkal Dekma'	409308
20,563	Expenditure for obtaining brand names	-
40,470	ICTAD registration fees	15000
182,105		553,158

		Note 24
-	Income from sale of vehicles	7,047,495
-	Add: sold vehicle cost	7,125,000
-		1,472,495
-	Less: depreciation allocation for sold vehicles	7,125,000
-	Surplus from the sale of capital assets	7,047,495

Misselanous Deposite		Schedule 1
79,511	Employee safe deposit investments	83,587
100,000	Fuel deposits	100,000
	Telecom deposit	
69,479	Charges for electricity supply	69,479
	Deposit for Lanka Oxygen cylinders	
	Deosit for the use of postal seal	
<u>248,990</u>		<u>253,066</u>

Debtors		Schedule 2
1,005,698	Parliament Secretariat-Madiwela	777,428
1,722,027	Udumulla Purana Vihara	1,722,027
1,704,633	Gampaha Hospital	1,996,017
807,188	Lanka Katte (Pvt)Ltd	807,187
881,465	Wildlife Conservtion Department	881,465
189,129	Car Park -Maligawatta	189,129
147,812	Maintenance of Housing Schemes, Gampaha-NHDA	147,812
2,439,871	Fatignam Realty Investment	2,439,871
924,228	Mediation charges	1,371,530
5,025,054	Decentralized and provincial council funds	2,918,915
545,773	Electricity bills of govt. employee housing scheme, Jalthara	433,884
278,772	Negambo hospital, pump house maintenance	650,942
2,416,719	LHP Property Developers (Pvt) Ltd	2,416,719
63,027	Seagull Development (Pvt) Ltd	63,027
785,335	Suncity Property Developers (Pvt) Ltd	-
8,556	J.Guruge	8,557
11,891	R.H.S.Wijepala	11,891
182,784	K.H.T.C.Silva	216,477
2,357	Piyota Motors	2,357
-	Gampaha Development Company	39,224
-	Blue Ocean Apartment –Aluth Mawatha	77,195
-	Blue Ocean Apartment –Sea Street	607,025
<u>19,142,319</u>		<u>17,778,679</u>

Staff loans and advances		Schedule 3
7,753	T.P.Siriyawathi	7,753
13,455	Advances for purchases	-
200,000	Special advance	-
2,896,548	Distress loan	3,861,524
101,667	Special distress loan	155,833
107,500	Festival advance	117,000
515,000	Special loans	-
<u>3,841,923</u>		<u>4,142,110</u>

Bank and cash in hand		Schedule 4
5,141,464	People's Bank-Account No- 204-1-001-0081817	280,933
39,087	People's Bank-Account No- 204-1-002-09-0081817	140,151
1,834,452	Bank of Ceylon Account No. - 0000351042	1,207,790
7,015,003		1,628,874

Accrued liabilities		Schedule 5
409,993	Payable EPF funds	419,345
5,575	Stamp duties	6,300
-	Third party deductions	300
13,693	Payable withholding tax	-
55,908	Payable EPF	57,184
1,309	Payable PAYE tax	-
486,478		483,129

Security deposits		Schedule 6
1,235,610	Contractors' security deposits	2,529,957
79,511	Employees' security deposits	83,587
1,315,121		2,613,544

Advances to be received from clients		Schedule 7
104,453	Ceylon Electricity Board	104,453
1,144,729	Nagamu Purawara	Schedule 15 1,144,729
1,229,974	National Housing Development Authority	-
375,573	Removing unauthorized structures	350,568
2,854,729		1,599,750

Sundry creditors		Schedule 8
9,350,215	Ministry of Housing and Common Amenities	9,125,215
15,733,971	Goods and services taxes	15,733,971
2,647,661	Value Added Tax	3,194,996
519,327	Nation Building Tax	606,912
3,370	Sundry advances	3,435
223,014	Department of Fisheries	223,014
7,079,044	Sinking fund of the Edmonton government servant housing scheme	7,810,432
919,831	Maintenance fund of Serpentine Government Housing Scheme	599,899
7,771	P.M.K.Dinesh Asanka	7,770
1,300,000	B.M.G.R.K. Banagetenna	325,000
1,400,000	S.P.C.K. Fernando	350,000
94,980	Aurore	-
5,131	Swayan Saviya- "Soyzapura Housing Scheme"	6,865
6,573	McCarthy Tower	-
7,425	Lunawa Samudra Shakthi Management Corporation	93,825
-	Attorney General's Department	1,024,800
-	Inland Revenue Department	78,985
-	Pan Arch -Kumudu	2,450,000
-	Expo Property Development	6,573
-	Fairies Yoan Marine	3,146
-	National Housing Development Authority	127,411
-	Supreme Marketing Services	10,750

