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ANNUAL REPORT & STATEMENT OF ACCOUNTS

2014



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පුනර්වාරුරුචු අතිකාර සපෙ
REHABILITATION AUTHORITY

අංක.59, ඩී.චී.සේනාරායක මාවත, කොළඹ - 08.
இல.59, டி.எஸ்.சேனாநாயக்க மாவத்தை, கொழும்பு - 08.
No.59, D.S.Senanayaka Mawatha, Colombo - 08.

Contents

1. Letter of Submission.
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3. Annual Accounts.
4. Report of the Auditor General.
5. Observations of the Chairman on the Auditor General's Report.

Letter of Submission

Hon. D.M.Swaminathan,

Member of Parliament,

Minister of Prison Reforms, Rehabilitation, Resettlement and Hindu Religious Affairs

Ministry of Prison Reforms, Rehabilitation, Resettlement and Hindu Religious Affairs

146, Galle Road,

Colombo - 03.

I have pleasure in submitting, on behalf of the Board of Directors of the Rehabilitation of Persons, Properties and Industries Authority, the Annual Report and the Statement of Accounts of the Financial Year ended on 31st December 2014 in terms of provisions of the Finance Act No. 38 of 1971 and the Rehabilitation of Persons, Properties and Industries Act no. 29 of 1987.

Yours truly,

N. Pathmanathan

Chairman,

Rehabilitation Authority.

Rehabilitation of Persons, Properties & Industries Authority. (REPPIA)

No. 59, D.S.Senanayake Mawatha, Colombo -08.

Year 2014

The Rehabilitation Authority was established in terms of the Rehabilitation of Persons, Properties and Industries Authority (RPPPIA) Act no. 29 of 1987.

Vision

Economic and Social Prosperity through Rehabilitation

- Chairman	1. Mr. E.A. Samesinghe
- Working Director	2. Mr. D.K. Indras
- Director	3. Mr. A. Sanon Kaseel
- Director	4. Mr. Prasanna Khwairinduw

Mission

**To create a developed Socio-economic environment through
Rehabilitation and Reconstruction for the citizens affected by
the ethnic violence or terrorist activities in order to facilitate and
ensure the resumption of a normal life.**

**Annual Report of the
Rehabilitation of Persons, Properties & Industries Authority
(Rehabilitation Authority)**

Year 2014

The Rehabilitation Authority was established in terms of the Rehabilitation of Persons, Properties and Industries Authority (REPPIA) Act no. 29 of 1987.

Board of Directors of the Rehabilitation Authority for the year 2014

1. Mr. EA.Samarasinghe	- Chairman
2. Mr. D.K.Jinadasa	- Working Director
3. Mr. A.Samoon Kaleel	- Director
4. Mr. Prasanna Kiriwaththuduwa	- Director

The Following functions are carried out by the Rehabilitation Authority in order to render relief and Rehabilitation of Persons, Properties and Industries affected by Terrorist Violence, Civil Commotions or Political Violence.

A. Statutory Functions

- (a) Provision of relief to those affected by Terrorist's Violence.
- (b) Provision of Assistance to the owners of Houses and Properties Destroyed / Damaged.
- (c) Provision of relief to the tenants of Destroyed/ Damaged Houses or Properties.
- (d) To order Demolition and removal of Debris of the Affected Buildings.
- (e) Provision of Assistance for Damages caused to the Properties of Industries or Commercial Enterprises.
- (f) Vesting any Damaged/ Destroyed Property in State.
- (g) Divesture of vested Properties to the rightful owners.
- (h) Settlement of disputes, if any, between the owners and tenants in connection with the properties vested in state.

B. Functions.

- (a) Co - ordination and Monitoring of the payment of Housing Assistance under the Unified Assistance Scheme (UAS).
- (b) Providing Assistance to death/injuries/destruction of or damages to the properties due to terrorist activities.
- (c) Granting Assistance to Rehabilitate Destroyed/Damaged properties due to terrorist activities.
- (d) Granting assistance to Rehabilitation Destroyed/Damaged places of worship.
- (e) Payment of Compensation to Persons affected by Election Violence.
- (f) Provision of Rehabilitation Loan facilities for Housing, Industries & Commercial Loan.
- (g) Providing Self Employment Loan for Widows / Affected Persons.
- (h) Assisting War Affected Orphan, School going Children.
- (i) Self Employment Loan Scheme.
- (j) Housing Loan Scheme.
- (k) Self –Employment Loan Scheme for socially re-integrated.
- (l) Village Rehabilitation Programme.

C. Description of Activities.

1. Unified Assistance Scheme. (Housing Loan)

The Rehabilitation Assistance to the Persons Displaced/ Affected due to terrorist violence is granted as a Package called “ Unified Assistance Scheme ” implemented by the Rehabilitation Authority and the Ministry in charge of REPPA, presently Ministry of Prison Reforms, Rehabilitation, Resettlement and Hindu Religious Affairs.

This scheme was formulated in 1983 under the emergency Rehabilitation and Reconstruction programme and twice modified in 1994 and in 2002 with a view to enhancing the assistance provided to the affected families.

Before the MOU was signed on 22.02.2002, total sum of Rs.65,000.00 was paid to a resettled Family which included the settling in Allowance of Rs. 2,000.00, Productivity Enterprises Grant Rs. 5,000.00, Temporary Housing Assistance of Rs.7,000.00, Implements of Rs.1,000.00 and Permanent Housing Allowance of Rs.50,000.00.

After the revision of this scheme on 29.02.2002 the Amount was increased up to Rs. 100,000.00 for a Family. This consists of two components of permanent housing grant of Rs. 75,000.00 and Livelihood Allowance of Rs.25, 000.00. This amount was paid in four installments.

But the present Board of Directors of REPPA had modified this payment scheme with the concurrent of the Ministry and approved to pay this Housing Assistance in two installments for better implementation. The Board of Directors taken this decision in its Board Meeting held in 2010. 1st installment is Rs.50, 000.00 and the balance payment of Rs.50, 000.00 was paid to an affected person for repairing the damaged house.

An amount of Rs.11, 995,500.00 is paid under this category for 241 Families in the year under review. All these Families mostly were selected from Northern & Eastern Provinces.

2. Payment of Compensation/ Financial Assistance

2:1 Payment of Compensation for Death and injuries

(a) Compensation for Public Servants

(i) Compensation for Deaths

The dependents of Public Servants or State Corporation Employees are eligible for a compensation of Rs.200, 000.00 in respect of death caused to such employees due to terrorist / subversive activities.

Under this Scheme a sum of Rs. 1,000,000.00 were paid for 07 persons during the year under review.

(ii) Compensation for Injuries

Public Servants or State Corporation Employees who sustain injuries due to terrorist / subversive activities are entitled to receive compensation up to a maximum of Rs.100, 000.00 depending on a certificate issued by a Medical Officer in respect of loss of earning capacity.

Under this Scheme a sum of Rs. 200,000.00 were paid for 06 persons during the year under review.

Compensation for Special Categories of Persons.

(i) Death

Under this Scheme, if due to terrorist violence death occurs to Ministers, Members of Parliament, Ministers and Members of the Provincial Councils, Members of Local Government Bodies, Candidates defeated at the Parliamentary, Provincial Council and Local Government Elections, the next-of-kin are entitled to receive compensation up to a maximum of Rs.500,000.00

(ii) **Injuries**

Depending on a Medical Certificate issued by a District Medical Officer, Persons under the category above are entitled to receive a maximum compensation of Rs. 500,000.00 in case they sustain injuries.

There was no claim under this Scheme in the year under review.

