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**1.0. CORPORATE GOVERNANCE STATEMENT**

Name of the Institute	: Sri Lanka Institute of Local Governance (Incorporated by an Act of Parliament No. 31 of 1999)
Date of commencement of the Operations	: 15.10.1999
Registered Office	: No. 17, Malalasekara Mawatha, Colombo 07.
Auditors	: Auditor General Department of the Auditor General
Bankers	: Bank of Ceylon Independence Square Branch, Colombo 07.
Overseas Associations	: (a) CLGF (b) Commonwealth Local Government Forum
Local Associations	: a) Federation of Sri Lanka Local Government Authorities b) The Asia Foundation - Colombo c) Care International
Affiliated Projects	: (a). Rural Road Project funded by World Bank

## 2.0. GOVERNING COUNCIL

The Governing Council of the Institute comprises thirteen (13) members including eight (08) ex officio members and four (05) appointed members.

2.1. The ex officio and the appointed members are as follows,

- Mr. R.A.A.K. Ranawaka - Chairman  
Secretary – Ministry of Local Government and Provincial Councils
- Mr. P.B. Abeykoon - Member  
Secretary – Ministry of Public Administration and Home Affairs
- Mr. Wimalasiri Perera - Member  
Secretary – Ministry of Construction, Engineering Services,  
Housing and Common Amenities
- Mr. Wijith Kanugala - Member  
Director – Dept. of Culture & Arts
- Mr. B.M.U.D. Basnayaka - Member  
Secretary, Ministry of Environment & Renewal Energy
- Mr. A.K. Seneviratne - Member  
Additional Director General,  
Department of National Budget, Ministry of  
Finance and Planning
- Prof. (Mrs.) A.S.P. Abeyratne - Member  
Consultant, University of Peradeniya
- Dr. M.A. Abdul Rakeeshthu - Member  
Medical Officer In-Charge  
Asst. Post Health Office
- Eng. M.S. Nazeer - Member  
Co-ordinating Secretary to Hon. Minister of Local Government  
and Provincial Councils
- Mr. M.H.A. Samad - Member  
Private Secretary to Hon. Minister of Local Government  
and Provincial Councils
- Mr. I.A. Hameed – Member and Convener  
Director, Chief Executive Officer  
Sri Lanka Institute of Local Governance

Secretary of the Governing Council

- Ms. Niranjala Perera

### 3.0. AUDIT AND MANAGEMENT COMMITTEE

The following members were engaged in activities of the Audit and Management Committee during year 2013.

- |  |            |
|--|------------|
| (a). Mr. A.K. Seneviratne<br>Additional Director General,<br>Department of National Budget, Ministry of Finance and Planning | - Chairman |
| (b). Eng. M.S. Nazeer<br>Co-ordinating Secretary to Hon. Minister of Local Government<br>and Provincial Councils             | - Member   |
| (c). Mr. M.H.A. Samad<br>Private Secretary to Hon. Minister of Local Government<br>and Provincial Councils                   | - Member   |
| (d). Mr. Ranjith Liyanarachchi<br>Internal Auditor<br>Sri Lanka Institute of Local Governance                                | - Convener |

#### External Observers

- |  |  |
|--|--|
| (e). Ms. Udeni Perera<br>Superintendent of Audit |  |
|--|--|

#### Secretary to the Audit & Management Committee

- |  |  |
|--|--|
| (f). Ms. Niranjala Perera<br>Board Secretary |  |
|--|--|

#### **4.0 Review of the Mandate and the Role of the Institute in Improving the Performance of Provincial Councils and Local Authorities**

Sri Lanka Institute of Local Governance was established in a situation where boosting the performance of local authorities throughout the country required a vision for the future. In order to make this vision a reality, a Presidential Commission was appointed in 1997 to carry out a study and make recommendations in this regard. This Commission emphasized the importance of creating a national institute in order to cater to the need of enhancing the performance of the local governance sector. The Presidential Commission noted that the local governance sector should be considered as an independent sector with self-authority which can directly contribute to the development activities and provide people with an efficient and satisfactory service to achieve their aspirations in order to uplift their living standards. Sri Lanka Institute of Local Governance was believed to be the most appropriate institute that can work towards achieving these goals. As a institute that is closest to the public, this has the ability to act as a representative body of the general public. With these objectives, Sri Lanka Institute of Local Governance was established under the parliament act No. 31 of 1999. Its functions were commenced in October the same year.

The prime objective of this institute is to improve their organizational systems and management excellence of the provincial councils and local authorities in order to enable them to provide people with an efficient and satisfactory service. Decentralization of administrative powers was commenced with the introduction of the 13<sup>th</sup> amendment to the constitution in 1987. It is an essential condition that the powers that are vested be implemented correctly in order to achieve the objectives of transferring administrative powers and the primary objectives of democracy. Accordingly, it was expected to establish an institutional administrative role at provincial council level.

It has been twelve (12) years since the establishment of Sri Lanka Institute of Local Governance as mentioned above. During this period it has implemented the plans that should be put into operation annually by the institute and has effectively conceptualized the aims and objectives of the Institute under the guidance of the Governing Council of the Institute. The Institute has received invaluable co-operation of international local government institutes as well as local training institutes in achieving its conceptualized aims and objectives successfully within a short period of time. The contribution of the staff of the Institute, particularly that of the consulting staff, and the research contribution have helped immensely in achieving the expected objectives of the Institute.

However, the decentralization programme seems to have distanced itself especially in the process of implementation. For example:

- Increase of efficiency resulting from decentralization and ensuring the distribution of resources for addressing the immediate and prioritized needs of society.
- Ability to enhance the responsiveness of decentralization in policy making and implementation of policies in addressing the needs of target groups.
- Effectiveness of decentralization in poverty reduction and development activities.
- Implementing the decisions taken at these levels to reflect the high priority placed on citizens, especially the poor categories.
- Concerns of decision making with the involvement of grass root communities in order to uplift their living standards.

Thus, the goal of every year would be to consider showing the path way leading to provincial level democratic processes to which local authorities and provincial councils are committed and to orient the capacity enhancement process in local authorities & provincial councils accordingly.

#### **4.1. MANDATE OF THE INSTITUTE**

Sri Lanka Institute Local Governance was established as a public sector agency to perform the following functions as stated in the strategic plans.

- Train the members, officers and other employees attached to provincial councils and local authorities and building up of a cadre of competent officers in those institutes with a view to ensuring good governance in the country.
- Providing consultancy services for improving the organizational structures and management capabilities of provincial councils and local authorities.
- Providing a forum for the critical appraisal of management systems and processes of provincial councils and local authorities.
- Assisting Provincial Management Development Training Units in management development.
- Providing necessary information to the Hon. Minister for formulating the national policies in local government.
- Collaboration with local and international networks for publishing books and magazines on provincial and local government, disseminating information and conducting seminars and workshops.

#### **4.2. VISION**

"To be the apex national agency for provincial and local government sector learning."

#### **4.3. MISSION**

"To build up the capacities of members and officers of sub-national government institutions by providing training, consultancy services and researches with the view of producing efficient and effective service delivery to the general public.

#### **4.4 OBJECTIVES**

The above mission leads towards the achievement of following objectives;

1. To formulate programmes for improvement of performance in order to enhance institutional strengthening of provincial and local governance in partnership with Provincial Management Development Training Units.
2. To strengthen the capacity of Provincial Management Development Training Units towards formulating and delivering training programmes for improving the performance of provincial councils and local government bodies giving assistance for the same.
3. To function as a resource center for provincial councils and local government providing technical and other information to the stakeholders local governance.
4. To function as the central institute for provincial and local governance in collaboration with relevant national and international institutions.
5. To provide special support services in the development of human resources, improvement of management systems and facilitating organizational changes to sub national government institutions .
6. To improve the performance of Sri Lanka Institute of Local Governance to enable efficient and effective provision of training, consultancy and research services for strengthening provincial and local government institutions.

#### **4.5 CONSULTANCY SERVICE OF SRILANKA INSTITUTE OF LOCAL GOVERNANCE**

SLILG has established six (07) major divisions for consultancy services, namely:

- a. Engineering
- b. General Management & Human Resource Development
- c. Physical Planning
- d. Financial Management
- e. Legal and Legislative Affairs
- f. Research and Development
- g. Training and Development

#### **4.6 TARGET GROUP**

The beneficiaries of training, research and consultancy services, etc. are the nine provincial councils and the 335 local government bodies which comprise 418 and 4391 elected representatives respectively. The total strength of office staff, field staff and the employees of other grades that draws our concern amounts to around 50,000.