39,298,313		41,782,999
Service charge income		Schedule 09
5,043,841	Project service charges	7,629,572
1,786,372	Decentralized/ provincial council project service charges	117,020
259,048	Other service charges	10,894
7,089,261		7,757,486
Issuing certificates for condominium property		Schedule 10
15,010,243	Certificates issued for property of which construction has been completed	18,638,204
12,214,068	Certificates issued for property of which construction has commenced	2,332,445
144,855	Certificates issued for partial constructions	54,292
-	Fees for renewal of condominium certificates	260,000
343,732	Certificate of compliance issued for the layout	242,000
27,712,898		21,526,941
Repairs and maintenance income		Schedule 11
2,658,037	Maintenance income of MP's housing scheme, Madiwela	2,648,838
1,618,465	Maintenance income -Pump house, Negambo Hospital	1,882,394
1,971,029	Maintenance income- pump house, Gampaha Hospital	2,740,297
776,322	Maintenance income of Elvitigala housing scheme, Gampaha	776,323
14,357	Hilda Flats- repairs of F building	-
7,038,210		8,047,852
Miscellaneous income		Schedule 12
353,940	Kataragama circuit bungalow income	414,800
117,685	Other income	61,707
147,225	Insurance compensation	383,393
59,906	Vehicle rental income	-
678,756		859,900
Registration fees		Schedule 13
24,000	Contractor registration income	25,000
123,000	Income from the registration of private management corporations	100,500
276,850	Income from the renewal of the registration of private management corporations	718,750
32,000	Income from the registration of management corporations of government housing schemes	19,500
25,250	Income from renewal of registration of management corporations of government H.S	52,500
410	Income from renewal of registration fees of Tsunami housing schemes	1,500
15,750	Income from the registration of private management corporations	3,500
28,850	Income from renewal of the registration of private management corporations	43,250
1,250	Income from registration of management committees of government housing schemes	1,750
1,750	Income from renewal of registration of management committees of government housing schemes	1,500
1,000	Income from registration of management committees of Tsunami housing schemes	1,200
129,500	Suppliers' registration income	110,000

759,610		1,078,950
Repairs and maintenance income		Schedule 14
18,718	Repairs and maintenance income of Elvitigala H.S.,Gampaha	40,715
215,666	Maintenance expenditure -Pump house, Negambo Hospital	362,391
231,637	Maintenance expenditure of MP's housing scheme, Madiwela	387,116
5,700	Maintenance expenditure- pump house, Gampaha Hospital	70,482
-	Maintenance expenditure of Jalathara Housing Scheme	-
9,957	Hilda Flats-renovation expenses of F building	-
481,678		860,704
Nagamu Puravara advances		Schedule 15
2,491,071	Money received for Nagamu Puravara project	2,491,071
1,346,342	Less-work value	(1,346,342)
1,144,729	Balance as at 31.12.2012	1,144,729
Project service fee		Schedule 16
1,196,884	Preparing project reports on redeveloping condominium property unsuitable for living	
3,531,175	Essential and urgent repairs in Serpentine National Housing Scheme	7,338,353
315,782	Organizing awareness programs for residents of condominium property and individuals associated with the sector	
	Other projects	291,219
5,043,841		7,629,572
Capital projects carried out with treasury provisions		Schedule 17
42,000,000	Treasury provisions	55,500,000
	Treasury provisions	
15,000,000	(1) Preparing project reports on re-developing condominium property unsuitable for living	48,161,647
	Service charge of the Authority	
25,000,000	(2) Essential and urgent repairs in Serpentine National Housing Scheme	
	Service charge of the Authority	
2,000,000	Organizing awareness programs for residents of condominium property and individuals associated with the sector	
	Condominium Newspaper	Schedule 16
		7,338,353
17,000,000	Total	55,500,000

Condominium Management Authority

Cash Flow Statement as at 31/12/2012

Cash flow for operational activities		16,005,451
Net loss before income tax and specialized items		
Adjustments		
Gain of fixed assets sales		
Trasury Allocation - Salaries	(7,047,495)	
Depriciation	(39,050,000)	
Investment income	3,537,805	
Interest expenditure	(1,238,715)	(43,798,405)
perational profit /(loss) before change in working capital		(27,792,954)
Change in working capital		
Stock decrease	(73,708)	
Debtor decrease	1,059,377	
Increase in other receivable balances	(672,654)	
Increase in Leasing Credit	(20,650)	
Increase in payable balances	12,350,893	
Increase in accrued expenditure	16,799,130	
Increase in creditors	3,608	
Decrease in provisions	1,229,707	
Cash Flow - Operating Activities	(1,100,168)	29,575,535
Leasing Instalments		1,782,581
Interest - Leasing		2,365,790
Incometax		-
Net cash flow		41,148,371
Trasury Allocation - Salaries		39,050,000
Trasury Allocation - Capital Projects		55,500,000
Trasury Allocation - Payment for Capital Projects		(55,500,000)
		43,198,371
Cash flow on Investment activities		
Investment	(33,845,320)	
Purchasing fixed assets	(20,684,600)	
Sale of fixed assets	7,072,495	
Interest receipts	1,298,715	
Dividends receipts		(46,218,710)
Net cash flow channeled for investment activities		3,020,339
Cash flow on financial activities		
Long term loan receipts		
Payments for financial leasing	(2,365,790)	
Dividend payments		
Money channeled for financial activities		(2,365,790)
Net cash flow for cash and cash equivalentns		(5,386,129)
Starting balance- cash and cash equivalentns		7,015,002
Closing balance- cash and cash equivalentns		1,628,873

Condominium Management Authority
Statement of income and expenditure (2006-2011)

	2006	2007	2008	2009	2010	2011
Income	35,404	72,351	66,813	38,630	57,823	44,686
Treasury Allocation						
Salary and emomulants	-	-	34,000	-	-	-
Capital Projects	-	-	-	-	-	42,000
	35,404	72,351	100,813	38,630	57,823	86,686
Salary and Allowances	56,140	68,151	70,776	38,287	38,176	43,264
Other recurrent Expences	11,722	14,025	23,467	17,111	19,605	19,749
Capital Project Expences	542	9,091	-	-	-	42,625
	68,404	91,267	94,243	55,398	57,781	105,637
Profit / (Loss)	(33,000)	(18,916)	6,570	(16,768)	42	(18,952)



විගණකාධිපති දෙපාර්තමේන්තුව
கணக்காய்வாளர் தலைமை அபிபதி திணைக்களம்
AUDITOR GENERAL'S DEPARTMENT



මගේ අංකය }
எனது இல } ரலலி/லிலலில/
My No } 2012 /லலல

මබේ අංකය }
உமது இல }
Your No }

දිනය }
திகதி } 2013 මක්තෝබර්
Date }



සභාපති,
සභාධිපතය කළමනාකරණ අධිකාරිය.