(b) **Compensation for the General Public**

Under this Scheme, the dependents of the deceased Persons and those who have sustained injuries due to terrorist violence, ethnic riots, civil unrest and related security operations are entitled for compensation as shown below.

Death: A maximum of Rs.100,000.00

Under this Category Rs. 138,477,500.00 were paid for 1387 persons in the year under review.

Injuries: A maximum of Rs. 50,000.00

(Depending on the disability percentage certified by D.M.O.)

Under this Category Rs. 10,262,250.00 were paid for 332 persons in the year under review

2.2 Payment of Compensation for Damaged/ Destroyed Private Properties.

(a) **Payment of Compensation to Public/ State Corporation Employees.**

The Public Servants / State Corporation Employees whose properties have been damaged due to terrorist violence of July / August 1987 and thereafter are eligible for compensation up to a maximum of Rs.150,000.00.

A sum of Rs. 65,542,203.00 had been paid for 503 persons under this Category in the year under review.

(b). Payment of Compensation to the Special Category of Persons.

This Scheme provides compensation up to a maximum of Rs. 500,000.00 in respect of damaged/ destroyed properties owned by Ministers, Members of Parliament, Ministers and Members of the Provincial Councils, Members of Local Government Bodies and Defeated Candidates in the Parliament, Provincial Council and Local Government Elections.

There was no claim under this Scheme in the year under review.

(c) Payment of Compensation to the General Public.

Affected persons who do not fall under the above two categories are entitled for compensation with regard to the damages caused to their, properties including vehicles up to a maximum of Rs.100,000.00 or 20% of the value of the damage caused whichever is less.

This Scheme is in operation since July, 1983.

Under this Category Rs. 76,619,559.00 were paid for 987 persons in the year under review.

(d) Payment of compensation to the owners of properties damaged in the ethnic violence erupted in Dharga Town, Beruwela in January 2006.

81 owners of damaged properties of above incident had been paid compensation by Rehabilitation Authority through the cabinet approval. These payments were paid according to the recommendation of the special committee appointed by the Ministry of Resettlement and Disaster Relief Service. Maximum and Reasonable amount of compensation were paid for each applicant.

Under this Category Rs. 19,104,119.00 were paid for 81 persons in the year under review.

2.3 Payment of Compensation for Damage Caused to Place of Worship.

Assistance is granted to Rehabilitate and Reconstruct the Places of Worship Damaged / Destroyed due to terrorist activities; completely destroyed places are given Rs.1, 000,000.00 whereas partially destroyed places are paid a maximum of Rs.500, 000.00.

A sum of Rs. 20,007,312.00 had been paid under this Category for 213 Places of Worship during the year under review.

3. Payment of Marriage Prosperity Allowance.

Under this Scheme, if a person gets married while living in a Government Welfare Centre, he /she is entitled to a grant of Rs.12, 500.00. This is granted in order to assist the person to commence a small scale income creating Economic Activity. If both are displaced is paid Rs. 25,000.00 under this scheme. This Scheme was introduced in July 1995.

There was no claim under this Scheme in the year under review.

4. Rehabilitation Loan Scheme.

I. Training Programme for the Beneficiaries of Self Employment Loan Scheme

Under the Self Employment Loan Scheme implemented for the Socially Re-integrated Trainees and General Public who were affected due to the war (Death/Injured/widow or Economically affected) since 2012 to end of this year. 2039 beneficiaries were trained and Rs. 1,056,755.00 was spent.

II Industrial Loan

A maximum of Rs. Five Million (per industry) at 9% interest with a recovery period of 10 Years is granted for restarting industries affected by Terrorist Violence. Payment and the recovery are handled by Bank of Ceylon.

An amount of Rs. 2,500,000.00 was recommended for 01 Industries in the year under review.

III. Self Employment Loan

Cabinet has approved this new loan Scheme in the year 2010 for assisting the war affected families and other affected persons due to terrorist activities / war.

Under this Scheme a person can get maximum Rs.250, 000.00 at the rate 4% interest P.A and repayable period is 10 years with one year grace period.

This Self Employment Loan scheme was implemented mainly in the Northern & Eastern Provinces. Following details show the district wise no. of cases of disbursement and the amount disbursed.

Serial No.	District	2014	
		Cases	Amount(Rs.)
1	Vavuniya	48	6,480,000.00
2	Mannar	46	7,400,000.00
3	Kilinochchi	10	1,375,000.00
4	Mullativu	44	6,310,000.00
5	Jaffna	62	7,875,000.00
6	Baticaloa	80	10,555,000.00
7	Trincomalee	31	4,145,000.00
8	Ampara	112	13,709,000.00
9	Other District	01	200,000.00
	Total	434	58,049,000.00

IV. Housing Loan

Cabinet also approved this Scheme in the year 2010 for assisting the war affected widows and other affected persons to put up houses for their resettlement.

Maximum amount Rs. 250,000.00 is paid to an applicant at the rate of 4% interest per annum with one year grace period and this loan also can be repaid within 10 years period.

Under this scheme Rs. 17,700,000.00 were recommended for 73 persons in the year 2014.

V. Self-Employment Loan Scheme for Socially Reintegrated Trainees

The cabinet has approved on 31.01.2012 granting loans for Self Employment for Socially Reintegrated Trainees rehabilitated under the Commissioner General of Rehabilitation.

The Circular has been issued on 25.04.2012 by the Secretary of Ministry of Rehabilitation and Prison Reforms regarding above Loan Scheme.

The Criteria of this Loan Scheme are as follows.

- i. Maximum amount can be granted Rs.250, 000.00.
- ii. Interest is 4% per annum.
- iii. One year grace period.
- iv. 10 year recovery period.

Loan will be disbursed through the following Financial Institution.

I. Bank of Ceylon

II. People's Bank

III. Sri Lanka Saving Bank

Progress is 2014 as follows.

<u>S.No.</u>	<u>Self Employment Categories</u>	<u>No.of Loans</u>	<u>Amount</u>
01.	Agriculture	01	100,000.00
02.	Livestock	07	1,150,000.00
03.	Fisheries	08	1,615,000.00
04.	Small Business	06	925,000.00
05.	Domestic Industries	01	100,000.00
06.	Enterprises Equipments Purchasing	01	100,000.00
07.	Purchasing Vehicle	01	200,000.00
Total		25	4,190,000.00

II. Credit Supervisions

Credit Supervisions under the self employment loan for Socially Reintegrated Trainee and General Public specially women headed families affected by terrorist violence. During this year 1312 beneficiary houses were inspected and Rs. 1,361,427.06 was spent.

5. Village Rehabilitation Programme.

Under the guidance of Minister of Rehabilitation & Prison Reforms Hon. Chandrasiri Gajadeera, infrastructure facilities to the Villagers will be arranged through other line Ministries and Institutions. Ministry of Rehabilitation & Prison Reforms will coordinate and giving necessary advises and support for obtaining facilities.

The main intention of this programme is to develop the economical, social and cultural requirements in rural villages. Rehabilitation Authority will guide this process with corporation of other Ministries and Departments.

- Granted a sum of Rs. 441,659.80 to distribute medicine for Medical Clinic at Mullative Mallavi Nattankandal.
- Granted a sum of Rs. 29,500.00 to construction Kitchen at Base Hospital, Nattankandal.
- Granted Medicine worth of Rs. 44,782.20 through SPC for the above Medical Clinic.
- Granted a sum of Rs. 300,000.00 to Cashew plants distribution at Vakaraai, Palavuvanai Batticaloa, Maritimpeattu, Mullative & Pachchilaipalai in Killinochchi.
- Granted a sum of Rs. 25,850.00 to purchase Sports Items for Pre-School at Kanchipuram Kandavelli & Rs. 51,750.00 to renovate Sports Items.
- Granted a sum Rs. 200,000.00 to 100 students for 100 push-bikes in Janakapura, Welioya.
- Granted a sum Rs. 3,100,000.00 to build 60 houses for renovation of partly damaged houses at Kanchipuram, Kandavelli.