Each category of the target group differs from one another. Therefore programmes have been designed to cater to the needs identified through training need analysis and discussions with Provincial Management Development Training Units. The SLILG has also played a supporting role in designing provincial level programmes.

The total component of activities for year 2013 was set out bringing forward the training programmes that had been scheduled for year 2012 as well and in addition to those that are set out for year 2013.

#### **4.7 CO-ORDINATION AND MONITORING**

Co-ordination and monitoring of training activities implemented by Provincial Management Development Training Units and Local Government Commissioners are considered to be important activities implemented by this institute. The progress of these activities is reviewed through monthly review sessions conducted by Provincial Management Development Training Units and the SLILG.

#### **4.8 BUSINESS PROMOTION**

The past experience of the SLILG makes it clear that various governmental and non-governmental organizations seek the support of the SLILG for the implementation of their projects related to local governance. It is necessary to filter these activities in order to identify the result oriented projects. These business promotion activities are under the supervision of the Director of the SLILG. After negotiating with the relevant organizations, the Director has taken measures for the appropriate implementation of the programmes with the approval of the Governing Council as well.

#### **4.9 LINKAGES WITH NATIONAL / INTERNATIONAL TRAINING AND EDUCATIONAL INSTITUTIONS**

Sri Lanka Institute of Local Governance is linked with both national and international organizations. These linkages have been maintained in a way that both parties are mutually benefited. The linkages thus established have helped in creating the opportunity for enhancing overseas training opportunities with their facilitation (CLGF).

SLILG expects to exchange information with LOGOTRI, UNESCAP, JICA, CITYNET, USAID and UN-HABITAT during the year 2013.

#### **4.10. MANAGEMENT STRUCTURE OF SLILG**

All the decisions related to the functioning and management of the Institute is made by the Governing Council. The Governing Council of the Institute consists of secretaries to specified ministries and representatives of professional organizations. The chairperson is the Secretary to the Ministry of Local Government & Provincial Councils.

The Director of SLILG, who is also the convener of the Council, is the Chief Executive of the Institute. He acts on the overall guidance of the Governing Council. The Director is assisted by the Additional Director and a team of Consultants, Deputy Directors, Accountant and the supporting staff.

SLILG is presently organized into seven divisions, namely the Human Resources Development Division, Engineering Division, General Management Division, Physical Planning Division, Financial Management Division, Legal and Legislative Affairs division, Research and Publications division, and Administration and Accounts division.

#### 4.11. EXPANSION OF THE SUPPORT STAFF

There has been an increase in the human resources factor in all the local government bodies with the recent appointment of graduates as Development / Programme Assistants, which is a positive factor. However, improvement of performance and quality of work of the staff is essential in order to ensure efficient and effective services to local government sector.

Therefore, SLILG has organized various staff development programmes to improve their knowledge and understanding with a view to ensuring effective and efficient service provision.

#### 5.0 CADRE POSITION OF THE INSTITUTE DURING YEAR 2013

The total cadre positions for year 2013 are as follows;

Division	Approved Cadre Position			Actual Cadre		
	Executive	Non Executive	Total	Executive	Non Executive	Total
Administration Division	06	22	29	04	16	20
Engineering Division	01	01	02	01	01	02
Management & HRD Division	01	01	02	01	01	02
Physical Planning Division	01	01	02	01	01	02
Financial Management Division	01	01	02	01	01	02
Legal Division	01	01	02	01	01	02
Research Division	-	02	-	01	01	02
Training Division	-	01	-	01	01	02
Accounts Division	02	03	05	-	03	03
<b>Total</b>			<b>44</b>		<b>Total</b>	<b>37</b>

#### OVERALL PERFORMANCE OF THE INSTITUTE DURING YEAR 2013

	DETAILS	APPROVED BUDGET	TOTAL EXPENDITURE	USAGE % OF APPROVED BUDGET	NO. OF WORKSHOPS COMPLETED
01	Engineering Division	2,500,000.00	1,786,372.00	71%	16
02	General Management Division	2,500,000.00	2,074,931.00	83%	33
03	Physical Planning Division (Rs. 500,000/- transferred to Training div.)	2,000,000.00	1,813,481.00	91%	37
04	Financial Division	2,500,000.00	3,338,530.10	113%	134
05	Legal Division	2,500,000.00	2,371,132.00	95%	40
06	Training Division - Provincial Level Training Programmes	700,000.00	781,083.50	98%	22
07	Capacity Building of SLILG (Rs. 200,000/- transferred to Training div.)	2,800,000.00	3,711,585.30	132%	--
08	Research, Library and Publications	2,500,000.00	2,317,996.25	93%	09
	<b>Total</b>	<b>18,000,000.00</b>	<b>18,195,111.15</b>		

## 7.0. INFORMATION ON THE PERFORMANCE OF EACH DIVISION OF THE INSTITUTE

### 7.1. ENGINEERING DIVISION

Engineering Division of SLILG bears the complete responsibility of improving the performance of Technical Departments of Local Authorities and Engineering Divisions of Provincial Councils. These objectives are expected to be achieved through training and research activities designed in accordance with the institutional objectives. Engineers, Work Superintendents and Technical Officers were given training on relevant areas that were selected. In addition, programmes on capacity building were provided to Technical Officers and Provincial Engineers attached to Provincial Councils.

- Funds utilized from the allocated Budget (LKR 000') - Rs. 1786
- No. of Programmes / Workshops etc. completed - 16
- Usage percentage of funds - 71%

Budget Code	Programme/Activity	No. of Budgeted Days	No. of Actual Days	Budgeted Expenditure Rs.	Actual Expenditure Rs.
E01	Specialized Programmes for Provincial Engineers	06		240,000.00	
E02	Knowledge Enchantment Programme for Technical Officers in Local Authorities	08	06	240,000.00	701,312.04
E03	Training Programme for Technical Officers in Provincial Councils	04	04	150,000.00	274,358.50
E04	Training Programme for Newly Recruited Technical Officers in Local Authorities	06	01	260,000.00	42,069.00
E05	Training Programme for Work Supervisors of Local Authorities	02		150,000.00	
E06	Specialized Programmes for Eastern Province	04		160,000.00	
E07	Specialized Programmes for Northern Province	06	02	240,000.00	230,446.50
E08	Provincial Councils Training Programmes	10	03	500,000.00	538,186.00
E09	Updating of Rural Road Data Base	14		560,000.00	
E10	Conducting of Diploma in Local Government Engineering	02		560,000.00	
E11	Knowledge Enchantment & Skills Development for Technical relevant other staff .	14		560,000.00	
	<b>Total</b>	<b>76</b>	<b>16</b>	<b>2,500,000.00</b>	<b>1,786,372.00</b>

## 7.2. GENERAL MANAGEMENT & HUMAN RESOURCE DEVELOPMENT DIVISION

The General Management Division of the SLILG is set up to enhance the managerial capabilities of the elected members and the staff of the Provincial Councils and the Local Government Institutions in Sri Lanka. The Institutional strengthening programmes implemented under the division especially focus on the contemporary capacity building needs of the PCs and LAs. Priority is given to raise the general awareness on devolution and good governance among political leaders, government officials and the civil society. In addition to the national level programs, customized programs too are to be introduced according to needs.

The action plan for every year is formulated after scrutinizing the best practices in local governance in the country as well as in the region. Especially the present situation and the existing capacity levels in the provincial councils and local authorities are taken into accounts.

### Objectives of the Division

- ❖ Improve managerial capabilities of elected members and officials of Provincial Councils and Local Authorities for good governance.
- ❖ Strengthen the capacity of elected members and officials of PCs and LAs to improve their performances and changing attitudes to provide better public service to the community.
- ❖ Develop private public partnership to eliminate any barriers for the development in sub national level.
- ❖ Improve the institutional efficiency, effectiveness and productivity to provide better service to general public and other customer satisfaction.