සභාධිපතය කළමනාකරණ අධිකාරියේ 2012 දෙසැම්බර් 31 දිනෙන් අවසන් වර්ෂය සඳහා වූ මූල්‍ය ප්‍රකාශන පිළිබඳව 1971 අංක 38 දරන මුදල් පනතේ 14(2)(සී) වගන්තිය ප්‍රකාර විගණකාධිපති වාර්තාව

යථෝක්ත වාර්තාව මේ සමඟ එවා ඇත.

Chunmy

ඩබ්ලිව්.පී.සී.චිත්‍රමරත්න
වැඩබලන විගණකාධිපති

- පිටපත -
1. ලේකම්, ඉදිකිරීම්, ඉංජිනේරු සේවා, නිවාස හා පොදු පහසුකම් අමාත්‍යාංශය
 2. ලේකම්, මුදල් හා ක්‍රමසම්පාදන අමාත්‍යාංශය

අංක 306/72 පොල්දූව පාර,
බත්තරමුල්ල, ශ්‍රී ලංකාව

இல. 306/72, பொல்துவ வீதி,
புத்தரமுல்லை இலங்கை

No.306/72, Polduwa Road,
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Condominium Management Authority

Report of the Auditor General 2012

Report of the Auditor General on the Financial Statements of the Condominium Management Authority for the year ended 31 December 2012 in terms of Section 14 (2) (c) of the Finance Act No. 38 of 1971.

The audit of the consolidated financial statements of the Condominium Authority for the year ended 31 December 2012 comprising the consolidated balance sheet as at 31 December 2012 and the consolidated Income Statement, statement of changes in equity and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information was carried out under my direction in pursuance of provisions in Article 154(1) of the Constitution of the Democratic Socialist Republic of Sri Lanka which should be read together with Section 13(1) of the Finance Act No 38 of 1971 and Section 21 of the Common Amenities Board Act No 10 of 1973.

My observations which I consider should be published with the annual report of the Authority in terms of section 14 (2) (c) of the Finance Act appear in this report. A detailed report in terms of Section 13 (7) (l) of the Finance Act was issued to the Chairman of the Authority on 27 May 2013.

1.2 Management’s Responsibility for the Financial Statements

Management is responsible for preparation and fair presentation of these financial statements in accordance with Sri Lanka Accounting Standards. This responsibility includes: designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatements.

1.3 Auditor’s Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Sri Lanka auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatements. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor’s judgment, including the assessment of the risk of the material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Authority’s preparation and fair presentation of the consolidated financial statements in order to design audit procedures that appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority’s internal control. An audit also includes evaluating the appropriateness of Accounting Policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. Sub section (3) and (4) of section 13 of the Finance Act No. 38 of 1971 give discretionary powers to the Auditor General in determining the scope and extent of the Audit. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

1.4 Basis for the Qualified Audit Opinion

I qualify my opinion on the basis of matters referred to in paragraph 2.2 of this report,

2. Financial Statements

2.1 Qualified Opinion

I am of the opinion that except for the effects on the financial statements for the of the matters referred to in paragraph 2.2 of this report, the Condominium Management Authority had maintained the financial statements for the year ended 31 December 2012 in accordance with Sri Lanka Accounting Standards and the financial statements give a true and fair view.

2.2 Comments on Financial Statements**2.2.1 Accounting Deficiencies**

Following accounting deficiencies were observed.

(a) Income tax provisions amounting to Rs. 5,601,908 for the net surplus of Rs 16,005,452 of the Authority for the year under review had not been allocated.	(a) In the year 2012, the Authority posted a operational loss of Rs. 23.04 million and the Treasury granted Rs. 39.05 million in 2012 for the payment of salaries. Though a net surplus of Rs 16.0 million is shown as a result of the treasury provision for the payment of salaries, there is no operational surplus. Measures will be taken in the coming years to rectify this situation.
(b) At the end of the year under review, the contracts in progress amounting to Rs. 23.31 million had not been accounted as work in progress.	(b) During the year under review, a sum of Rs 55.5 million was received for renovating old housing schemes and the value of the work carried out using the entire amount had been reconciled into the accounts.
(c) In computing the change in working capital in the cash flow statement, the lease-lend of Rs 2.79 million to Bank of Ceylon had not been included in the computation of the change of working capital	(c) Amended cash flow statement is forwarded herewith.
(d) As per the notes to accounts No. 7, the policy on the allocation of bad and doubtful debt had been changed last year and the provisions of Rs. 211,639 for the debtors belonging to the 1-4 years category amounting to Rs. 7,054,617 had been disregarded.	(d) Measures have been taken to refer the previous decision approved by the Board of Directors as regards the allocation of bad and doubtful debt and matters highlighted in the audit report to the Board of Directors and take a policy decision.

2.2.2 Insitution as a Going Concern

The net assets of the Authority during the year under review and three immediately preceding years were of minus values to the tune of Rs 15,788,833, Rs. 31,794,284, Rs 12,841,863 and Rs. 12,869,156 respectively and though the net assets increased by 50.3% owing to the treasury provisions for payment of salaries, the current ratio was 1:1.5, 1:2.1, 1:1.9 and 1:2.8 and as such even though financial assistance was received from the Treasury during the year under review, the going concern basis of the institution is in doubt

In comparison to the previous year, two of the major factors that had had an impact on the decline of net assets were the increase in the balance of current liabilities due to the increase in payable liabilities by Rs 16.8 million and lease-lend by Rs 2.7 million. This can be attributed to the increase of the contractors' payments by Rs 11.00 million, held over money by Rs 3.0 million and security deposits by Rs. 1.3 million payable as at 31.12.2012. However 75% of these values had been settled by during first quarter of 2013.