6 Training & Capacity Building Programmes for the Staff at REPPIA

The Employees of REPPIA from bottom to top level are to be given Training in the field of Computers, Human Resources Management, Languages, Technical Studies, Public Relation and ect. for better operation of the Institution.

To make effectiveness and efficiency on the activities within the Institution and outside are purpose for staff Training Programme. In 2014 Rs. 1,107,680.00 was spent for the training programmes for REPPIA staff.

N. Pathmanathan

Chairman

Rehabilitation Authority

**No. 59, D. S. Senanayake Mawatha,
Colombo – 8.**

Public Sector Entity - Statement of Financial Position As at 31 st December - 2014

	Note	2014		2013	
		Rs.	Cts.	Rs.	Cts.
ASSETS					
Current Assets					
Inventories	1	695,995.00		442,442.00	
Loan Receivable	2	3,577,721.00		73,437,945.00	
Staff Loan	3	13,752,594.00		13,702,815.00	
Employee Gratuity Investment	4	10,766,894.00		5,875,222.00	
Advance, Prepayments & Other Receivables	5	14,145,685.00		50,803,077.00	
Cash & Cash Equivalents	6	1,502,868.00		16,728,294.00	
		<u>44,441,757.00</u>		<u>160,989,795.00</u>	
Non - Current Assets					
Property, Plant & Equipment	7	21,687,724.00		242,757,492.00	
Long Term Investment	8	883,630,000.00		868,865,242.00	
Computer Data Base Programme	9	2,688,000.00		-	
		<u>908,005,724.00</u>		<u>1,111,622,734.00</u>	
TOTAL ASSETS		952,447,481.00		1,272,612,529.00	
LIABILITIES					
Current Liabilities					
Other Payables	10	906,775.00		2,296,495.00	
		<u>906,775.00</u>		<u>2,296,495.00</u>	
Non- Current Liabilities					
Provisions and Other Liabilities	11	738,844,380.00		738,994,380.00	
Retirement Benefits Obligation		10,766,894.00		9,348,397.00	
		<u>749,611,274.00</u>		<u>748,342,777.00</u>	
TOTAL LIABILITIES		750,518,049.00		750,639,272.00	
NET ASSETS		201,929,432.00		521,973,257.00	
NET ASSETS / EQUITY					
Government Grants		-		218,996,000.00	
Revaluation Surplus		15,059,772.00		6,530,642.00	
Accumulated Surplus		177,036,745.00		296,446,615.00	
TOTAL NET ASSETS / EQUITY		192,096,517.00		521,973,257.00	

Certification

We certify that the above Financial Statements give a true and fair view of affairs as at December 31, 2014 and its Surplus / (Deficit) for the year ended December 31, 2014

.....
S. N. C. W. M. Dharmakeerthi
Assistant Director (Finance)

The Board of Directors is responsible for the preparation and presentation of these Financial Statements. These Financial Statement were approved by the Board of Directors and signed on their behalf.

.....
N. Pathmanathan
(Chairman)

.....
N. Pugendran
(Working Director)

.....
N. R. Ranjini
(Secretary)

Ministry of Resettlement, Rehabilitation & Hindu Religious Affairs

**Public Sector Entity - Statement of Financial
Performance for the Year Ended 31st December - 2014**

	Note	2014		2013	
		Rs.	Cts.	Rs.	Cts.
Revenue					
Recurrent Grant	1	365,347,000.00		237,029,000.00	
Interest	2	16,657,400.22		13,948,205.53	
Other Revenue		10,200.00		17,625.00	
Deficit for Sales of Disposal Assets		-		(71,853.21)	
Total Revenue		382,014,600.22		250,922,977.32	
Expenses					
Wages, Salaries & Employee Benefits	3	33,149,376.84		26,663,773.22	
Grants & Other Transfer Payments	4	319,441,211.61		193,893,757.99	
Supplies & Consumable Used	5	1,450,410.29		3,539,902.33	
Depreciation	6	5,069,038.83		3,718,248.24	
Amortization	7	11,999,500.00		-	
Bad Debts	8	108,056,142.74		-	
Maintenance of Fixed Assets	9	3,254,944.97		2,639,710.10	
Other Expenses	10	18,413,282.83		12,832,277.70	
Finance Cost	11	442,505.87		216,980.58	
Total Expenses		501,276,413.98		243,504,650.16	
Surplus / (Deficit) for the period		(119,261,813.76)		7,418,327.16	

REHABILITATION OF PERSONS, PROPERTIES AND INDUSTRIES AUTHORITY
STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31st DECEMBER 2014

Description	Notes	2014 (Rs.)
Cash Flows from Operating Activities		
Imprest received from the Treasury		365,347,000.00
Misc. Income		10,200.00
Other Recurrent Expenditure	A	(375,770,385.23)
Permanent Housing Assistance		(11,999,500.00)
Net Cash Flow from Operating Activities		(22,412,685.23)
Cash flow From Investment Activities		
Interest	B	15,377,023.34
Loan Recovery	C	9,904,874.57
Acquisition of Fixed Assets	D	(7,416,490.71)
Withdrawal of Mature Investment	E	53,235,242.00
Investment	F	(83,613,389.94)
Net Cash Flow from Investment Activities		(12,512,740.74)
Cash Flows from Financing Activities		
Capital Grant - from Treasury		19,700,000.00
Net Decrease in cash and cash equivalents		(15,225,425.97)
Cash and Cash equivalents at Beginning of Period	G	16,728,294.32
Cash and Cash equivalents at End of Period	H	1,502,868.35

Accounting Policies and Notes form an integral part of these Financial Statements.

Figures in brackets indicate deduction.

Statement of Changes in Equity and Reserves REPIIA
NET ASSETS / EQUITY for the Year Ended 31st December - 2014

Note - 11

	Accumulated Fund	Gratuity Reserve	Government Capital Grant	Revaluation Reserve	Total
Balance as at 01.01.2014	296,446,615.17	9,348,397.37	218,996,000.00	6,530,642.30	531,321,654.84
Revaluation Reserve		(357,696.00)		(792,267.80)	(1,149,963.80)
Revaluation Reserve - 2014				9,321,397.78	9,321,397.78
Reserve during the Period (Net)		1,776,192.33	19,700,000.00		21,476,192.33
Write Off (2009 - 2013 PHA)			(228,863,085.00)		(228,863,085.00)
Previous Year Expenditure	(182,712.98)				(182,712.98)
Previous Year Adjesment (Audit Fees)	34,656.00				34,656.00
Net Surplus / Deficit for the Year	(119,261,813.76)				(119,261,813.76)
Balance as at 31.12.2014	177,036,744.43	10,766,893.70	9,832,915.00	15,059,772.28	212,696,325.41

2014

BOC - Rs. 25,000/- & Rs. 10,000/- Loan Bad Debts Chart

Discription	Rs. 25,000.00 Loan	Rs. 10,000.00 Loan	Rs. 200,000.00 Loan
Cost			
Balance As at 01.01.2014	67,341,609.58	9,289,484.54	4,472,151.03
Additions			
Balance As at 31.12.2014	67,341,609.58	9,289,484.54	4,472,151.03
Provision			
Balance As at 01.01.2014	6,736,352.14	928,948.45	-
Bad Debts for Year 2014	60,605,257.44	8,360,536.09	894,430.21
Balance As at 31.12.2014	67,341,609.58	9,289,484.54	894,430.21
Net Book Value As at 31.12.2014			3,577,720.82