- Funds utilized from the allocated Budget (LKR 000') - Rs.2074
- No. of Programmes / Workshops completed - 33
- Usage Percentage of Funds - 83%

Budget Code	Programme / Activity	No. of Budgeted Days	No. of Actual Days	Budgeted Expenditure Rs.	Actual Expenditure Rs.
GM/1	Capacity Building Program	12	06	480,000.00	304,075.00
GM/2	Project Management for Local Authorities	08	02	320,000.00	96,900.00
GM/3	Library Development Programs	06	04	240,000.00	339,854.00
GM/4	Pre-school Development Programs	02	04	80,000.00	102,455.00
GM/5	Office Management Programs	10	11	400,000.00	467,279.00
GM/6	Public Relationship Management	04	00	160,000.00	-
GM/7	Productivity Improvement program (5 S)	01	00	40,000.00	-
GM/8	Programs for performance evaluation, Preparation of JD, Training Calenders	06	06	240,000.00	260,242.00
GM/9	Special Activities	-	-	40,000.00	-
GM/10	Programs for Provincial Councils	-	-	500,000.00	504,126.00
	<b>TOTAL</b>	<b>49</b>	<b>33</b>	<b>2,500,000.00</b>	<b>2,074,931.00</b>

### 7.3. PHYSICAL PLANNING DIVISION

The main objective of this Division is to improve the performance of political representatives and other relevant officials of the local government bodies and provincial councils of Sri Lanka through the improvement of knowledge, attitudes, skills and quality of service, training and consultancy services in the area of physical planning. The ultimate goal is to improve the living standards and the environment in the relevant local government area.

- Funds utilized from the allocated Budget (LKR 000') - Rs.1813
- No. of Programmes / Workshops completed - 37
- Usage Percentage of Funds - 91%

Budget Code	Programme / Activity	No. of Budgeted Days	No. of Actual Days	Budgeted Expenditure Rs.	Actual Expenditure Rs.
PP/NL/01	Programme on Physical Planning for LAs (Sinhala Medium)	02	02	80,000.00	150,000.00
PP/NL/02	Programme on Physical Planning for LAs (Tamil Medium)	02	02	80,000.00	71,525.00
PP/NL/03	Programme on Disaster Mitigation	04	04	160,000.00	115,000.00
PP/NL/04	Programme on Valuation	04	04	160,000.00	350,285.00
PP/NL/05	Skill Development Training Programme on GIS ,GPS & Remote Sensing	20	15	960,000.00	669,000.00
PP/NL/06	Environment Protection & Management	06	04	240,000.00	209,720.00
PP/NL/07	Practical Training programme on GIS & GPS	08	06	320,000.00	247,951.00
PP/A/01	Special Activities			100,000.00	Transferred to Training div.
PP/PL/01	Provincial Council Training Programmes			400,000.00	Transferred to Training div.
	<b>Total</b>	<b>46</b>	<b>37</b>	<b>2,000,000.00</b>	<b>1,813,481.00</b>

#### 7.4 FINANCIAL MANAGEMTN DIVISION

The Financial Management Division mainly focuses on;

- ✧ improving the knowledge and understanding of local authority staff on financial management
- ✧ conducting workshops for elected members on financial management
- ✧ providing consultancy services to local authorities for improving their efficiency in financial management
- ✧ training of trainers on financial management

The programmes developed by the SLILG in this respect have been very effective in improving the performance of Local Authorities. Yet the demand for knowledge in Financial Management still exists. Training programmes have also been conducted in the following areas based on the requirement.

- ✧ preparation and presentation of financial statements
- ✧ preparation of budgets, budgetary controls and monitoring
- ✧ raising awareness on Sri Lanka Accounting Standards and their applications
- ✧ preparation of cash flow statements and fund flow statements
- ✧ raising awareness on auditing and auditing standards in Sri Lanka
- ✧ raising awareness on internal control systems
- ✧ conducting diploma courses in Local Government Financial Management
- ✧ providing on-the-job training lagging local government bodies on preparing financial statements

- Funds utilized from the allocated Budget (LKR 000') - Rs.3338
- No. of Programmes / Workshops completed - 113
- Usage Percentage of Funds - 134%

Budget Code	Programme / Activity	No. of Budgeted Days	No. of Actual Days	Budgeted Expenditure Rs.	Actual Expenditure Rs.
FM-01	Diploma in Local Government Financial Management	48	58	960,000.00	1,661,540.30
FM-02	Certificate Course on Local Government Accounting System, Preparation & Presentation of Financial Statements for LAs Based on Sri Lanka Public Sector Accounting Standards	20	20	900,000.00	1,122,345.80
FM-03	Preparation of Financial Statements Financial Year 2013 & on the Job Training Programmes For Backward Local Authorities	10	10	140,000.00	140,400.00
FM-04	Preparation of Annual Budget For LAs		21	500,000.00	336,521.00
	Advance Diploma in Local Government - FM Module		04		77,723.00
	<b>Total</b>	<b>78</b>	<b>113</b>	<b>2,500,000.00</b>	<b>3,338,530.10</b>

### 7.5 Legal & Legislative Affairs Division

The Legal and Legislative Affairs Division of SLILG is mandated to strengthen the legislative capacities of elected members and officials of Sub – National Government Institutions in Sri Lanka. The Provincial Councils and Local Authorities which constitute the Sub – National Government of the country derive their legal mandate by the respective governing legislations. Therefore the constitution, establishment, powers and functions of them have been built on a legislative foundation. It has been observed that, elected members and officials of PCs and LAs lack the legislative capacities namely drafting, reviewing, validation and approving By-Laws and Statutes as well as applying the prevailing laws in day to day activities. This has been identified as a major drawback which led PCs and LAs to face with wide range of legal issues, irregularities, malpractices and violation of laws.

The programs of the Legal and Legislative Affairs Division are specially designed having identified and assessed the present situation, training needs and requirements of PCs and LAs and to address them effectively. Moreover a new program titled “Certificate Course on Local Government Law “ has been introduced in order to fill the existing knowledge gap of LAs on general laws of the country with a deeper emphasis on the Constitution, By-Laws, Administrative Law, Court Procedure and Council Affairs of LAs.

Having focused on the overall objective of strengthening legislative capacities of PCs and LAs, the following specific objectives will be addressed by the division.

* Funds Utilized from the allocated Budget (LKR 000')	=	Rs. 2,371
* No of programmes / Workshops Completed	=	40
* Usage Percentage of funds	=	95%

Budget Code	Programme / Activity	No of Budgeted Days	No. of Actual Days	Budgeted Expenditure Rs.	Actual Expenditure Rs.
LD/01	Programme on Preparation & Implementation of By-Laws	10	12	400,000.00	793,516.00
LD/02	Regional Seminar on Reviewing and Publishing Accurate Gazette notifications and Other Notices	15	04	600,000.00	267,862.00
LD/03	Administrative Law for Local Authorities and Introduction of Laws relating to Local Government	12	02	480,000.00	105,609.00
LD/04	Programme on drafting and implementation of Statutes of Provincial Councils	10	06	400,000.00	266,876.00
LD/05	Agreement Procedure for Local Authorities	12	12	480,000.00	666,079.00
LD/06	Courts Procedure for Local Authorities	04	04	140,000.00	271,190.00
<b>Total</b>		<b>63</b>	<b>40</b>	<b>2,500,000.00</b>	<b>2,371,132.00</b>

## 7.6. PROVINCIAL LEVEL TRAINING PROGRAMMES

Training programme at Provincial level are mainly conducted through MDTUs & Provincial Commissioners of Local Government based on the training need assessments done by the institute with the support of MDTUs and PCLGs. Financial support and technical assistance are provided by the institute for the conduct of provincial training programme

Funds Allocated (LKR 000')	= Rs. 800
Funds Utilized from the allocated budget (LKR 000')	= Rs. 781
No of programmes / Workshops Completed	= 22
Usage Percentage of Funds	= 98 %

	Programme/Activity	No of Dates	Actual Expenditure Rs.
01	Awareness Programme for Newly Recruited Graduated of LAs	12	84,610.00
02	Training Programme on Preparation of data base for LAs	02	426,880.50
03	Awareness programme for Secretaries & Management Assistant ( SLAS)	06	170,430.00
04	Training Programme on Productivity Development of the LAs	02	99,163.00
	<b>Total</b>	<b>22</b>	<b>781,083.50</b>

Note : The Training division was implemented in mid of Year 2013. Hence, Rs. 700,000/- was transferred from Capacity building and Physical Planning divisions. For some programmes contribution from the Ministry of Local Government and Provincial Councils was also received.