Audit Report	Report of the Audit and Management Committee										
	<p>Similarly, the delay in settling loans due to financial constraints and the delay in receiving treasury approval for writing off debtor balances from books too have contributed to this situation.</p> <p>Action is now being pursued to amend the Condominium Management Authority Act and it is expected to raise the revenue levels with the enactment of these amendments. Since this situation prevails even in the year 2013, the Treasury has allocated Rs 10 million to pay the salaries of employees of the Authority to circumvent this situation.</p>										
2.2.3 Accounts Receivable and Payable											
Following facts were observed.											
(a) The Authority has not taken effective steps to recover a sum total of Rs. 2,972,472 to be recovered from 4 debtor clients brought forward for over 05 years.	(a) Department of Public Enterprises has authorized the Secretary of the Ministry to write off the sum of Rs 2,972,472/- of 04 debtors brought forward for over 05 years and accordingly the Secretary of the Ministry has granted approval to write this off from books.										
(b) Even by the end of the year under review, the Authority has not taken measures to settle advances of Rs.104, 453 obtained from clients and brought forward for over 5 years and Rs. 9,125,215 payable to the Ministry of Construction, Engineering Services, Housing and Common Amenities, miscellaneous advances amounting to Rs. 223,014 and Goods and Service Taxes of Rs. 15,733,971.	(b) Owing to the financial situation of the Authority, settling creditor balances has to be delayed and more time needed to settle these amounts. An appeal has been made to the Department of Inland Revenue in connection with the settlement of Goods and Service Tax payable and it is expected to settle this during the current year.										
(c) Two creditors of Rs. 177,000 and 03 debtors of Rs. 31,046 have not agreed to balances indicated against them.	(c) Details of two creditors are as follows										
	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th colspan="2" style="text-align: center; background-color: #e0f0ff;">Fan Arch (Pvt) Ltd</th> </tr> </thead> <tbody> <tr> <td style="width: 70%;">Amount to be paid as per agreement</td> <td style="text-align: right;">Rs..3,500,000.00</td> </tr> <tr> <td colspan="2">Less:</td> </tr> <tr> <td> Paymnts on 2012/09/26</td> <td style="text-align: right;">Rs.1,050,000.00</td> </tr> <tr> <td>Balance as at 31/12/2012 (As per Ledger Account)</td> <td style="text-align: right;">Rs.2,450,000.00</td> </tr> </tbody> </table>	Fan Arch (Pvt) Ltd		Amount to be paid as per agreement	Rs..3,500,000.00	Less:		Paymnts on 2012/09/26	Rs.1,050,000.00	Balance as at 31/12/2012 (As per Ledger Account)	Rs.2,450,000.00
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Audit Report	Report of the Audit and Management Committee														
	<p>Accordingly, it is certified that the balance as at 31/12/2012 is the correct balance as per the accounts.</p> <p>(d) Details of the following debtors who had not agreed to the balances are listed below.</p> <table border="1" data-bbox="869 331 1497 656"> <thead> <tr> <th colspan="2" data-bbox="869 331 1497 376">Mediation Debtors^b</th> </tr> </thead> <tbody> <tr> <td data-bbox="869 376 1289 488">Hatton National Bank (HNB Tower) (HNB Tower)</td> <td data-bbox="1289 376 1497 488">Rs. 3,427.00</td> </tr> <tr> <td colspan="2" data-bbox="869 488 1497 533">Less :</td> </tr> <tr> <td data-bbox="869 533 1289 577">2000 Plaza Private Company</td> <td data-bbox="1289 533 1497 577">Rs..20,764.80</td> </tr> <tr> <td data-bbox="869 577 1289 656">Liberty Plaza (A.M.Jayantha)</td> <td data-bbox="1289 577 1497 656">Rs. 6,854.40</td> </tr> </tbody> </table> <p>This value should be received for mediation and the amount is correct as per the ledger account.</p>	Mediation Debtors^b		Hatton National Bank (HNB Tower) (HNB Tower)	Rs. 3,427.00	Less :		2000 Plaza Private Company	Rs..20,764.80	Liberty Plaza (A.M.Jayantha)	Rs. 6,854.40				
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2.2.4 Non-compliance with laws, rules and regulations and management decisions.

The following instances of non-compliance with laws, rules and regulations were observed.		
(a) Establishment Code	non compliance	
i) Paragraph II Section 13.3	Without filing vacant posts, two officials have been appointed on acting basis for period ranging from 03 to 14 months without approval . During the year under review, they had been paid Rs. 102, 560 as salary.	(a) Until such time the financial position of the Authority becomes satisfactory and new employees are recruited to these posts, the head of the institution appointed two officials to cover the duties of the posts of Assistant General Manager (Finance) and Assistant General Manager (Operations and Maintenance). At the 89th board meeting held on 20 June 2013, approval was granted to have such duties covered by the said officials for a further period of time.