Detailed of Financial Position for the Year Ended 31st December 2014

2013 (Rs.)	Note		2014 (Rs.)
ASSETS			
442,442.03	1	Inventories	695,994.67
442,442.03		Stock (Stationery)	695,994.67
73,437,944.56	2	Loan Recoverable	3,577,720.82
4,472,151.03		BOC - Rs.200,000/=Commercial Loan	4,472,151.03
67,341,609.58		BOC - Rs.25,000/= Restitution movable Property Loan	67,341,609.58
9,289,484.54		BOC - Rs.10,000/= Self Employment Loan	9,289,484.54
			81,103,245.15
		Less - Provision	
		Bad Debts BOC - Rs.200,000/=Commercial Loan - 20%	894,430.21
(6,736,352.14)		BOC - Rs.25,000/= Restitution movable Property Loan	67,341,609.58
(928,948.45)		BOC - Rs.10,000/= Self Employment Loan	9,289,484.54
		Balance As at 31.12.2014	77,525,524.33
13,702,815.41	3	Staff Loans	13,752,593.61
8,722,048.26		Property Loans	7,782,228.78
4,880,524.70		Staff Loans (Distress)	5,890,622.38
-		Flood Loans	-
100,242.45		Festival Advances	79,742.45
5,875,222.01	4	Employee Gratuity Investment	10,766,893.70
5,875,222.01		Employee Gratuity Investment	10,766,893.70
50,803,077.06	5	Advance, Prepayment & Other Receivables	14,145,684.51
44,911,247.51		Interest due from Lending Institutions	46,242,606.12
		Less - Provision Interest NHDA	(38,195,919.00)
			8,046,687.12
415,196.84		Interest due from Gratuity Investment	336,304.22
208,538.56		Receivable	292,398.31
254,801.48		Pre-payments	290,673.87
28,292.67		Receivable Salary	120,565.15
4,985,000.00		Refundable Deposit	5,059,055.84

16,728,294.32	6	Cash & Cash Equivalents	1,502,868.35
		Bank of Ceylon - Thaprobane Branch A/ C No.	
869,378.32		2026495	408,710.35
		Bank of Ceylon - Thaprobane Branch A/ C No.	
313,445.37		2026496	313,445.37
		Bank of Ceylon - Metropolitan Branch A/ C No.	
15,545,470.63		74757297	780,712.63

242,757,492.43	7	Property, Plant & Equipment	21,687,724.43
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		COST	
26,371,050.30		As at the Beginning of the Year	26,816,845.97
4,950,000.00		J'urnal Entry No. 13	13,006,880.80
1,089,939.50		Disposals during the Year (cost of Disposals assets)	-
13,006,880.80		Revaluated during the Year (cost of revaluated assets)	-
-		J'urnal Entry No. 14	(4,042,999.47)
5,549,616.50		Additions during the Year	4,723,525.71
4,042,999.47		<u>add</u> - Revaluated Value of Assets	-
		J'urnal Entry No. 27	(1,522,660.00)
		J'urnal Entry No. 31	11,650,000.00
		J'urnal Entry No. 32	(13,839,820.00)
26,816,845.97			36,791,773.01

		DEPRECIATION	
18,260,078.13		As at the Beginning of the Year	12,922,438.54
971,211.29		Depreciation Amount for Disposals Assets	-
9,756,149.13		Depreciation Amount for Revaluated Assets	-
3,718,248.23		<u>add</u> -Charge for the year	4,674,977.50
1,671,472.60		J'urnal Entry No. 15	9,756,149.13
-		J'urnal Entry No. 16	836,063.08
-		J'urnal Entry No. 17	(791,458.61)
		J'urnal Entry No. 27	(1,176,964.62)
		J'urnal Entry No. 28	716,000.00
		J'urnal Entry No. 29	(321,938.67)
		J'urnal Entry No. 33	(11,511,217.78)
12,922,438.54		As at the End of the Year	15,104,048.58

	NET BOOK VALUE		
13,894,407.43	As at the End of the Year		21,687,724.43
	<i>(See note no. 12-1 for details)</i>		
228,863,085.00	<i>Housing Constructions by using Capital Grant</i>		-
	<u>add</u> -Amrtization Charge for the year		-
<hr/>			
868,865,242.00	8	Long Term Investments	883,630,000.00
		Funds Advanced to Lending Institutions for Unified	
868,865,242.00		Assistance Scheme	883,630,000.00
	<i>(See note no. 13-1 for details)</i>		
<hr/>			
	9	Intengibale Assets	2,688,000.00
		Computer Data Base Programme	2,688,000.00
<hr/>			
1,272,612,529.82		TOTAL ASSETS	952,447,480.09
<hr/>			
2,296,494.97	10	Other Payables	906,774.68
1,565,023.67		Accrued Expenses	865,108.68
731,471.30		Deposits Account	41,666.00
<hr/>			
738,994,380.00	11	Provisions Other Liabilities	738,844,380.00
		Funds provided by the Treasury to Grant Loans	
738,544,380.00		under Unified Assistance Scheme	738,544,380.00
450,000.00		Provision for Audit Fees	300,000.00
<hr/>			
741,290,874.97		TOTAL LIABILITIES	739,751,154.68
<hr/>			
531,321,654.85		NET ASSETS	212,696,325.41

Detailed Financial Performance for the Year Ended 31st December 2014

2013 (Rs.)	Note	2014 (Rs.)
REVENUE		
237,029,000.00	1 Transfers from Other Government Entities	365,347,000.00
237,029,000.00	Imprest from Treasury - Capital	
	Imprest from Treasury - Recurrent	365,347,000.00
	Imprest from Ministry - recurrent	
	Imprest from Ministry - Capital	
13,948,205.53	2 Interest	16,657,400.22
	SMIB Interest due from RC & R4, RC& R8 Loan	
	3% Interest on undisabused Lloan Balance - SMIB	
	Interest for BOC Rs. 200,000/= Loans	
	<i>Interest for Investment in Lending Institutions</i>	
1,247,123.29	Bank of Ceylon	945,972.60
1,956,978.08	People's Bank	720,123.29
306,181.55	Housing Development Finance Corporation	31,143.09
24,041.10	Hatton National Bank	-
200,000.00	New SMIB Investment	200,000.00
1,857,534.08	National Housing Development Authority	1,829,339.92
4,856,032.44	BOC New Loan Scheme - Self	5,379,870.00
	BOC New Loan Scheme - Housing	791,225.07
401,241.19	Interest for Gratuity Investment	584,494.31
	<i>Interest for Staff Loans</i>	
459,844.05	Property Loans	416,076.50
209,091.59	Distress Loans	225,582.98
2,689.74	Special Advance	2,249.10
2,427,448.42	Savings Account	5,531,323.36
17,625.00		10,200.00
17,625.00	Other Revenue	10,200.00
(71,853.21)		-
(71,853.21)	Deficit for Sales of Disposal Assets	-
250,922,977.32	TOTAL REVENUE	382,014,600.22