## 7.7. CAPACITY BUILDING OF SLILG

Having passed several landmarks during the period of past six (06) years, it is important that the SLILG, as an Institute, looks back on its own performance up to now and gain from the exercise to guide its functions in specialized functional agendas and need to assess the impact in achieving its goals and objectives. It was expected to perform the functions of the institute eliminating isolation.

- Funds utilized from the allocated Budget (LKR 000') - Rs. 3711
- No. of Programmes / Workshops completed - --
- Usage Percentage of Funds - 132%

Budget Code	Programme / Activity	Budgeted expenditure	Actual Expenditure
CB/01	Capacity Building of the Institute's Staff (Local & Foreign)	250,000.00	116,074.25
CB 02	Network with International Organizations, Membership Fees	150,000.00	108,900.00
CB /03	Conducting Exhibitions, National and International Programmes & Symposiums	350,000.00	504,647.30
CB /04	Restructuring of Sri Lanka Institute of Local Governance	200,000.00	
CB /05	National Ceremonies and Launching Activities	200,000.00	-
CB /06	Subsidy for National Diplomas	750,000.00	2,272,315.10
CB /07	Subsidy for IT Certificate Courses	700,000.00	709,648.65
CB /08	Subsidy for Library	Transferred to Training division	-
CB /09	Special Assignments from the Ministry	200,000.00	-
CB/10	Miscellaneous Activities	Transferred to Training division	--
	<b>Total</b>	<b>2,800,000.00</b>	<b>3,711,585.30</b>

Note : CB/06 – Subsidy for National Diplomas are self funding programmes.

### 7.8. Research & Development Division

The Research & Development Division of the SLILG is mainly concern on supporting Local Authorities & Provincial Councils by conducting Research & Surveys and dissemination of results and necessary Information for policy makers to strengthen the Local Government & Provincial Council sector. Additionally the Division is conducting training programmes on related activities based on research findings.

#### Objectives:

- ❖ To undertake and promote Research Studies of Local Authorities and Provincial Councils to improve and develop their capacities.
  - ❖ Dissemination of Research findings among relevant Policy Makers & Implementing Agencies.
  - ❖ Link with National as well as International Research Bodies in the area of Governance.
  - ❖ To unearth areas of Importance for new Research initiatives.
  - ❖ Maintain a Data Base of Provincial Councils & Local Authorities.
  - ❖ Documentation of Research outputs.
  - ❖ Publishing relevant publications related to Local Government & Provincial Councils.
  - ❖ Conducting Research Methodology courses for relevant officials of the Local Government and Provincial Council sector at National, Provincial & District levels
  - ❖ Provide required training for Elected Members, Officials of Local Authorities and Provincial Councils on Development issues based on research findings.
- 
- Funds utilized from the allocated Budget (LKR 000') - Rs. 2318
  - No. of Programmes / Workshops completed - 09
  - Usage Percentage of Funds - 93%

Budget Code	Programme / Activity	No. of Budgeted Days	No. of Actual Days	Budgeted Expenditure	Actual Expenditure
RD/01	Research Study on the Protection of the Environment by the Provincial Councils	01	01	700,000.00	300,000.00
RD/02	Research Study on barriers to the Revenue Generation activities of Local Authorities	01	01	750,000.00	598,130.25
RD/P/03	Local Authority Level Programmes on Revenue Enhancement	08	07	700,000.00	645,737.00
RD/P/04	Developing Data Base for Local Authorities	01		75,000.00	64,129.00
RD/EF/01	Certificate Course in Research Methodology for relevant Officials of Provincial Councils and Local Authorities at National, Provincial & District level in Sinhala, Tamil & English mediums	03		25,000.00	425,000.00
**PCLA	Allocation for Provincial Councils & Local Level Programs			200,000.00	-
	Accrued expenses for the Year 2013			-	285,000.00
	<b>TOTAL</b>	<b>14</b>	<b>09</b>	<b>2,500,000.00</b>	<b>2,317,996.25</b>

### Remarks

- 1 Rs. 25,000/- allocated in the Action Plan to meet expenses of the Certificate Course in Research Methodology . Rs. 525,000/- had been collected as Course Fees from the participants and Rs. 425,000/- had been spend as resource personal charges / computer practical charges (Lab) and food & refreshment expenses for participants.
- 2 Rs. 285,000/- used to meet previous year (2012) research activities

*Ministry of Local Government and Provincial Councils*

# SRI LANKA INSTITUTE OF LOCAL GOVERNANCE



## FINANCIAL STATEMENTS

For the year ended 31<sup>st</sup> December 2013

*No. 17, Malalasekara Mawatha,*

*Colombo – 07*

*Tel : 011-2580307*

*Fax: 011-2580316*

*E-mail : [info@slig.gov.lk](mailto:info@slig.gov.lk)*

*Web Site : [www.slig.lk](http://www.slig.lk)*

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## SRI LANKA INSTITUTE OF LOCAL GOVERNANCE

## STATEMENT OF FINANCIAL PERFORMANCE

*For the year ended 31<sup>st</sup> December 2013*

	<i>Notes</i>	<i>31/12/2013</i>	<i>31/12/2012</i>
<b><i>Operating Revenue</i></b>			
<i>Government Contribution - Recurrent</i>	<i>01</i>	<i>42,078,600.00</i>	<i>36,119,000.00</i>
<i>Other Income</i>	<i>02</i>	<i>9,433,325.25</i>	<i>15,049,008.03</i>
<b><i>Total Operating Revenue</i></b>		<b><i>51,511,925.25</i></b>	<b><i>51,168,008.03</i></b>
<b><i>Operating Expenses</i></b>			
<i>Administration &amp; Establishment Expenses</i>	<i>03</i>	<i>27,114,697.69</i>	<i>25,479,268.92</i>
<i>Human Resources Development Expenses</i>	<i>04</i>	<i>19,069,655.44</i>	<i>16,580,717.18</i>
<i>Consultancy Services Expenses</i>	<i>05</i>	<i>5,097,457.86</i>	<i>9,693,191.17</i>
<i>Provisions</i>	<i>06</i>	<i>8,805,137.47</i>	<i>2,882,188.22</i>
<b><i>Total Operating Expenses</i></b>		<b><i>60,086,948.46</i></b>	<b><i>54,635,365.49</i></b>
<b><i>Surplus / Deficit for the year</i></b>		<b><i>(8,575,023.21)</i></b>	<b><i>(3,467,357.46)</i></b>

## SRI LANKA INSTITUTE OF LOCAL GOVERNANCE

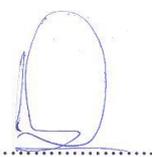
## STATEMENT OF FINANCIAL POSITION

As at 31<sup>st</sup> December 2013

	<i>Notes</i>	<i>31/12/2013</i>	<i>31/12/2012</i>
<b>ASSETS</b>			
<i>Non-Current Assets</i>			
<i>Property, Plant &amp; Equipment</i>	07	<u>34,694,693.00</u>	<u>38,951,688.43</u>
		<u><b>34,694,693.00</b></u>	<u><b>38,951,688.43</b></u>
<i>Current Assets</i>			
<i>Stocks</i>	08	1,854,681.39	1,879,316.38
<i>Pre - Payments &amp; Receivables</i>	09	680,733.60	911,097.73
<i>Staff Debtors &amp; Advances</i>	10	13,744,422.05	13,820,249.28
<i>Cash and Cash Equivalents</i>	11	<u>572,018.69</u>	<u>1,286,317.60</u>
		<u><b>16,851,855.73</b></u>	<u><b>17,896,980.99</b></u>
<b>Total Assets</b>		<u><b>51,546,548.73</b></u>	<u><b>56,848,669.42</b></u>
<b>EQUITY &amp; LIABILITIES</b>			
<i>Government Contribution - Capital</i>		45,885,195.41	41,885,195.41
<i>Accumulated Fund</i>		(3,462,299.98)	5,112,723.23
<i>UNDP Grant</i>		714,658.79	714,658.79
<i>Projects Contribution - Capital</i>		1,595,824.75	1,595,824.75
<i>Grant from Asia Foundation</i>		<u>291,000.00</u>	<u>291,000.00</u>
		<u><b>45,024,378.97</b></u>	<u><b>49,599,402.18</b></u>
<i>Non Current Liabilities</i>			
<i>Retirement Benefit Obligations</i>	12	<u>3,690,570.50</u>	<u>3,154,603.50</u>
		<u><b>3,690,570.50</b></u>	<u><b>3,154,603.50</b></u>
<i>Current Liabilities</i>			
<i>Provisions - Audit Fees</i>		500,000.00	400,000.00
<i>Creditors &amp; Accrued Charges</i>	13	2,331,599.26	3,694,663.74
		<u>2,831,599.26</u>	<u>4,094,663.74</u>
		<u><b>51,546,548.73</b></u>	<u><b>56,848,669.42</b></u>