Audit Report		Report of the Audit and Management Committee
<p>“Until such time the financial position of the Authority becomes satisfactory and new employees are recruited to these posts, the General Manager has informed me that action would be taken to seek the approval of the Board of Directors to have the services of the officials appointed to cover duties extended”.</p>		
<p>(ii) Paragraphs 3 &4 of Chapter XIV</p>	<p>Though a combined allowance has to be paid for lodging and subsistence in a way minimum expenditure is incurred to the government when officials undertake travelling for official duties, a sum of Rs 49,900 has been paid in violation of this for several officials of the Authority to settle hotel bills.</p>	<p>ii) Officials are unwilling to undertake duties in remote areas only on the payment of combined allowance and the Authority faces practical problems on such occasions. When officials are deployed to difficult areas such as Kalmunai and Ampara for duties related to Tsunami condominium property they have to be sent their on the condition of being provided with food and lodging facilities. However, it should be noted that action has been taken to avert this situation whenever it possible, to do so.</p>
<p>(b) Public Enterprise Circular No. PED/12 dated 02 June 2003 Paragraph 8.3.4</p>	<p>During the year under review, the Authority had spent Rs 42,365 to settle telephone bills of 06 officials of non-staff grades who were not entitled to residential telephone allowance.</p>	<p>(b) Steps were taken to stop the telephone allowance to these officials from 01.06.2013.</p>
<p>(c) F.R. 756 (4) and Public Finance Circular No. 353 dated 31 August 2004.</p>	<p>The secretary of the Ministry should appoint a panel comprising three qualified persons to identify the vehicles to be disposed of and the value of the vehicle too should be determined by this panel. However this procedure had not been followed when disposing of 4 vehicles valued at Rs.7,047,495.</p>	<p>(c) When the Authority disposed of vehicles previously, a technical report was obtained from Auto Mobile Limited and the same procedure was followed in this instance as well. However measures will be taken to correct the shortcomings that had occurred in carrying out this task.</p>

2.2.5 Transactions not supported by adequate authority

Following facts were observed.

Though the Authority has secured approval from the Public Enterprises Department through letter dated 17 May 2012 to purchase 01 petrol car and two diesel cabs, it had purchased 03 petrol cars and 01 diesel cab in contravention of this approval.

In comparing the provisions allocated from the budget and the provisions received and the prices quoted, if 03 cabs and a motor car were purchased, it would exceed the budgetary allocation. Of the vehicles purchased, the 03 cars were reserved for the use of officials while the cab was purchased for vehicle pool. Approval of the Board of Directors was obtained for this.

Audit Report	Report of the Audit and Management Committee
	<p>Further, engine capacity limits laid down from the Treasury's Public Enterprises Department Circular No 112 were taken into account. Also the offer to purchase one car at the old price when two Mitsubishi Lancer cars (this was an exclusive offer for the institution) were purchased was considered as a special advantage. The approval of the Treasury for the above amendments was sought by the Board of Directors through the letter dated 29.08.2013.</p>
3. Financial Review	
3.1 Financial Outcome	
Following observations were made.	
<p>According to the financial statements presented, the outcome of the activities of the authority for the year ended 31 December 2012 was a surplus of Rs. 16,005,452 in comparison to the deficit of Rs.18,952,422 last year thus registering growth of Rs. 34,957,874 in the financial outcome. Treasury provisions provided for the payment of salaries and the profit made through the sale of vehicles during the year under review directly contributed to the increase in the surplus.</p>	<p>Treasury provisions provided for the payment of salaries and the profit made through the sale of vehicles during the year under review directly contributed to the increase in the surplus.</p>
3.2 Analytical Financial Review	
Following observations were made.	
(a) In comparison to the previous year, non operational income has increased by 301 percent and this was due to the increase in interest income of seven day deposits.	(a) This income interest has been earned by depositing the treasury provisions received for capital projects in seven day deposits until payments are made to the relevant project contractors.
(b) The income from issuing condominium certificates which is the main source of income of the Authority, has declined by 22% in comparison to the previous year.	(b) Since condominium properties proposed to be constructed by institutions such as the Urban Development Authority, Urban Settlement Development Authority, National Housing Development Authority which were taken into account in the preparation of budgetary estimates had not been completed by 31.12.2012, applications were not made for condominium certificates and it was the main reason for the decline in the income. As such it became difficult to earn the expected income.

Audit Report	Report of the Audit and Management Committee															
<p>(c) The ratio of total net assets to the capital employed during the year under review was -526%.</p>	<p>(c) The main reason for the decline in the net assets ratio is the increase of contract payments by Rs.11 million, held over money by Rs 3 million and security deposits by 1.3 million as at 31.12.2012.</p>															
<p>4. Operational Review</p>																
<p>4.1.1 Performance</p>																
<p>The performance of the Authority as against the targets is given below.</p>																
<table border="1"> <thead> <tr> <th rowspan="2">Subject</th> <th colspan="3">Targetd performance</th> </tr> <tr> <th>Targeted</th> <th>Actual</th> <th>Percentage of Progress as per action plan</th> </tr> </thead> <tbody> <tr> <td>Establishment, registration and renewal of management corporations</td> <td>250</td> <td>219</td> <td>88</td> </tr> <tr> <td>Issuance of condominium certificates</td> <td>116</td> <td>58</td> <td>50</td> </tr> </tbody> </table>	Subject	Targetd performance			Targeted	Actual	Percentage of Progress as per action plan	Establishment, registration and renewal of management corporations	250	219	88	Issuance of condominium certificates	116	58	50	
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Establishment, registration and renewal of management corporations	250	219	88													
Issuance of condominium certificates	116	58	50													
<p>Following observations are made.</p>																
<p>(a) Since a considerable variance was observed in the targets of the Action Plan and their achievement, it was not sure as to how the action plan could be used effectively to fulfill the objectives of the Authority. Further regulatory mediation and operational activities had not been indicated as targets in the action plan.</p>	<p>(a) In estimating the number of management corporations to be established as 250, the condominium properties constructed in the aftermath of Tsunami too were taken into account. However, as the Ministry of Land Development was unable to register condominium plans of these properties during the said year, management corporations could not be established at these condominium properties. This has contributed to the decline in the performance. However, in comparison to previous years, a high level of performance was registered in the establishment of management corporations.</p>															