EXPENSES

27,833,773.22	3	Wages, Salaries & Employee Benefits	33,149,376.84
12,786,075.79		Staff Salaries	13,891,926.54
2,450,236.87		EPF Contributions	2,822,939.97
612,559.21		ETF Contributions	705,767.49
-		Pension Contributions	-
506,141.25		Overtime & Holiday Pay	431,079.39
4,679,224.00		Cost of Living Allowance	5,869,320.86
600,000.00		Allowance to Chairman	600,000.00
480,000.00		Allowance to Working Directors	480,000.00
80,000.00		Allowance to Board of Directors	44,000.00
64,000.00		Audit Management Committi Meeting Allowance	44,000.00
48,000.00		Allowance to Secretary to Board of Directors	48,000.00
-		Fuel & Allowance	1,443,495.00
1,170,000.00		Vehicle Hire Charges	1,080,000.00
2,202,459.65		Special Allowance	2,702,898.45
-		Interim Allowance	357,050.00
710,932.70		Other Allowances	751,333.47
96,739.73		Language Allowance	101,373.34
1,347,404.02		Gratuity Expenditure	1,776,192.33
193,893,757.99	4	Grants & Other Transfer Payments	319,441,211.61
		<i>Compensation for Deaths / Injuries</i>	
6,750,000.00		Public Servants	1,200,000.00
88,264,000.00		General Public	148,739,750.00
-		Corporation & Co-operative Employees	-
-		Victims of Election Violence	-
-		VIPP	-
		<i>Compensation for Damaged Properties</i>	
41,761,645.00		Public Servants	65,542,328.00
40,957,085.00		General Public	57,515,660.00
10,361,564.00		Self-Employeement Traning Programe	20,007,312.00
-		Beruwela Incident 2006	19,104,119.00
1,529,951.99		Credit Supervision Programme	1,361,427.06
739,228.80		Self Employments Beneficiaries Training	1,060,882.20
3,530,283.20		Compensation Activities Programm	4,909,733.35

3,539,902.33	5 Supplies & Consumable Used	1,450,410.29
1,037,592.78	Stationery and Office Requisites	947,955.39
2,310,194.55	Fuel and Lubricants	331,585.00
79,380.00	Uniforms	58,459.90
112,735.00	Newspapers and Magazines	112,410.00
3,718,248.24	6 Depreciation	5,069,038.83
2,787,293.84	Depreciation for Motor Vehicles	2,831,720.42
141,400.09	Depreciation for Furniture, Office Equipment & Fix:	431,527.91
116,196.00	Depreciation for partitioning of Rooms	716,000.00
5,632.30	Depreciation for Telephones	29,503.42
198,676.55	Depreciation for Machinery	151,471.34
258,290.58	Depreciation for Computers	491,736.02
210,758.88	Depreciation for Air Conditioners	417,079.72
-	7 Amortization	11,999,500.00
	Permanent Housing Assisance	11,999,500.00
-	8 Bad Debts	108,056,142.74
	Bad debts BOC Rs. 200,000/= Loans	60,605,257.44
	Bad debts BOC Rs. 10,000/= Loans	8,360,536.09
	Bad debts BOC Rs. 200,000/= Loans	894,430.21
	Bad debts Interest due from NHDA	38,195,919.00
2,639,710.10	9 Maintenance of Fixed Assets	3,254,944.97
900,804.33	Repair and Maintenance of Fixed Assets	492,825.87
1,682,406.77	Repair and Maintenance of Vehicles	1,945,397.72
56,499.00	Building Maintenance Expenses	471,026.00
	Lost on Partitioning of Rooms	345,695.38
11,662,277.70	10 Other Expenses	18,413,282.83
195,462.68	Traveling Expenses - Domestic	64,669.80
53,600.00	Traveling Expenses - Abroad	-
475,711.31	Telephone Charges	596,041.95
465,903.00	Postal Charges	457,800.00

1,002,031.96	Electricity and Other Utility Services	1,344,582.65
5,528,400.00	Rent	9,853,200.00
731,836.00	Printing Charges	356,714.12
205,761.41	Entertainment Expenses	-
150,000.00	Audit Fees	184,656.00
151,500.00	Seminars Workshops & Recruitment	1,107,680.00
434,612.04	Medical Insurance for Employees	670,282.55
1,019,615.93	Misc. Expenses	95,551.12
320,404.45	Welfare Society	643,375.47
602,438.92	Mobile, Awareness Programms - Deyata Kirula	1,220,608.17
-	Inter Ministerial & Others	916,015.00
325,000.00	Legal Charges	589,866.00
-	Resurch & Development.	312,240.00

216,980.58	11 Finance Cost	442,505.87
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216,980.58	Bank Charges - WHT 08 % Withholding Tax for Interest Interest for NDB	442,505.87
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243,504,650.16	TOTAL EXPENSES	501,276,413.98
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7,418,327.16	SURPLUS / (DEFICIT) for the period	(119,261,813.76)
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Notes to the Cash Flow Statements

	2014 (Rs)
A Other Recurrent Expenditure	(375,770,385.23)
Personal Emolument	(31,928,640.79)
Travelling	(82,728.48)
Supplies	(1,658,296.63)
Maintenance	(2,806,399.55)
Contractual Services	(14,891,425.38)
Other Recurrent Expenditure	(4,937,885.94)
Compensation for Deaths / Injuries	(149,939,750.00)
Compensation for Damaged Properties	(169,525,258.46)
B Interest	15,377,023.34
Interest received from Lending Institutions for 2014	8,566,315.36
Interest from Loan Schemes:	
Interest for Staff Loans	225,582.98
Interest for Property Loans	416,076.50
Interest for Special Advance	2,249.10
Interest for Gratuity Investment	635,476.04
Interest for Savings Account	5,531,323.36
C Loan Recovery	9,904,874.57
Gratuity	5,903,132.90
Festival Advances	265,500.00
Staff Loans	1,255,437.01
Property Loans	939,819.48
Special Advance	65,000.00
Deposit Account	1,290,482.38
Receivable	185,502.80
D Acquisition of Fixed Assets	(7,416,490.71)
Moter Vehicles	(617,905.00)
Furniture, Office Equipment, & Fixtures	(1,065,497.15)
Telephones	(50,610.00)
Computers	(2,100,030.00)
Computer Data Base Programme	(2,688,000.00)
Machinery	(206,628.56)

Air - Conditioners	(232,000.00)
Partitioning of Rooms	(455,820.00)
E Withdrawal of Mature Investment	53,235,242.00
National Housing Development Authority	
05th March 2014	421,000.00
07th April 2014	634,000.00
06th August 2014	422,000.00
09th September 2014	784,000.00
Bank of Ceylon	
01st July 2014	4,500,000.00
People's Bank	
05th February 2014	15,000,000.00
15th August 2014	15,000,000.00
Housing Development Finance Corporation	
17th February 2014	16,474,242.00
F Investment	(83,613,389.94)
Gratuity Investment	(10,766,893.70)
Festival Advances	(245,000.00)
Staff Loans	(2,265,534.69)
Special Advance	(65,000.00)
Misc. Deposits	(1,980,287.68)
Pre - Payments	(290,673.87)
BOC New Self Employment Loan Scheme	(30,000,000.00)
BOC New Housing Loan Scheme	(38,000,000.00)
G Cash and Cash equivalents at Beginning of Period	16,728,294.32
Bank of Ceylon - Current A/c No. 02026495	869,378.32
Bank of Ceylon - Current A/c No. 02026496	313,445.37
Bank of Ceylon - Savings A/c No. 74757297	15,545,470.63
H Cash and Cash equivalents at End of Period	1,502,868.35
Bank of Ceylon - Current A/c No. 02026495	408,710.35
Bank of Ceylon - Current A/c No. 02026496	313,445.37
Bank of Ceylon - Savings A/c No. 74757297	780,712.63

Air - Conditioners	(232,000.00)
Partitioning of Rooms	(455,820.00)
E Withdrawal of Mature Investment	53,235,242.00
National Housing Development Authority	
05th March 2014	421,000.00
07th April 2014	634,000.00
06th August 2014	422,000.00
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Staff Loans	(2,265,534.69)
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Bank of Ceylon - Current A/c No. 02026496	313,445.37
Bank of Ceylon - Savings A/c No. 74757297	780,712.63