Accountant SLILG



Director SLILG

**SRI LANKA INSTITUTE OF LOCAL GOVERNANCE**

**CONSOLIDATED CASH FLOW STATEMENT**

*For the year ended 31<sup>st</sup> December 2013*

	<u>31/12/2013</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
<i>Surplus /(Deficit) from ordinary activities</i>	(8,575,023.21)
<b>Adjustments for Non - Cash Movements</b>	
<i>Depreciation</i>	8,169,170.47
<i>Provisions - Gratuity</i>	535,967.00
<i>Provisions - Audit Fees</i>	100,000.00
<i>Prior year Adjustments</i>	-
<b>Operating Surplus before working capital changes</b>	<b>230,114.26</b>
<i>(Increase) / Decrease in Inventories / Debtors / Other Receivables</i>	330,826.35
<i>Increase / (Decrease) in Creditors / Payables</i>	(1,363,064.48)
<b>Cash Generated from Operations</b>	<b>(802,123.87)</b>
<b>Net cash from operating activities</b>	<b><u>(802,123.87)</u></b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
<i>Acquisition of Property</i>	(3,912,175.04)
<b>Net Cash Flows from Investing Activities</b>	<b><u>(3,912,175.04)</u></b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>	
<i>Capital Grant</i>	4,000,000.00
<b>Net Cash Flows from Financing Activities</b>	-
<b>NET MOVEMENT DURING THE YEAR</b>	<b>(714,298.91)</b>
<i>Cash &amp; Cash Equivalents at the beginning of period</i>	1,286,317.60
<i>Cash &amp; Cash Equivalents at the end of Period</i> <i>Note 'A'</i>	<b><u>572,018.69</u></b>
<b><u>Note 'A'</u></b>	
<b>Cash at Bank</b>	
<i>Cash at Bank - Bank of Ceylon A/C No. 2323344</i>	343,573.34
<i>Cash at Bank - Bank of Ceylon A/C No. 2323350</i>	223,862.98
<i>Savings Account - Bank of Ceylon A/C No. 2329975</i>	4,582.37
	<b><u>572,018.69</u></b>

SRI LANKA INSTITUTE OF LOCAL GOVERNANCE

STATEMENT OF CHANGES IN NET ASSETS

For the year ended 31<sup>st</sup> December 2013

Description	Government	Accumulated	UNDP	Project	Grant from	TOTAL
	Contribution	Fund	Grant	Contribution -	Asia	
	Capital			Capital	Foundation	
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Balance as at 01/01/2013	41,885,195.41	5,112,723.23	714,658.79	1,595,824.75	291,000.00	49,599,402.18
Surplus / Deficit for the period	-	(8,575,023.21)	-	-	-	(8,575,023.21)
Transfer for the period	4,000,000.00	-	-	-	-	4,000,000.00
Prior year Adjustments	-	-	-	-	-	-
Balance as at 31/12/2013	<u>45,885,195.41</u>	<u>(3,462,299.98)</u>	<u>714,658.79</u>	<u>1,595,824.75</u>	<u>291,000.00</u>	<u>45,024,378.97</u>

## SRI LANKA INSTITUTE OF LOCAL GOVERNANCE

## NOTES TO THE ACCOUNTS

For the year ended 31<sup>st</sup> December, 2013

		<u>31/12/2013</u>	<u>31/12/2012</u>
<b><i>Note 01 - Government Contribution - Recurrent :-</i></b>			
2100 - 02	General Treasury	42,078,600.00	36,119,000.00
	<b>Total</b>	<b>42,078,600.00</b>	<b>36,119,000.00</b>
<b><i>Note 02 - Other Income :-</i></b>			
1505 - 01	Miscellaneous Income	35,750.00	76,768.32
1505 - 02	Interest on Loan to Employees	520,255.03	420,301.02
1505 - 03	Sales of Publication	43,904.00	5,136.79
1505 - 05	Interest on FD & SA	6,912.02	18,105.52
1505 - 07	Rental Income	8,000.00	540,832.00
2101 - 01	Certificate Courses of Computer Application	520,000.00	-
2101 - 03	UNDP - Art gold Project - Uva Province	-	1,282,140.00
2101 - 04	Advance Account - Common	1,409,590.00	88,285.00
2101 - 05	The Asia Foundation	-	232,440.00
2101 - 07	Facilitating Initiatives For School Cohesion & Transformation	1,138,085.50	-
2101 - 10	Local Government Diploma Course	2,588,000.00	2,645,000.00
2101 - 13	Local Government Infrastructure Improvement Project	-	4,604,509.19
2101 - 15	Expansion of Rural Road Pilot Project - Min. of PC. & LG	2,932,828.70	5,135,490.19
2101 - 16	Local Government Infrastructure Improvement Project - II	60,000.00	-
2101 - 17	Ministry of PC & LG - Programme Advance	170,000.00	-
	<b>Total</b>	<b>9,433,325.25</b>	<b>15,049,008.03</b>

# SRI LANKA INSTITUTE OF LOCAL GOVERNANCE

## NOTES TO THE ACCOUNTS

For the year ended 31<sup>st</sup> December, 2013

	<u>31/12/2013</u>	<u>31/12/2012</u>
<b><u>Note 03 - Administration &amp; Establishment Expenses :-</u></b>		
1503 - 01 - 01 Personal Emoluments - Salaries & Wages	13,369,215.47	13,660,211.21
1503 - 01 - 02 Personal Emoluments - E. P.F	1,450,212.87	1,499,998.33
1503 - 01 - 03 Personal Emoluments - E. T.F	361,561.71	375,479.05
1503 - 01 - 04 Personal Emoluments - Holiday Payments & O.T	686,584.95	658,580.07
1503 - 01 - 05 Personal Emoluments - Other Allowance	337,566.00	277,870.99
1503 - 02 - 01 Travelling Expenses - Local	286,286.75	276,325.00
1503 - 03 - 01 Supplies - Stationary	1,927,809.26	1,484,678.35
1503 - 03 - 02 Supplies - Fuel Lubricants	2,676,628.99	2,132,518.81
1503 - 03 - 03 Supplies - Uniform	36,624.00	32,608.00
1503 - 04 - 01 Maintenance Expenses - Vehicles	1,963,825.42	1,405,180.68
1503 - 04 - 02 Maintenance Expenses - Plant, Machinery & Equ.	304,962.30	283,708.37
1503 - 04 - 03 Maintenance Expenses - Building	483,525.45	440,980.14
1503 - 05 - 02 Contractual Services - Telephone	578,290.39	597,607.91
1503 - 05 - 03 Contractual Services - Postal Charges	65,956.50	83,589.00
1503 - 05 - 04 Contractual Services - Water & Electricity	1,158,312.88	1,006,886.88
1503 - 05 - 05 Contractual Services - Newspapers & Periodicals	37,748.00	39,000.00
1503 - 05 - 06 Contractual Services - Security Service	659,613.54	678,015.05
1503 - 05 - 07 Contractual Services - Others	729,973.21	546,031.08
<b>Total</b>	<b><u>27,114,697.69</u></b>	<b><u>25,479,268.92</u></b>

## **Note 04 - Human Resources Development Expenses :-**

2201 - 05 - 01 H.R.D Expenses - National Level Training Programme	13,001,989.73	11,000,684.96
2201 - 05 - 01 - 01 H.R.D. Expenses - National Level Training - Human Resource Deve	-	2,332,565.59
2201 - 05 - 01 - 02 H.R.D. Expenses - National Level Training - Engineering	1,649,334.87	401,231.00
2201 - 05 - 01 - 03 H.R.D. Expenses - National Level Training - General Management	3,212,545.44	1,852,064.70
2201 - 05 - 01 - 04 H.R.D. Expenses - National Level Training - Physical Planning	1,993,281.85	1,598,391.30
2201 - 05 - 01 - 05 H.R.D. Expenses - National Level Training - Financial Managemen	3,338,530.10	2,263,618.40
2201 - 05 - 01 - 06 H.R.D. Expenses - National Level Training - Legal	2,808,297.47	2,552,813.97
2201 - 05 - 02 H.R.D Expenses - Provincial Level Training Programme	849,411.50	234,367.00
2201 - 05 - 03 H.R.D Expenses - Capacity Building of SLILG	1,730,238.09	2,591,848.35
2201 - 05 - 04 H.R.D Expenses - Research, Library & Publications	2,561,985.12	2,753,816.87
2201 - 05 - 05 H.R.D. Expenses - Certificate Course of Computer Applicatio	926,031.00	-
<b>Total</b>	<b><u>19,069,655.44</u></b>	<b><u>16,580,717.18</u></b>

