Ministry of Provincial Councils, Local Government & Sports

SRI LANKA INSTITUTE OF LOCAL GOVERNANCE

ANNUAL REPORT 2016

No. 17, Malalasekara Mawatha,
Colombo 07.

Contents

1.0. INTRODUCTION

Sri Lanka Institute of Local Governance (SLILG) emerged in the background of the search for a developmental vision for Local Government in the country. 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 an 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.

1.1. Vision

"A Provincial and Local Government System which is Vibrant and Accountable and Assures High Quality service delivery to the Community"

1.2. Mission

"Develop human capital to promote sustainable development and good governance in provincial councils & local Government through advocacy, training & researches"

1.3. 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.

1.4. 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.

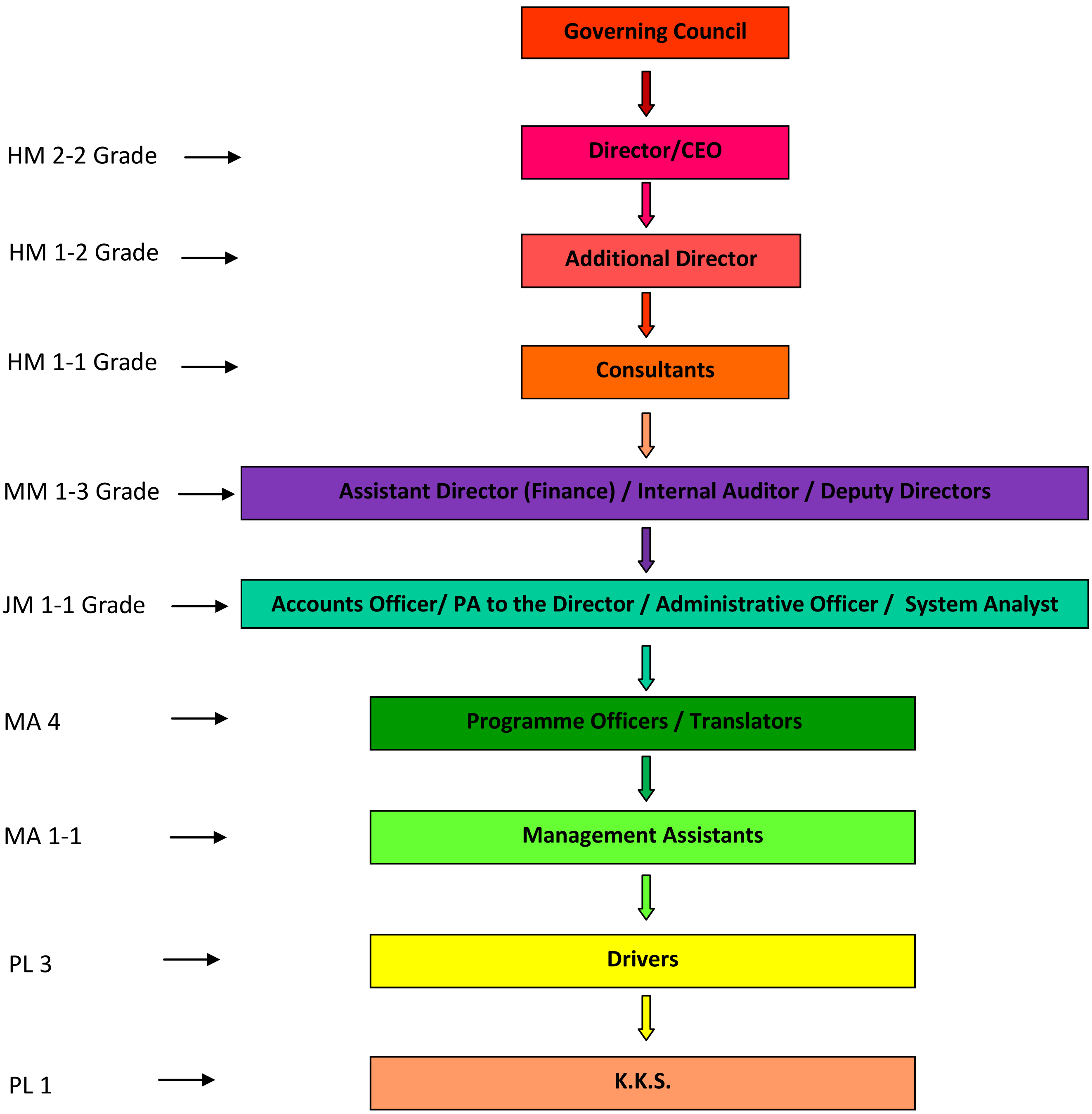
1.5. MANAGEMENT STRUCTURE OF SLILG

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, Assistant Director (Finance) and the support 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.