Note No.13 -1

FUNDS ADVANCE TO LENDING INSTITUTIONS FOR UNIFIED ASSISTANCE SCHEME AT THE END OF 31.12.2014

Institution	Ledger page	Housing loans	Industrial loans	Self Employment Loans	New Housing Loans	Total
Bank of Ceylon	38, 43	5,000,000.00	31,000,000.00	570,487,000.00	108,991,000.00	715,478,000.00
People's Bank	53	37,200,000.00				37,200,000.00
NHDA	51	120,952,000.00				120,952,000.00
SMIB	47	10,000,000.00				10,000,000.00
Total		173,152,000.00	31,000,000.00	570,487,000.00	108,991,000.00	883,630,000.00

Note No.13 -2

Interest due from Lending Institutions as at 31.12.2014

Institution	Ledger Page	Amount Rs.
Bank of Ceylon	23	945,972.60
People's Bank	25	720,123.29
NHDA	33	38,195,919.00
HDFC	31	31,225.28
SMIB	29	178,270.84
BOC New Loan Scheme	36	6,171,095.11
Total		46,242,606.12



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கணக்காய்வாளர் தலைமை அபிவிதி திணைக்களம்
AUDITOR GENERAL'S DEPARTMENT



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 எனது இல. }
 My No. }

JP/A/REPPIA/1/14/16

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 Your No. }

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 திகதி }
 Date }

30 July 2015

The Chairman,
 Rehabilitation of Persons, Properties and Industries Authority

Report of the Auditor General on the Financial Statements of the Rehabilitation of Persons, Properties and Industries Authority for the year ended 31 December 2014 in terms of Section 14(2) (c) of the Finance Act, No. 38 of 1971.

The audit of financial statements of the Rehabilitation of Persons, Properties and Industries Authority for the year ended 31 December 2014 comprising the statement of financial position as at 31 December 2014 and the statement of financial performance, 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 read in conjunction with the Section 13(1) of the Finance Act, No. 38 of 1971 and Section 8(2) of the Rehabilitation of Persons, Properties and Industries Act, No. 29 of 1987. My comments and observations which I consider should be published with the Annual Report of the Authority in terms of Section 14(2)(e) of the Finance Act appear in this report. A detailed report in terms of Section 13(7) (a) of the Finance Act was furnished to the Chairman of the Authority on 10 June 2015.

1.2 Management's Responsibility for Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Sri Lanka Public Sector Accounting Standards and for such internal control as the management determines is necessary to enable the preparation of financial statements that are free from material misstatements whether due to fraud or



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 consistent with International Standards of Supreme Audit Institutions (ISSAI 1000 – 1810). Those Standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about 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 risks of material misstatements of the 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 financial statements in order to design audit procedures that are 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 financial statements. Subsections (3) and (4) of Section 13 of the Finance Act, No. 38 of 1971 give discretionary powers to the Auditor General to determine 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.

2. Financial Statements

2.1 Opinion

In my opinion, the financial statements give a true and fair view of the financial position of the Rehabilitation of Persons, Properties and Industries Authority as at 31 December 2014 and its financial performance and cash flows for the year then ended in accordance with Sri Lanka Public Sector Accounting Standards.



2.2 Comments on Financial Statements

2.2.1 Sri Lanka Public Sector Accounting Standards

Action had not been taken to revalue the fully depreciated fixed assets in terms of Sri Lanka Public Sector Accounting Standard -7.

2.2.2 Accounting Deficiencies

Audit fees amounting to Rs.300,000 payable for the year under review had been shown as non-current liabilities in the statement of financial position instead of being shown as current liabilities.

2.3 Non-compliance with Laws, Rules, Regulations and Management Decisions

The following non-compliances with laws, rules, regulations and management decisions were observed.

Reference to Laws, Rules, Regulations and Management Decisions

Non-compliance

(a) Public Enterprises Circular No. 95 of 14 June 1994
 Paragraph 2

Special allowances amounting to Rs.156,787 had been paid for duties of different grades of the staff without the approval of the Treasury.

(b) Financial Regulations of the Democratic Socialist Republic of Sri Lanka

(i) Financial Regulation 136

Even though formal authority should be obtained before incurring an expenditure, contrary to it, payments ranging from Rs.850 to Rs.8,596 had been made from petty cash imprest in 10 instances.



(ii) Financial Regulation 371(2)(b),(c)

- (i) Even though ad hoc sub imprest not less than Rs.20,000 could be granted to a Staff Grade officer, advances ranging between Rs.25,000 and Rs.225,200 had been granted exceeding those limits to six officers in 76 instances.
- (ii) Even though ad hoc sub imprest should be settled immediately after the completion of the purpose for which it is granted, advances ranging from Rs.5,000 to Rs.125,000 had been granted again to four officers in 40 instances before the settlement of the previous advances granted. Further, ad hoc sub imprests had been granted to two officers for the same reason.

(iii) Financial Regulation 385

Even though payments over Rs.500 should not be made in cash, contrary to it, payments ranging from Rs.7,000 to Rs.59,620 had been made in 12 instances.

(iv) Financial Regulation 396(d)

Action in terms of Financial Regulations had not been taken with regard to 18 cheques valued at Rs.629,265 which were issued but not presented to the bank despite an elapse of six months.



3. Financial Review

3.1 Financial Results

According to the financial statements presented, the operations of the Authority for the year ended 31 December 2014 had resulted in a deficit of Rs.119,261,813 as against the surplus of Rs.7,418,327 for the preceding year. A deterioration of Rs.126,680,140 in the financial result was observed as compared with the year under review.

4. Operating Review

4.1 Performance

According to the Action Plan of the Authority, targets had been set for the grant of loan amounting to Rs.735,000,000 to 4,919 beneficiaries under four loan projects for the rehabilitation of the persons displaced due to terrorist activities. Nevertheless, loans amounting to Rs.79,649,000 had been granted to only 516 beneficiaries. A comparison between the grant of loans and expected targets revealed that a slow progress i.e. 36 per cent in self-employment, 44 per cent in housing, 25 per cent in industries and 2 per cent in loans for self-employment of socialized trainees had been made. As such, the overall progress of granting loans had been 11 per cent.

4.2 Management Inefficiencies

The following observations are made.

- (a) Out of the money given by the Authority to the National Housing Development Authority for the grant of loan facilities under the Integrated Subsidy Scheme, invested money amounting to Rs.120.2 million had not been recovered despite the expiry of the agreement period.



- (b) Loans amounting to Rs.76,631,093 granted for beneficiaries in the year 1983 for the rehabilitation of properties affected by the internal conflicts in the country and for self-employment had not been recovered up to date. Even though an approval of the cabinet of ministers had received on 09 November 2010 to write off the above loans, action had not been taken accordingly.
- (c) Even though the recoverable period pertaining to the commercial loans totalling Rs.4,472,151 granted by the Bank of Ceylon to the beneficiaries affected by the riots broke out in July 1983 had elapsed as at the end of the year under review, progress of the recovery of loans were at a weak level.
- (d) The Authority had not taken action to recover a compensation of Rs.44,300 receivable in respect of a motor vehicle met with an accident in the year 2009.
- (e) A sum of Rs.74,056 spent on repairs to the electric circuit of the office building of the Authority and other expenses in the year 2014 had not been recovered from the lessor.
- (f) Even though one year had elapsed since shifting the office of the Authority from the building occupied previously, action had not been taken to recover the deposit of Rs.475,000 paid as lease rent from the lessor.
- (g) Even though a payment of Rs.2,688,000 had been made in the year under review for the installation of a computer data system in the Authority, that computer data system had not been operated as yet.