**SRI LANKA INSTITUTE OF LOCAL GOVERNANCE**

**NOTES TO THE ACCOUNTS**

*For the year ended 31<sup>st</sup> December, 2013*

	<u>31/12/2013</u>	<u>31/12/2012</u>	
<b><u>Note 05 - Consultancy Services Expenses :-</u></b>			
1504 - 01	Federation of Sri Lankan Local Government Authorised	-	2,000.00
1504 - 02	Management Diploma - UNDP - UP	-	311,011.53
1504 - 03	Management Diploma - UNDP - SP	-	41,140.00
1504 - 05	Expenses Account - Common	1,271,219.29	1,569,361.25
1504 - 10	Local Government Infrastructure Improvement Project	-	750,000.00
1504 - 11	Local Government Infrastructure Improvement Project - II	-	2,576,124.63
1504 - 13	Expansion of Rural Road Pilot Project - Min. of PC. & LG	2,964,187.07	4,443,553.76
1504 - 14	Facilitating Initiatives For School Cohesion & Transformation	862,051.50	4,443,553.76
	<b>Total</b>	<u><u>5,097,457.86</u></u>	<u><u>9,693,191.17</u></u>

**Note 06 - Provisions :-**

2102 - 03	Provisions - Gratuity	535,967.00	610,000.00
2102 - 04	Provisions - Audit Fees	100,000.00	100,000.00
2105 - 02	Depreciation - Machinery & Office Equipment	1,382,842.47	1,237,722.34
2105 - 03	Depreciation - Library Books	-	8,137.88
2105 - 04	Depreciation - Vehicle	6,764,998.00	904,998.00
2106 - 03	Depreciation - Furniture & Fittings	21,330.00	21,330.00
	<b>Total</b>	<u><u>8,805,137.47</u></u>	<u><u>2,882,188.22</u></u>

## SRI LANKA INSTITUTE OF LOCAL GOVERNANCE

## NOTES TO ACCOUNTS

For the year ended 31<sup>st</sup> December, 2013Note 07 - Property, Plant & Equipment :-

	Cost as at 01/01/2013	Additions 2013	Removals 2013	Depreciation 2013	Accumulated Depreciation	W.D.V. as at 31/12/2013	W.D.V. as at 31/12/2012
2201 - 01 Vehicles	33,824,990.00	-	-	6,764,998.00	7,806,917.33	26,018,072.67	32,783,070.67
2201 - 02 Machinery & Office Equipment	17,097,866.06	109,760.00	-	1,382,842.47	12,461,500.77	4,746,125.29	6,019,207.76
2201 - 03 Library Books	153,593.20	40,000.00	-	-	153,493.20	40,100.00	100.00
2201 - 04 - 01 Furniture & Fittings - Kandalama Circuit Bungalow	213,300.00	-	-	21,330.00	85,320.00	127,980.00	149,310.00
2201 - 05 - 06 Capital Expenses - New Building	-	3,762,415.04	-	-	-	3,762,415.04	-
<b>Total</b>	<b>51,289,749.26</b>	<b>3,912,175.04</b>	<b>-</b>	<b>8,169,170.47</b>	<b>20,507,231.30</b>	<b>34,694,693.00</b>	<b>38,951,688.43</b>

SRI LANKA INSTITUTE OF LOCAL GOVERNANCE

NOTES TO THE ACCOUNTS

For the year ended 31<sup>st</sup> December, 2013

		<u>31/12/2013</u>	<u>31/12/2012</u>
<b>Note 08 - Stocks :-</b>			
2202 - 01	Stocks - Stationary	317,743.39	342,378.38
2202 - 02	Stocks - Publication	1,536,938.00	1,536,938.00
<b>Total</b>		<u>1,854,681.39</u>	<u>1,879,316.38</u>
<b>Note 09 - Pre - Payments &amp; Receivables :-</b>			
2206 - 01	Pre - Payments - Insurance	122,944.10	-
2206 - 02	Pre - Payments - Rent, Post Master General & Others	32,590.00	112,317.73
2206 - 05	Receivable Account - Ministry of PC & LG	525,199.50	798,780.00
<b>Total</b>		<u>680,733.60</u>	<u>911,097.73</u>
<b>Note - 10 - Debtors &amp; Advance :-</b>			
2203 - 01	Staff Debtors	30,707.42	31,942.02
2203 - 03	Sundry Debtors	27,218.65	32,218.65
2204 - 02	Special Advance	7,850.00	7,850.00
2204 - 04	Festival Advance	45,800.00	38,300.00
2204 - 05	Staff Loan	13,622,845.98	13,709,938.61
2205 - 01	Advance to Emergency Purchases	10,000.00	-
<b>Total</b>		<u>13,744,422.05</u>	<u>13,820,249.28</u>
<b>Note - 11 - Cash and Cash Equivalents :-</b>			
2207 - 02	Bank of Ceylon - A/C No. 2323344	343,573.34	77,551.26
2207 - 03	Bank of Ceylon - A/C No. 2323350	223,862.98	1,199,357.57
2207 - 04	Servings Account - Bank of Ceylon - A/C No. 2329975	4,582.37	9,408.77
<b>Total</b>		<u>572,018.69</u>	<u>1,286,317.60</u>

## SRI LANKA INSTITUTE OF LOCAL GOVERNANCE

## NOTES TO THE ACCOUNTS

For the year ended 31<sup>st</sup> December, 2013

	<u>31/12/2013</u>	<u>31/12/2012</u>
<b><u>Note - 12 - Retirement Benefit Obligations :-</u></b>		
Balance as at 01/01/2013	3,154,603.50	3,055,300.00
Provisions During the Period	535,967.00	610,000.00
Actual Amount Paid	-	(510,696.50)
<b>Balance as at 31/12/2013</b>	<b><u>3,690,570.50</u></b>	<b><u>3,154,603.50</u></b>
<b><u>Note - 13 - Creditors &amp; Accrued Charges :-</u></b>		
2103 - 01 Accrued Charges	2,252,349.26	2,267,867.19
2104 - 02 Deposits - Tender	79,250.00	79,250.00
2104 - 03 Funds Receipt in - Advance - GIZ	-	1,347,546.55
<b>Total</b>	<b><u>2,331,599.26</u></b>	<b><u>3,694,663.74</u></b>

## ACCOUNTING POLICIES

### 1. GENERAL ACCOUNTING POLICIES

- 1.1 *Financial statements of the institution are prepared in accordance with generally accepted accounting principles on a historical cost basis.*
- 1.2 *No adjustments had been made for inflationary factors affecting the accounts in the primary financial statements.*

### 2. ASSETS AND BASIS OF THEIR VALUATION

- 2.1.1 *Fixed Assets are normally valued at cost.*
- 2.1.2 *Certain assets had been transferred from Ministry of Provincial Council and Local Government without any cost. As per the information's available the said assets were purchased before 1995. Therefore they were treated as fully depreciated but decided to shown in record with a residual value of Rs. 100/- per each.*
- 2.1.3 *Among the items transferred from Ministry of Provincial Council and Local Government certain items were appeared immaterial in pricing. A decision was taken to continue these items only on quantity basis in records without a valuation.*
- 2.1.4 *Depreciation is not provided in the year of acquisition or commissioning.*
- 2.1.5 *Depreciation is charged on all assets on a straight-line basis.*
- 2.1.6 *For the purpose of depreciations, the effective life time assets are as given below.*

<u>Category of Assets</u>	<u>Life time Years</u>	<u>Depreciation rate</u>
a.) <i>Machinery and Office Equipment</i>	<i>10</i>	<i>10%</i>
b.) <i>Computers and allied Accessories</i>	<i>05</i>	<i>20%</i>
c.) <i>Vehicles</i>	<i>05</i>	<i>20%</i>
d.) <i>Library Books</i>	<i>10</i>	<i>10%</i>