Audit Report	Report of the Audit and Management Committee
	<p>In setting targets for the issuance of property, it was expected that 17 housing projects to be constructed by the Urban Development Authority under the “Nagarika Punarjeevana” programme launched in 2011, 5 housing projects to be constructed by the Urban Settlement Development Authority and over 70 properties of the private sector would apply for provisional condominium certificate, semi-condominium property certificate or full condominium property certificate.</p> <p>But due to various reasons beyond the control of the Authority, condominium certificates were not applied for the above properties which negatively affected the achievement of the targets in the action plan.</p> <p>The authority pursued a program of holding regular meetings with staff officers and technical officers to review the performance. Similarly, the performance was appraised at the Board meetings and the meetings of the Audit and Management Committee held every three months. However it was not the lack of proper attention on the part of management that affected the financial situation and sustainability of the Authority but the abovementioned unhealthy situation that prevailed in the condominium construction sector. Further, in mediation or dispute settlement, a forecast cannot be made on targets with regarding disputes.</p>
<p>b) During the period from 2005 to 2012, 659 management corporations had been established within Colombo city and outside Colombo city and of them 295 remained dormant by the end of the year under review. The Authority had not taken measures to reestablish these dormant management corporations.</p>	<p>b) Reports on dormant management corporations were obtained during the first quarter of 2013 and steps were taken by May 2013 to reestablish 53 such dormant management corporations. Even by now, this programme is in progress.</p>
<p>c) The Management Corporations to be set up outside Colombo had not been identified and by the end of the year under review only two management corporations have been established in the Gampaha and Kandy district.</p>	<p>(c) Identification of management corporations outside Colombo had been completed by the end of the first quarter of 2013 and plans were made in 2013 to establish management corporations in them. However condominium properties in other districts outside Colombo other than Gampaha and Kandy are constructions carried out under Tsunami rehabilitation. However the transferring of ownership of these properties had not taken so far and it had affected the process of establishing management corporations.</p>

Audit Report	Report of the Audit and Management Committee
<p>d) Though the total number of Management Corporations established in 2011 and 2012 was 365, even by the end of the year 216 of them had not paid the registration renewal fee to the Authority.</p>	<p>(d) Most of the management corporations in the state sector are reluctant to renew their registration. In order to overcome this situation, the Authority is conducting awareness programmes employing various strategies. Though the existing act has not provided for the registration of management corporations, it is expected that the amended new Act will formulate provisions in this regard.</p>
<p>4.1.2 Failure to achieve objectives</p>	
<p>Out of the objectives for which the Corporation was established, the following objectives had not been achieved even by the 30 September , 2013.</p>	
<p>a) Though the management and administration of the management corporations after their establishment should have been carried out by the Authority as per section 5(e) of the Common Amenities Board Act No. 24 of 2003, according to the information provided by the Authority, the number of condominium certificates issued from 2005 up to the year under review was 611. Similarly, though the number of management corporations expected to be registered during this period was 1110, only 659 had been registered.</p>	<p>(a) Of the 611 condominium certificates issued, 316 i.e. more than 50% were condominium properties with less than 5 units. Since such properties are often shared by the members of the same family and since they do not have many common elements and common amenities, property owners are not interested in establishing management corporations in them.</p>
<p>(b) As per section 5 (h) of the said Act, arrangements have not been made to transfer the maintenance of common amenities to local authorities.</p>	<p>(b) As per section 5 (h) of the Act, transfer to the local authority the maintenance of roads, access ways, lawns, gardens, parks, playgrounds and other open spaces is one of the objectives of the Authority. But there are only a handful of housing schemes with such amenities. Of them the roads and access ways of Manning Town Housing Scheme, Soyzapura Housing Scheme and Anderson Housing Scheme have been transferred to local authorities. Following the renovation of the Maligawatta Hosuing Scheme, several rounds of discussions were held with the Colombo Municipal Council to transfer its access ways, parks and playgrounds, but owing to lack of funds, the CMC had refused to acquire them. Discussions held with the Homagama Pradeshiya Sabha regarding the maintenance of common amenities of the Jalthara Government Servant Housing Scheme, Homagama have so far not been successful. However the line ministry is making arrangements to discuss the matter with the relevant local government authority.</p>

Audit Report	Report of the Audit and Management Committee
4.2 Management Inefficiencies	
Following observations were made	
(a) Though the Authority has undertaken the operation of sewerage systems of Negambo and Gampaha General Hospitals outside the scope of its objectives, it had not entered into formal agreements for this purpose. At the end of the year under review, the amount due from the Gampaha Hospital was Rs 920,322.	(a) Action has been taken by now to regularize the agreement pertaining to the operation of drainage and sewerage systems of the Gampaha and Negambo Hospitals. Further, out of Rs. 920, 322/- due from the Gampaha Hospital, Rs 188,511.19 had already been received and the hospital is making arrangements to pay the balance.
(b) Despite the Authority having its own internal engineering division, preparation of the project report for the development of Bambalapitiya National Housing Scheme, Colombo -04 had been handed over to an external party at a cost of Rs. 3,500,000.	(b) Drawing up plans for the redevelopment of existing housing schemes is the expected purpose of this project and it is primarily a task of an architect. There are no such architects in the staff of the Authority. Further, as the Authority was unable to make payments to the contractor as per the agreement owing to its financial situation, the period of time had to be extended. Accordingly, the Authority seeks to have such services from an external institution only when necessary. .
(i) Despite not citing reasonable grounds for the extension of the period of time of this contract, it had been extended from 21 October 2012 to 28 February 2013 but the report had not been submitted to the Authority until May 2013.	(i) Due to the financial situation of the Authority, payments could not be made as per the agreement. As such the report was not delivered during the period of agreement and the period of time had to be extended. Action has been taken as of now to obtain the full report.
(ii) Though only 20% of the contact value can be paid as advance payment as per the instructions of the Government Procurement Guidelines, 30%, i.e. Rs 1,200,696 had been paid as advance payment for this contract in contravention of these instructions .	(ii) As there was a need to have this project report finalized within the stipulated period, a request made by the architectural firm was acceded to.
(iii) Following the competitive bidding method for the above contract, bids were called through notices published in newspapers and although 09 April 2012 was indicated as the closing date of bidding , one bid had been opened on 04 April, 2012 in contravention of the instructions of the procurement guidelines.	(iii) As the specific purpose had not been indicated on the top left hand corner of the envelope when this tender was forwarded by post, it had been opened and day- stamped by the Postal Division of the institution. Subsequently this bid was put to the tender box and normal procedure was followed. This was the reason for day-stamping this bid. Action will be taken in the future to reject tenders received in this manner.