Management Structure of SLILG



***** The management structure will be changed as per the discussions with Management Services Department*

1.6. CADRE POSITION OF THE INSTITUTE DURING YEAR 2016

The total cadre position for year 2016 is as follows,

Table 1

Division	Approved Cadre Position			Actual Cadre		
	Executive	**Non Executive**	**Total**	**Executive**	**Non Executive**	**Total**
Administration Division	07	21	28	05	16	21
Engineering Division	02	--	02	01	--	01
General Management & HRD Division	02	--	02	01	--	01
Physical Planning Division	02	--	02	02	--	02
Financial Management Division	01	01	02	01	01	02
Legal & Legislative Affairs Division	02	--	02	01	--	01
Research & Development Division	03	--	03	03	--	03
Training Division	02	--	02	02	--	02
Accounts Division	02	03	05	01	03	04
Total			**48**	**Total**		**37**

2.0. LAYOUT

2.1. Introduction to SLILG

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 13th 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 Eighteen (18) 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 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.

2.2. 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) Commonwealth Local Government Forum (CLGF) (b) Network of Local Government Training and Research Institutes in Asia and the Pacific (LOGOTRI)
Local Associations	:	a) The Asia Foundation - Colombo b) Care International c) Searh for Common Grounds (SFCG)
Affiliated Projects	:	(a) Disaster Resilient Project (b) North East Local Service Improvement Project (NELSIP)

2.3. Governing Council from 01st January 2016 to 31st December 2016

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

The ex officio and the appointed members are as follows,

- Mr. Kamal Pathmasiri - Chairman
  Secretary – Ministry of Provincial Councils and Local Government

- Mr. J. Dadallage (upto July 2016) - Member
  Secretary – Ministry of Public Administration & Management

  And

  Mr. J.J. Ratnasiri (upto October 2016)
  Secretary – Ministry of Public Administration & Management

- Mr. B.M.U.D. Basnayake (upto Feb. 2016) - Member
  Secretary – Ministry of Urban Development & Water Supply

  And

  Mr. N.D. Hettiarachchi (upto April 2016)
  Secretary – Ministry City Planning & Water Supply

- Mr. Udaya R. Seneviratne - Member
  Secretary – Minsitry of Mahaweli Development and Environment

- Mr. D. Swarnapala (from March 2016) - Member
  Secretary – Ministry of Internal Affiars, Wayamba Development and Cultural Affairs

- Mrs. N. Godakanda (upto September 2016) - Member
  Director General– Dept. of Management Service,
  Ministry of Finance & Planning

  And

  Dr. M.K.C. Senanayake (from October 2016)
  Director – Dept. of Fiscal Planning, Ministry of Finance & Planning

- Mr. D.P. Hettiarachchi - Member
  Former Additional Secretary, Ministry of Provincial Councils and Local Government

- Mr. Z.A.H. Ahmed - Member
  Attorney –at-Law & Notary Public

- Mrs. Reunka M. Weerakone - Member
  Attorney –at-Law

- Mr. N.M.M.Ninzer - Member
  Chairman – JIC (Pvt) Ltd

- Mr. I.P.K. Koralage (from Feb. 2016) - Member
  No. 302/3, Meegasmulla, Dadigamuwa

- Mr. Sujeeve Samaraweera - Member & Convenor
  Director – Sri Lanka Institute of Local Governance

Secretary of the Governing Council

- Ms. Niranjala Perera
  Board Secretary cum PA to the Director/CEO

2.4. Audit and Management Committee

The following members were engaged in activities of the Audit and Management Committee during year 2016.

(a). Ms. N. Godakanda - Chairman
Department of Management Services (upto September 2016)

and

Dr. M.K.C. Senanayake (from October 2016)
Director – Dept. of Fiscal Planning, Ministry of Finance & Planning

(b). Ms. Reunka M. Weerakone - Member
Attorney –at-Law

(c). Mr. N.M.M. Ninzer - Member
Chairman – JIC (Pvt) Ltd
Member of the Governing Council

(d). Mr. Sujeeve Samaraweera - Member
Director – Sri Lanka Institute of Local Governance

(e). Mr. Ranjith Liyanarachchi - Convener
Internal Auditor
Sri Lanka Institute of Local Governance

External Observers

(f). Ms. Udeni Perera
Superintendent of Audit

Secretary to the Audit & Management Committee

(g). Ms. Niranjala Perera
Board Secretary cum PA to the Director/CEO

3.0. REVIEW OF THE MANDATE OF THE AUTHORITY AND THE ROLE OF THE INSTITUTE TOWARDS THE IMPROVEMENT OF PERFORMANCE OF PROVINCIAL COUNCILS AND LOCAL AUTHORITIES

3.1. Consultancy Service of Sril Lanka Instiute of Local Governance

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

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

3.2. Target Group

The beneficiaries of training, research and consultancy services, etc. are the nine provincial councils and the local government bodies which comprise elected representatives respectively. The total strength of office staff, field staff and the employees of other grades that draws our concern amounts to around 50000.

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.

3.3. 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 (MDTU) and the SLILG.

MDTU Meetings at SLILG

Provincial Coordinators Meetings

3.4. 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.

<u>Visit of Bangladesh Delegation – 13th & 14th Oct. 2016</u>

<u>Visit of Bangladesh Delegation – 22nd & 23rd Sept. 2016</u>

<u>Monitoring & Evaluation Programme for Deputy Chief Secretaries – 02nd & 03rd March 2016</u>

<u>By Mr. Azhar Khan – M & E Specialist (World Bank)</u>

3.5. 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, USAID, UN-HABITAT, Care Insternational, World Bank and European Union during the year 2017.