4.3 Transactions of Contentious Nature

A provision of Rs.396,347,000 had been received from the Treasury for the payment of compensation for beneficiaries in the year under review and out of that, a sum of Rs.312,109,169 had been utilized for the payment of compensation for deaths, injuries and properties. Expenditure of Rs.4,080,889 incurred on the function held for awarding cheques to the beneficiaries and food and a sum of Rs.828,844 incurred on transport including fuel had been brought to account under the payment of compensation. An expenditure of Rs.3,082,589 had been incurred on such expenses during the preceding year as well.

4.4 Underutilized Assets

Even though a software of computer programme had been purchased in the year 2009 only for the accounting of fixed assets of the Authority, it had not been used for the relevant purpose in an updated manner.

4.5 Uneconomic Transactions

The following observations are made.

- (a) Even though the monthly rental (excluding the VAT) for the office building rented by the Authority had been Rs.750,000 , monthly rental for the building previously occupied was Rs.425,000. Thus, an increase of 75 per cent in the rental over that of previous building was observed.
- (b) An expenditure totalling Rs.1,220,608 had been incurred in the year under review for the " Deyata Kirula " Programme not included in the approved Action Plan of the Authority.



5. **Accountability and Good Governance**

5.1 **Internal Audit**

An internal Audit Unit had not been established in the Authority while all the transactions of the Authority had not been covered in the audit carried out by the Internal Audit Unit of the Ministry.

6. **Systems and Controls**

Deficiencies in systems and controls observed during the course of audit were brought to the notice of the Chairman of the Authority from time to time. Special attention is needed in respect of the following areas of control.

- (a) Accounting
- (b) Fixed Assets
- (c) Budgetary Control
- (d) Housing Loans and Compensation Aid Projects
- (e) Payment of Compensation

W.P.C. Wickramaratne
Acting Auditor General

(II) FR 385

When the expenses exceed the limit of petty cash, payments will be done through cheques. At the same time necessary payments will be done through cheques except for essential situations.

(IV) FR 396 (c)

Action has been taken according to the relevant FR.

3. Financial Review

3.1 Financial Results

Observations are accurate.

4. Operation Review

4.1 Performance

(a) Audit inquiry on the insufficient progress of the loan scheme.

An amount of Rs. 525 million had been included in the Action Plan of 2014 for the second phase of the self employment loan scheme for the rehabilitated trainees and the then Ministry of Prison Reforms and Rehabilitation prepared all the plans to implement the second phase of the loan scheme and it had been discussed with the relevant Banking Institutes and those institutions had agreed for that. The specific amounts expected to be implemented from those banks are as follows.

People's Bank	175 million
BOC	175 million
NSB	75 million
Lankaputhra Bank	100 million

Drafts were prepared and directed to sign agreements with the relevant banks but they have not responded positively until end of 2014.

Anyway due to the change of the government, at the beginning of 2015 the Director General of Treasury (Development and Finance) informed us at a discussion held with him that since the Cabinet of Ministers changed in the new cabinet another cabinet paper should be submitted for approval. Then the cabinet approval was given in 2015.

After that in the discussion with the Director General a decision was taken to organize a meeting with the Treasury, Heads of the Banks and Chairmen to take a decision to implement this scheme. But a date has not yet been fixed for that discussion. Anyway this request has been directed to Mr. Paskaralingam, the consultant of the Central Bank and I am waiting for a favourable reply.

Auditor General,
Department of Auditor General,
Battaramulla.

Report of the Auditor General on the Financial Statements of the Rehabilitation of Persons, Properties and Industries Authority for the year ended in 31 December 2013 in terms of Section 14(2) (c) of the Finance Act No. 38 of 1971.

My observations with regard to JP/ A/ REPIIA / 1 / 14 / 16 and report dated 30th July 2015 regarding the above are mentioned below.

2. Financial Statements

2.2 Comments on Financial Statements

2.2.1. Revaluation of all fixed assets has been done by the officers in Valuation Department in 2015 and the Valuation Department has not yet given that report. Action will be taken to update the Accounts and Fixed Asset Register once the relevant report is received from the Valuation Department.

2.2.2. Accounting Deficiencies

Action will be taken to reveal correct financial status in the statements in the Final Accounts for the year 2015.

2.3 Non – compliance with laws, rules, regulations and Management Decisions

(a) These payments are made with the approval of the Board of Directors using the 1% service charge obtained for the relevant loan scheme and with a limit of maximum 5 days per month. These payments were made considering the difficulties of the relevant field duties related to the loan scheme. The payments have now been stopped.

(b) (I) FR 136

In a meeting of the Board of Directors held on 21 April 2015 approval was obtained for the expenses from petty cash subject to a maximum limit of Rs. 5,000.00. Accordingly the Accounts Division keeps a petty cash advance of Rs. 20,000.00. These expenses are made subject to the proper certification of the Accountant based on the needs of each section.

(II) FR 371 (2) (a) (b)

(i) and (ii)

The maximum limit of Rs. 20,000.00 is not sufficient to provide an effective service. Therefore considering the minimum need of cash, advances have been obtained subject to the approval of the Board of Directors. Any way action will be taken not to exceed the approved amount of advance. I kindly inform you that it is very difficult to remain within these limits practically. At the same time action has been taken not to give an advance before the previous advance is settled.

Housing loan scheme

The funds possessed by the BOC for the housing loan scheme was Rs. 12 million as at 01.01.2014. Additional Rs. 28 million was given on 15.09.2014. Accordingly the total amount that can be used for the Housing loan scheme is Rs. 40 million. 176 beneficiaries have been recommended for that amount of money and its value is Rs. 39,750,000. But the bank has released only Rs. 17,700,000. As a percentage it is 44%. Accordingly this has resulted due to the lack of sufficient time for the relevant bank to give the total amount of money as loans within a short period of three months. A complete supervision programme has been introduced to prevent such things in the future and a satisfactory progress has been reported.

Self Employment loan scheme

According to the Action Plan for the year 2014 it was expected to release Rs. 100 million for 1000 beneficiaries under the self employment loan scheme but loans were given only to 434 beneficiaries using Rs. 58.04 million. The situation erupted due to the severe action taken with regard to the guarantors and difficulties in collecting the loans. Any how the Rehabilitation Authority has recommended the bank Rs. 324,210,000 for 2353 beneficiaries for the year 2014.

We admit that the progress of that year is low and as remedial action a pre – supervision programme has been introduced from December 2014. It has achieved successful results and from January 2015 to April Rs. 41,118,000/= has been released as the loan fund for 280 loan files.

This has been discussed with the Chairman of the BOC and further steps have been taken to prevent the delays in releasing the loans.

Industry loan scheme

Rs. 10 million has been allocated under the Industry loan scheme in the Action Plan for the year 2014. Recommendations have been given for loans and one loan was released in 2014 and its value is Rs. 2,500,000. Further Rs. 5 million has been released for a industrial loan recommended in December 2014.

The balance is Rs. 2.5 under the Industrial loan scheme and a loan recommendation has been given for that amount by now. I think we will be able to release it within this year.

- (b) By now Server machines have been installed and a computer data system has been prepared and they are on the process of updating and are in an experimental level.

4.2 Management Inefficiencies

- (a) Rs. 128 million has been given to the National Housing Development Authority under the housing loan scheme implemented by the Rehabilitation Authority in collaboration with the National Housing Development Authority.

Committee on Public Enterprises in Parliament discussed on 29 June 2011 regarding the nonpayment of the money even though they have completed the time period according to the agreement.

The decision taken there was to prepare a course of action at least to get the invested money by cutting off the interest that should be charged for the loan.