4.3 Transactions of Contentious Nature

Though a sum of Rs. 6,751,832 was received on 08 January 2010 from the National Housing Development Authority as management corporations funds to carry out maintenance activities, action had not been taken to establish management corporations even by 31 December 2012. This amount had been deposited in a fixed account in 2010 and at the end of the year under review, its balance was Rs. 7,810, 432.

“The Management has informed me that the National Housing Development Authority is not a position to grant deeds as it has so far not been able to obtain certificate of compliance in respect of these properties and that as a result of this situation there has been a delay in establishing joint management corporations and the Authority has been compelled to keep this sum of Rs. 7,810,432 for a further period of time.”

This amount is a maintenance fee in respect of the management corporation of the Edmonton Government Servants Housing Scheme constructed by the National Housing Development Authority. As the certificate of compliance has still not been obtained in respect of this property, a management corporation has not been legally established. Therefore a decision was taken at the 52nd Board meeting held on 24 December 2008 to keep this money held by the National Housing Development Authority in the custody of the Authority. The Management Committee of the Edmonton Housing Scheme too had given written consent for this.

4.4 Uneconomic Transactions

During the year under review, after obtaining market valuation reports to auction 03 cabs and a car disposed of by the Authority, a sum of Rs. 57,787 had been spent on the repairs of the said vehicles before the auction.

A decision was taken at the end of year 2011, to dispose of 4 vehicles of the Authority which were more than 10 years old. These vehicles of the vehicle pool had been used for the day to day activities of the Authority and after disposing of the said vehicles, new vehicles should have been purchased immediately. But due the delay in receiving the approval of the Treasury, it had to be delayed till May, 2012. Therefore as these running vehicles, new valuation reports had to be obtained in May 2012 and after that date, only Rs. 57,787/= had been spent on the repairs of these vehicles. Such expenditure had to be borne, as action was taken to sell these vehicles while being used for service needs. By selling these vehicles, the amount earned by the Authority was higher than the sum total of the valuation price plus the expenses borne before the auction.

4.5 Contract Management

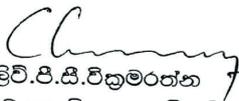
During the year under review, the Condominium Management Authority had received treasury provisions amounting to Rs. 55.5 million for 07 housing schemes renovated by it. The Authority, instead of calling for 07 bids to the value of Rs 65.22 million for the renovation of the said housing schemes, had separated the value of procurement to 36 sub sections and called for bids. It was revealed at the audit that this had been done with the intention of calling for tenders at the department level instead of calling for tenders through the ministerial procurement committee.

Tenders were called as per sub sections as relevant task had to be completed within the specific year and also with the intention of getting the task completed with more efficiency. Similarly that the calling of tenders in this manner enabled the removal of provisions (such as administrative activities) that should be granted for large-scale tenders from the estimates.

Audit Report	Report of the Audit and Management Committee																				
<p>"The General Manager informed me that tenders were called as per sub sections as relevant task had to be completed within the specific year and also with the intention of getting the task completed with more efficiency and added that the calling of tenders in this manner also enabled the removal of provisions (such as administrative activities) that should be granted for large-scale tenders, from the estimates.</p>																					
4.6 Human Resources Management																					
<p>Details of the staff of the Authority during the year under review are as follows.</p>																					
<table border="1"> <thead> <tr> <th data-bbox="97 622 316 734">Category of employees</th> <th data-bbox="316 622 475 734">Approved Cadre</th> <th data-bbox="475 622 667 734">Actual staff</th> <th data-bbox="667 622 858 734">Vacancies</th> </tr> </thead> <tbody> <tr> <td data-bbox="97 734 316 779">staff</td> <td data-bbox="316 734 475 779" style="text-align: center;">15</td> <td data-bbox="475 734 667 779" style="text-align: center;">07</td> <td data-bbox="667 734 858 779" style="text-align: center;">08</td> </tr> <tr> <td data-bbox="97 779 316 857">Secondary</td> <td data-bbox="316 779 475 857" style="text-align: center;">71</td> <td data-bbox="475 779 667 857" style="text-align: center;">54</td> <td data-bbox="667 779 858 857" style="text-align: center;">17</td> </tr> <tr> <td data-bbox="97 857 316 902">Primary</td> <td data-bbox="316 857 475 902" style="text-align: center;">52</td> <td data-bbox="475 857 667 902" style="text-align: center;">49</td> <td data-bbox="667 857 858 902" style="text-align: center;">03</td> </tr> <tr> <td data-bbox="97 902 316 954"></td> <td data-bbox="316 902 475 954" style="text-align: center;">138</td> <td data-bbox="475 902 667 954" style="text-align: center;">110</td> <td data-bbox="667 902 858 954" style="text-align: center;">28</td> </tr> </tbody> </table>	Category of employees	Approved Cadre	Actual staff	Vacancies	staff	15	07	08	Secondary	71	54	17	Primary	52	49	03		138	110	28	
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<p>The following observations are made in this regard.</p>																					
<p>(a) The post of Deputy General Manager (Regulatory) and 07 posts of Assistant General Managers remaining vacant for a long period of time had directly impacted the performance of the Authority. .</p>	<p>(a) Though applications were called for the posts of Deputy General Manager (Regulatory) and Assistant General Manager (Human Resources) through notices in newspapers, recruitment could not be made as there were no applicants with required qualifications. Applications have been called in the year 2014 for the post of Assistant General Manager (operations/ maintenance) and recruitment will be made in due course. As satisfactory response was not received for the post of Assistant General Manager though applications were called, action is now being pursued to obtain the approval of the Treasury to recruit a suitable person under contract basis.</p>																				
<p>(b) Further, despite there being vacancies for 17 secondary posts and 03 primary posts, no officers had been recruited during the year under review.</p>	<p>(b) Since the same situation prevailed for the post of Senior Engineering Assistant which is a secondary post the recruitment procedure was relaxed by the Department of Management. Accordingly applications have been by now for the year 2014 and the recruitment process is now underway. However, taking the financial situation of the institution into account, the relevant duties were covered through internal sharing of work while ensuring that the performance is not affected.</p>																				