**3. LIABILITIES AND PROVISIONS**

**3.1 Terminal Benefits**

*A provision of Rs. 3,690,570.50 had been made in the accounts for terminal benefits under the Gratuity Act. No. 12 of 1983 and this had been grouped under Non-current liabilities in the Balance Sheet.*

**4. CAPITAL EXPENDITURE**

*Expenditure incurred for the purpose of acquiring, extending or improving assets of a permanent nature by means of which to carry on the objectives or for the purpose of increasing the earning capacity has been treated as Capital Expenditure.*

**REPORT TO BE SUBMITTED WITH ACCOUNTS IN TERMS OF  
SECTION 13 (5) (B) OF THE FINANCE ACT, NO. 38 OF 1971**

	Yes	No	Any other short answer
<b>1. Balance Sheet</b>			
<b>1.1 Verification of the existence of physical assets (Land, buildings, plant, machinery, stores, etc.)</b>			
1. Was a physical verification of all the physical assets carried out as at date of the Balance Sheet ?	Yes	-	-
2. Where no physical verification was carried out as at the date of the Balance Sheet, were the assets verified on a staggered or continuous basis ?	-	-	<i>Not applicable</i>
3. Are schedules showing book quantities, physically verified quantities, variations, action taken with regard to variations in respect of the verifications carried out, available for audit examination ?	-	-	<i>Physically Verified</i>
4. Give a summary of the position with regard to physical verification as shown in Annex 1. Annex 1 duly completed is submitted herewith.	-	-	<i>summary of the position Provided</i>
<b>1.2 Confirmation of money assets (Bank balances, petty cash balances, debtors, advances, deposits, investments, etc.)</b>			
1. Were custodians required to confirm the balances of the money assets as at the Balance Sheet date ?	Yes	-	-
2. If no confirmations were called for as at the Balance Sheet, were confirmations called for as at any other date during the year ?	-	-	<i>Not applicable</i>



	Yes	No	<i>Any other short answer</i>
5. <i>Are there any assets or liabilities legally determined but which have not been disclosed on the Balance Sheet ?</i>	-	No	-
<i>If so, give particulars of such assets and liabilities in a separate schedule. The Schedule is annexed.</i>			

### **1.5 Valuation of Assets**

1. <i>Statements showing particulars of the valuation of fixed assets, stocks, etc., should be prepared in the form shown in Annex 2. The relevant statements are submitted herewith.</i>	-	-	<b><i>Valuation Statements are submitted</i></b>
2. <i>Has there been any change in the basis of valuation of any type of asset during the year as compared to the basis adopted during the previous year ?</i>	-	No	-
3. <i>If there has been any such change in the basis of valuation of assets, particulars of such assets and changes should be given in the form shown in Annex 3. Annex 3 duly completed is annexed.</i>	-	-	<b><i>Not applicable</i></b>
4. <i>In the valuation of any assets have the following charges been included ?</i>			
(a) <i>Financing charges;</i>	-	No	-
(b) <i>FEECs</i>			
5. <i>In the valuation of any asset, has any indirect cost been charged on the basis of any apportionment ?</i>	-	No	-

	<i>Yes</i>	<i>No</i>	<i>Any other short answer</i>
6. <i>Where the value of any asset has been estimated, give particulars of such assets, the basis of estimating and the reasons therefore in a separate schedule. Such schedule is annexed.</i>	-	-	<i>Not applicable</i>
7. <i>Is the work in progress determined on the basis of works certified?</i>	-	-	<i>Not applicable</i>
8. <i>Has any advance payment to contractors been treated as work in progress without work certificates?</i>	-	<i>No</i>	-
9. <i>Are all the retention moneys due to contractors shown separately under liabilities?</i>	-	-	<b>Not applicable</b>
 <b>1.6 Valuation and computations of liabilities and provisions</b>			
1. <i>Has there been any change on the basis of computation or valuation of any liabilities or provisions including provisions for depreciation, bad debts, obsolescence, etc., during the year as compared to the basis adopted in the previous year?</i>	-	<i>No</i>	-
2. <i>Give particulars of such liabilities, provisions and the changes in the basis of computation and valuation in the form shown in Annex 4. Annex 4 duly completed is submitted herewith.</i>	-	-	<i>Not applicable</i>
 <b>1.7 Trial Balance</b>			
1. <i>If the Trial Balance has not been agreed, what is the difference?</i>	-	-	<b>Trial Balance has been agreed,</b>

	Yes	No	<i>Any other short answer</i>
<b>1.8 Control Accounts</b>			
1. Give in the form shown in Annex 5 particulars of control accounts maintained and the difference, if any, between the control accounts balances and the detailed subsidiary ledger balances. The form duly completed is annexed.	-	-	<i>Not applicable</i>
<b>1.9 Bank Reconciliation</b>			
1. Has the Bank Reconciliation as at the date of the Balance Sheet been prepared?	Yes	-	-
2. Have all debits and credits made direct by the Bank been incorporated in the Cash Book in arriving at the Cash Book Balance shown in the re-reconciliation?	Yes	-	-
3. Are there payments which are outstanding for six months or more awaiting debit by the Bank?	-	No	-
4. Are there any credits outstanding more than one week recorded in the Cash Book but not credited by the Bank?	-	No	-
5. Give particulars of the debits and credits referred to in 3 and 4 above in a separate schedule. The schedule is submitted herewith.	-	-	<i>Not applicable</i>
<b>1.10 Suspense Accounts</b>			
1. Are there any debit accounts or credit accounts appearing in the Balance Sheet which accommodate unidentified items and which await reconciliation and clearing?	-	No	-

	Yes	No	Any other short answer
3. Has any item of revenue been omitted ?	-	No	-
4. If any item of revenue or expenditure had been omitted give particulars of such items and the reasons therefore in a separate schedule. The schedule is annexed.	-	No	-

### 2.3 Exceptional Items

1. Are there any item of revenue of a non-recurring nature or which are unusual or exceptional ? What is the total of such items ?	-	No	-
2. Are there any items of expenditure of a non-recurring nature or which are unusual or exceptional ? What is the total of such items ?	-	-	Not applicable
3. What would be the profit or loss for the year under review exclusive of the exceptional items referred to above ?	-	-	Not applicable

### 2.4 Estimates and Apportionments

1. Has any item of revenue or expenditure or any part thereof been brought into account on an estimated basis ?	-	No	-
2. Does any item of revenue or expenditure include transfers from other accounts or any basis of apportionment ?	-	No	-
3. Where any estimates or apportionments have arisen give particulars of such estimates and apportionments, the reason for estimating and apportioning and the basis of estimating and	-	-	Not applicable

	Yes	No	<i>Any other short answer</i>
apportioning in a separate schedule. The Schedule is annexed.			

## 2.5 *Capital and Revenue Expenditure*

- |  |   |    |   |
|--|---|----|---|
| 1. Does expenditure charged against income include any items, the benefit of which may extend beyond the period of the accounts ?  | - | No | - |
| 2. Has any expenditure which are directly associated with stocks, stores or fixed assets including financial charges, charged separately in the Profit and Loss Account without being included in the cost of the assets concerned ? | - | No | - |
| 3. Has interest, rebates, discounts and financial charges relating to acquisition of fixed assets been brought to account in the Profit and Loss Account ?   | - | No | - |

## 2.6 *Variations in Profit and Loss Items*

- |   |   |   |   |
|---|---|---|---|
| 1. Give particulars of the variations in items shown in the Profit and Loss Accounts as compared to the previous year in the Form shown in Annex 9. Annex 9 duly completed is submitted herewith. | - | - | <i>Duly completed<br/>Annex is<br/>attached</i> |
|---|---|---|---|

## 2.7 *Appropriations*

- |  |     |   |   |
|--|-----|---|---|
| 1. Have the appropriations of profits up to the previous Balance Sheet date been approved in accordance with the provisions of the Finance Act, No. 38 of 1971 ? | Yes | - | - |
|--|-----|---|---|

	Yes	No	Any other short answer
2. Are the proposed appropriation of the current year's profits approved in accordance with the provisions of the Finance Act ?	Yes	-	-
3. Has application been made to the Ministry in charge for the necessary approval of appropriations of surpluses in accordance with the provisions of the Finance Act, No. 38 of 1971 ?	Yes	-	-
4. Have all compulsory contributions to the Consolidated Fund been charged in arriving at the net surplus available for appropriations ?	-	-	Not applicable