At first action will be taken to get the money after having a discussion with the National Housing Development Authority. Accordingly Rs. 128 million has been given back to the Rehabilitation Authority as loan charges.

2011.04.07	421,000.00
2011.06.29	515,000.00
2011.09.22	375,000.00
2011.11.01	337,000.00
2011.12.30	339,000.00
2012.03.12	284,000.00
2012.04.17	205,000.00
2012.06.15	376,000.00
2012.09.10	545,000.00
2013.01.31	426,000.00
2013.02.20	155,000.00
2013.09.05	809,000.00
2014.03.05	421,000.00
2014.03.28	634,000.00
2014.08.06	422,000.00
2014.09.09	784,000.00
2015.02.16	745,000.00
2015.05.19	317,000.00
2015.08.13	175,000.00
Total	119,715,000.00

The balance of Rs. 8,285,000.00 that was due has been received through the National Housing Authority.

Since it takes a long time to get the relevant money basic structure has been prepared to implement a housing loan scheme with the National Housing Development Authority by expanding the housing loan scheme implemented by the Rehabilitation Authority and Bank of Ceylon. A discussion was conducted with the Chairman of the National Housing Development Authority on 02.11.2012.

The outstanding amount that should be given to us by the National Housing Development Authority under the consolidated housing loan scheme is Rs. 120,207,000.00 and it has been informed to those institutions on several occasions. Further, Director Board approval was obtained on 10.12.2010 to commence a new project.

As per the advice given by the Committee on Public Enterprises in Parliament held on 15.11.2012 there was a plan to implement a consolidated loan scheme using the outstanding amount of money that should be given to the Rehabilitation Authority from the Housing Development Authority, a favorable reply or a decision of the Board of Directors have not yet been given about the consent of the National Housing Development Authority. Ministry of Housing and the National Housing Development Authority have been made aware of that problem continuously. But a favorable reply has not yet been received.

Any how in the meeting held with the Chairman of the Housing Development Authority and higher officials with the participation of the Chairman and the staff officers of the National Housing Development Authority on 12.10.2015 the opinion of the officers in the National Housing Development Authority was that there was a difficulty in paying the total amount of money to implement a new loan scheme. At the same time action will be taken to pay the loan installments collected from the debtor to the Rehabilitation Authority and in the future action will be taken to inform the General Treasury to get facilities from the Treasury to pay the total amount to the Authority.

Therefore as per the decision taken at the audit and management committee meeting, discussions are being held with the Housing Authority to collect the deficit of money that was given to the National Housing Development Authority and according to the COPE report 2011 if the National Housing Authority Development Authority does not agree to use the relevant deficit to implement a new housing loan scheme I kindly inform that legal action will be taken to collect the due amount of money and the interest .

- (b) In the relevant year there is an entry on doubtful debts for this total amount of money. According to the Financial Regulations the relevant balance will be cut from the accounts once the approval of the Treasury is given.
- (c) Collecting of the aforesaid money is being done in a decelerated manner and in January a small amount of money has been collected. Any way in the final accounts of the Authority for the year 2014 it has allocated a 20% from this amount as doubtful debt. Any way further action has been taken in this regard.
- (d) The relevant vehicle was directed to the garage for repairs after the accident and in the accounts the amount mentioned there was the expenses for the repairs. This amount was claimed from the Insurance Corporation and the Insurance corporation has reimbursed the amount with a shortage of Rs. 44,300.00. Due to that reason the Insurance Corporation does not have an obligation to pay this amount. A paper has been submitted to the Board of Directors presenting those facts and once the approval was given action will be taken accordingly. Approval has been given to cut off the relevant expenses once the Board of Directors were informed.
- (e) The relevant amount is not to be collected from the lessor and it is a refundable deposit deposited in the Electricity Board and the Colombo Municipal Council in the name of the institution for obtaining electricity for the institution. The deposit of Rs. 8,912.25 in the Colombo Municipal Council has been reimbursed by the cheque dated 09.07.2015 and number 406966. Anyhow according to the agreement action will be taken to reimburse the deposit of Rs. 65144.00 when the institution is shifted from this place to another place.
- (f) Steps are being taken to come into a solution through legal action on the money that should be charged for the relevant building.
- (g) By now the Server has been installed properly and computer data system has been prepared and being updated and is at an experimental level. Considerable progress has been achieved.

4.3 Controversial transactions

(a) Since there is a problematic situation that arose when getting relevant expenses to organize functions to pay compensation with the participation of the President and to organize functions to pay compensation in each district with the participation of the subject minister, it was explained in the discussion held to discuss the budget proposals for the year 2014 and the Deputy Secretary to the Treasury who participated in this meeting on behalf of the Secretary to the Treasury was informed about that and we have been informed that those expenses will be bourn from allocations made to give compensation. The amended budget estimate including the aforesaid expenses have been directed to the Treasury through the Ministerial Secretary. Those expenses are to pay compensation.

4.4 Underutilized assets

The officers in the institution have used this software on several occasions and those officers have left the office at present. In addition to that, the officers in the office inquired again from the Science Land Institution to use that software. Any way there are problems with regard to the existing system and the use of the said software and action will be taken to use the aforesaid software after having a discussion with the Science Land institution from which we bought the aforesaid software in 2009.

4.5 Non – economic transactions

- (a) Since there is no sufficient space for the Office of the Rehabilitation Authority necessary action were taken to get a building with required facilities. In the audit query conducted by the Auditor General on 14.08.2007 inadequacy of facilities were pointed out.

In addition to that a request was made to the owner of the building at No. 95, Ananda Rajakaruna Mawatha, Colombo 8 to expand the spaces. The owner rejected that request. Any way that building has 6500 square feet.

With the expansion of the work and the staff of the institution the space of the existing building was not sufficient and more than that the monthly rent for the building was also increased and the owner of the building informed us through a lawyer to find another building if the relevant rental cannot be paid.

After that through a paper advertisement on a paper on 14.10.2013 a building about 11000 square feet was found adjacent to the then Ministry.

The staff is about 70 members but the files on compensation / loan schemes of the institution are many and the number of cupboards used for that are more than 100. The building at No. 59, D. S. Senanayaka Mawatha was taken on rent basis following a procurement methodology and advice of the Ministerial Secretary after taking into consideration the staff officers, the staff, their sanitary facilities and the square feet of the building. Rehabilitation Authority was established there since 01.01.2014.

- (b) Although it has not been included in the approved action plan, contributions should be made for programmes like Deyat Kirula. Since there were no provisions for that the Minister of the relevant Ministry was informed and the expenditure heads related to the amended estimate has been directed to the Treasury through the Ministerial Secretary.

5. Accountability and Good Governance

5.1 Internal Auditing

Internal Auditing for the year 2014 was carried out covering all the transactions in the Authority subject to the supervision of the Chief Internal Auditor of the Ministry of Rehabilitation and Prison Reforms. However, as the first step to establish the Internal Audit Division in the Institution for the year 2015 a Rehabilitation Assistant was appointed to implement the relevant programmes.

6. Systems and Control

- (a) Work in compliance with the Sri Lanka State Accounting Standards.
- (b) Fixed asset register for the fixed assets is properly maintained and updated.
- (c) In compliance with the budget estimate for the year all the sections are covered through Internal controls limiting the expenses and controlling the budget.
- (d) Officers are made aware to carry out duties properly.
- (e) Compensation will be paid according to the budget estimate for the year.

N.Pathmanathan
Chairman
Rehabilitation Authority

1. Audit Superintendent, Government Audit Section, Prison Headquarters, Colombo 03.
2. Chief Internal Auditor- Ministry of Rehabilitation, Resettlement and Hindu Religious Affairs.