Audit Report	Report of the Audit and Management Committee
4.7 Utilization of vehicles	
<p>The Authority has 08 vehicles and since Rs. 2,902,536 had been spent on fuel and Rs 3,647,808 on repairs and maintenance during the year under review, the running cost per kilometer ranged between Rs. 32 and Rs. 36. Further it was observed that the average running cost per km during the year under review had increased in comparison to the previous year.</p>	<p>In the year 2012, all old vehicles had been deployed for running and their repairing costs remained high.</p> <p>In addition to this, the increase in fuel prices and the spare parts also contributed to the increased running cost.</p> <p>This situation was mainly due to the expenditure borne for repairing vehicles which were more than 10 years old. By purchasing new vehicles and withdrawing old vehicles from use during the latter half of the year 2012, the repairing cost was brought down.</p>
5. Accountability and Good Governance	
5.1	
<p>The following criteria that should be adopted in preparing the Corporate Plan of the Authority as per Public Administration Circular PED/12 dated 02 June 2003 had not been taken into consideration.</p> <p>(a) Operational activities during the past 03 years.</p> <p>(b) The amount of work to be performed annually.</p>	<p>These criteria were given due consideration from 2014 in preparing the Corporate Plan.</p>
5.2 Action Plan	
<p>A significant variation was observed in the targets of the annual plan and their achievement. In achieving the targets, the management had not paid due attention to the timely review of situations to identify shortcoming and address them. This had directly impacted on the weak financial position as well as sustainability of the Authority.</p>	<p>The Authority adopted a system of regular staff meetings and technical officer meetings to review targets. In addition, these activities are evaluated at the Audit and Management meeting held every three months. However it is not the lack of attention on the part of the management that mainly affected the performance of the Authority but the unhealthy situation that prevailed in the condominium construction sector.</p>
5.3 Composition of the Management Corporation	
<p>Though the Board of Management should consist of 09 ex-officio members and 06 members appointed by the Minister as per the Common Amenities Board No 24 of 2003, the membership of the Board of Management during the year under review was limited to only two members appointed by the Minister.</p>	<p>The members appointed by the Minister shall be from institution such as Housing Mortgage Lenders Association and Private Sector Property Developers Association but these Associations had not been properly established by December 2013, their representatives could not be appointed to the Board.</p> <p>A representative has been appointed to the Board of Directors to represent Management Corporations.</p>

Audit Report	Report of the Audit and Management Committee
5.4 Budgetary Control	
<p>Since significance variations were observed in the budgeted and actual numbers as per the financial statements presented by the Authority, it was revealed that the budget had not been utilized as an effective management tool.</p>	
<p>(a) When the service charge income received for carrying out projects is compared with the budget, the actual service charge had declined by 48.26 percent.</p>	<p>(a) This decline was due to the non-receipt of Rs. 53.7 million out of the provisions released by the treasury for the year 2012 during that year.</p>
<p>(b) When the income from issuing condominium certificates is compared with the budget, the actual income had declined by 65%.</p>	<p>(b) The drop in certificate income was mainly due to the non-completion of condominium projects which were expected to be completed by the relevant institutions in the year 2012. Owing to reasons beyond the control of this Authority, the certificate income thus declined.</p>
<p>(c) When the budgeted income is compared with the actual income, the actual income had dropped within a range of 16 to 84 percent and the budgeted income had not been properly estimated.</p>	<p>(c) These variations were caused by the strict control maintained over all expenditure and the restriction of certain expenditure taking into account the financial situation and the reduction in lease installment payments as vehicles were obtained on lease during the middle of the year due to a delay in obtaining vehicles through vehicle lease agreements.</p>
5.5 Presentation of Annual Reports in Parliament	
<p>The Annual Report in respect of 2011 had not been tabled in Parliament even by the end of the year under review.</p>	<p>The 2011 Annual Report had been prepared and referred to the Ministry for the approval of the Cabinet.</p>
6. Systems and Controls	
<p>Shortcomings in systems and controls observed during the audit were brought to the notice of the Chairman from time to time.</p> <ul style="list-style-type: none"> (a) Vehicle utilization (b) Accounting (c) Identifying condominium property (d) Administration of contracts (e) Control of debtors and creditors 	<p>Your observations were given due consideration and noted in order to focus more attention on the relevant aspects.</p>


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W.P.C.Wickramaratne
 Auditor General (Actg.)