### 2.8 Variations compared to Budget

1. Explain all the major variations between the items in the accounts for the current period with those of budget in the form shown in Annex 10. The form duly completed is submitted herewith.	-	-	Not applicable
2. Explain the variations between budgeted output volume and actual output volume in the form shown in Annex 10. The form duly completed is submitted herewith.	-	-	Not applicable

### 3. Procedures

#### 3.1 Have written instructions or manuals been prepared in respect of the following subjects ?

(a) Purchasing	Yes	-	-
(b) Sales	Yes	-	-
(c) Receipts	Yes	-	-
(d) Payments	Yes	-	-

	<i>Yes</i>	<i>No</i>	<i>Any other short answer</i>
(e) <i>Inventory Control</i>	<i>Yes</i>	-	-
(f) <i>Budgeting</i>	<i>Yes</i>	-	-
(g) <i>Capital expenditure control</i>	<i>Yes</i>	-	-
(h) <i>Security and Maintenance of Assets</i>	<i>Yes</i>	-	-
(i) <i>Pay-rolls</i>	<i>Yes</i>	-	-
(j) <i>Foreign exchange allocations</i>	<i>Yes</i>	-	-
(k) <i>FEECs</i>	-	-	<i>Not applicable</i>
<b>2. <i>Have control accounts been maintained in the general ledger in respect of the following ?</i></b>			
(a) <i>Fixed Assets</i>			
(b) <i>Stocks</i>	<i>Yes</i>	-	-
(c) <i>Trade Debtors</i>	<i>Yes</i>	-	-
(d) <i>Employee Debtors</i>	<i>Yes</i>	-	-
(e) <i>Trade Creditors</i>	-	-	<i>Not applicable</i>
(f) <i>Deposits receivable</i>	<i>Yes</i>	-	-
(g) <i>Deposits Payable</i>	<i>Yes</i>	-	-
(h) <i>Others (with details)</i>			
3. <i>Has an internal audit been in operation ?</i>	<i>Yes</i>	-	-
4. <i>Is there numerical control on all important documents supporting original entries in the accounts such as purchase orders, payment vouchers sales invoices, cash receipts, goods receipts, goods issue orders, etc. ?</i>	<i>Yes</i>	-	-
<b>4. <i>Compliance with laws, regulations, etc.</i></b>			
1. <i>Have all income tax returns required to be rendered been rendered ?</i>	-	-	<i>Not applicable</i>
2. <i>Is payment of Income tax in arrears ?</i>	-	-	<i>Not applicable</i>

	Yes	No	Any other short answer
3. Have all amounts due in respect of Business Turnover Tax been paid promptly ?	-	-	Not applicable
4. Have any fines been imposed for non-payment of inland revenue taxes ?	-	-	Not applicable
5. Have provisions of the Shop and Office Employees' Act been complied with ?	Yes	-	-
6. In entering into contracts involving foreign exchange has the necessary approvals been obtained from the Central Bank, Exchange Control, Ministry of Planning and other authorities.	Yes	-	-
7. Are there any Board decisions which have not been implemented ?	-	None	-
8. Are there any Directives from the Cabinet, the Ministry or the Treasury which have not been complied with ?	-	No	-
9. Are all the provisions in Finance Act, No. 38 of 1971, being complied with? Indicate the numbers of the sections.	Yes	-	-
<b>5. Losses</b>			
1. Details of losses detected and experienced during the year should be given in the form shown in Annex 11. The form duly completed is submitted herewith.	-	-	Not applicable

	Yes	No	Any other short answer
<b>6. Idle Resources</b>			
1. Is there any plant, machinery or equipment which is ready for operation but not in operation ?	-	None	-
2. Is there any plant, machinery or equipment which is underutilized ?	-	None	-
3. Are there any surplus, redundant or obsolete assets awaiting disposal ?	Yes	-	-
4. Are there any items of plant, machinery, etc., waiting installation ?	-	No	-
5. Particulars of idle resources should be given in the form shown in Annex 12. The form duly complete is submitted herewith.	-	-	Not applicable
<b>7. Commitments and Contracts</b>			
1. Were any contracts entered into in respect of which any Director or the Corporation had any interest ? If so, did the Directors declare their interest ?	-	-	Not applicable
2. Were any contracts entered into with foreign suppliers or buyers ?	-	-	Not applicable
3. Were any contracts awarded to parties other than the lowest in case of a purchase or highest in case of a sale ?	-	No	-
4. In evaluating the contracts were the following factors taken into consideration ?	-	-	Not applicable
(a) Foreign exchange costs ;			
(b) Credit terms			

	<i>Yes</i>	<i>No</i>	<i>Any other short answer</i>
5. <i>Were there any contracts for purchases or capital expenditure in respect of which the final cost of the work done exceeded the value of the original contract ?</i>	-	<i>No</i>	-
6. <i>Was any additional work awarded to any contractor or supplier after the award of the original contract without calling for tenders or quotations. If so, what is the value of the work awarded ?</i>	-	<i>No</i>	-
7. <i>Were there any contractors in respect of which the date of completion had to be extended beyond the originally agreed date ?</i>	-	<i>No</i>	-
8. <i>Were there any contracts which were abandoned by the contractor ?</i>	-	<i>No</i>	-
9. <i>Were there any contracts awarded to any party without calling for quotations or tenders ?</i>	-	<i>No</i>	-
10. <i>Were there any contractors or suppliers who defaulted the terms of the contract ?</i>	-	<i>No</i>	-
11. <i>Did any disputes arise with any contractor during the period under review ?</i>	-	<i>No</i>	-
12. <i>Are there any penalties or fines recoverable from contractors, suppliers and buyers ?</i>	-	<i>No</i>	-
13. <i>Particulars of the contracts awarded during the year should be given in the form shown in Annex 13. The form duly completed is submitted herewith.</i>	-	-	<b><i>Duly completed Form is attached</i></b>

## **8.0. CONCLUSION**

It is our observation that the Sri Lanka Institute of Local Governance has performed its functions successfully during year 2013 by satisfactorily achieving its targets and objectives.

As a result, the performance and the knowledge of staffs of local authorities were satisfactorily improved.

However, it was observed that the performance of the SLILG has to be further improved in order to accelerate the fulfillment of future needs and to meet the future challenges faced by provincial councils and local authorities.

My observation is that the provincial level training activities needs to be further strengthened in order to transfer new technology and improved management practices to the local level with a view to enhancing the knowledge of the elected members, officials and business representatives of the local authorities.

It was also observed that the SLILG should act in collaboration with Management Development Training Units in order to meet the quality standards of the local institutes by conducting effective training programmes and providing consultancy services.

It was further observed that follow up activities have to be carried out in order to get the feed back of the participants of those programmes for the purpose of making the necessary adjustments in the course syllabuses and curricula of the courses that have been conducted.

The need for strengthening of the Committee of the Editorial Board was also noted in order to improve the quality of the publications of the Institute.

Reorganizing and developing the library of the institute, too, has become essential in order to enable it to provide an effective and efficient service to the local government sector in transferring new knowledge and technology through computer skills and new publications on various fields.

Since there is a high demand for the training programmes and other services of the Institute, the need for providing adequate building space for conducting those programmes has also been noted. As the institute is housed in an old building, there is little possibility of further expansion. Therefore, arrangements are underway to construct a five storey building in the land adjoining the premises of the existing building.

It has been planned to construct the proposed building with all the required facilities including an auditorium, library, restaurant and other facilities in order to attract both the participants and resource persons of the training programmes. Moreover, the fleet of vehicles of the Institute, too, has to be increased. This is essential to undertake more training programmes in outstation areas.

SLILG has to provide continuous facilitation for efficient and effective performance of activities of the provincial councils and local government bodies by conducting training programmes and workshops that are necessary for the devolution of the power among the provincial councils and local authorities as well as for improving the performance of those institutes. Therefore, it is also important to develop the infrastructure facilities of the SLILG. Accordingly, those development activities have been being implemented since 2012 under the guidance of the Governing Council of the Institute and the Ministry of Provincial Councils and Local Government and will continue during the period of next ten (10) years.

Thus, it is pleasing to note that Sri Lanka Institute of Local Governance has performed its role quite effectively achieving its targets and objectives during the year 2013.

**Director**  
**Sri Lanka Institute of Local Governance**