3.6. Special Event

SIGNING OF THE MEMORANDUM OF UNDERSTANDING (MOU) WITH KILA, INDIA

On 27th June 2016, SLILG opened a new chapter with Kerala Institute of Local Administration (KILA), India by signing a Memorandum of Understating (MOU) under the new vision of the Hon. Faiszer Musthapha (M.P.), Minister of Provincial Councils and Local Government. This will help to strengthen the ties between similar international organizations with the national institute caters for the capacity development requirements of the Local Government sector.

Mr. H.T. Kamal Pathmasiri, Secretary to the Ministry of Provincial Councils and Local Government and the distinguished presence of Dr. Balan, Director KILA to grace this important occasion to ties the relationship with two national training Institutes.

Through this partnership SLILG hope to develop a joint training programme among two Institutions leads to strengthen the capacities of elected members and staff of Local Government Institutions. It leads to knowledge and experience sharing of the persons engaged in the Local Government Institutions.

Further we have planned to conduct a two day national symposium on “Increase women representation in politics” during the latter part of the year particularly before the Local Government elections to encourage and promote more women representation in Local Authorities.

3.7. 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.

4.0 OVERALL PERFORMANCE OF THE INSTITUTE DURING YEAR 2016

Summary of the National Level Programmes conducted by the Institute – Year 2016

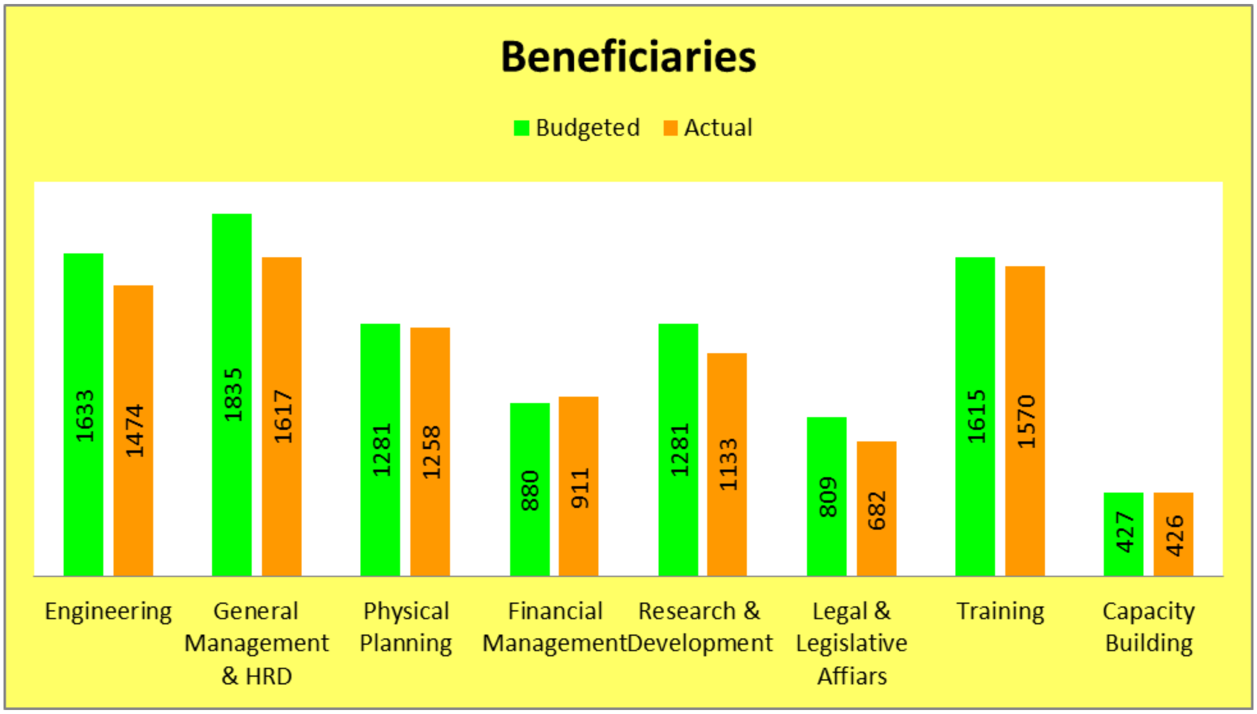
Table 1

	Western	North western	North central	Sabaragamuwa	Central	Southern	Uva	Eastern	Northern	Total
Engineering	5	4	1	3	2	2	3	-	1	21
General Management	3	6	4	2	4	6	4	1	1	31
Physical Planning	2	3	2	3	2	5	1	2	1	21
Financial Management	1	4	5	3	3	2	3	-	-	21
Research	5	7	6	-	1	1	4	-	-	24
Legal & Legislative	1	-	-	3	-	2	-	-	-	06
Capacity Building	5	4	2	2	2	2	2	2	-	21
Training Division	1	2	2	-	-	-	3	-	-	08
Total	23	30	22	16	14	18	19	05	03	153

***** The above exclude the requested programmes from Provincial level*

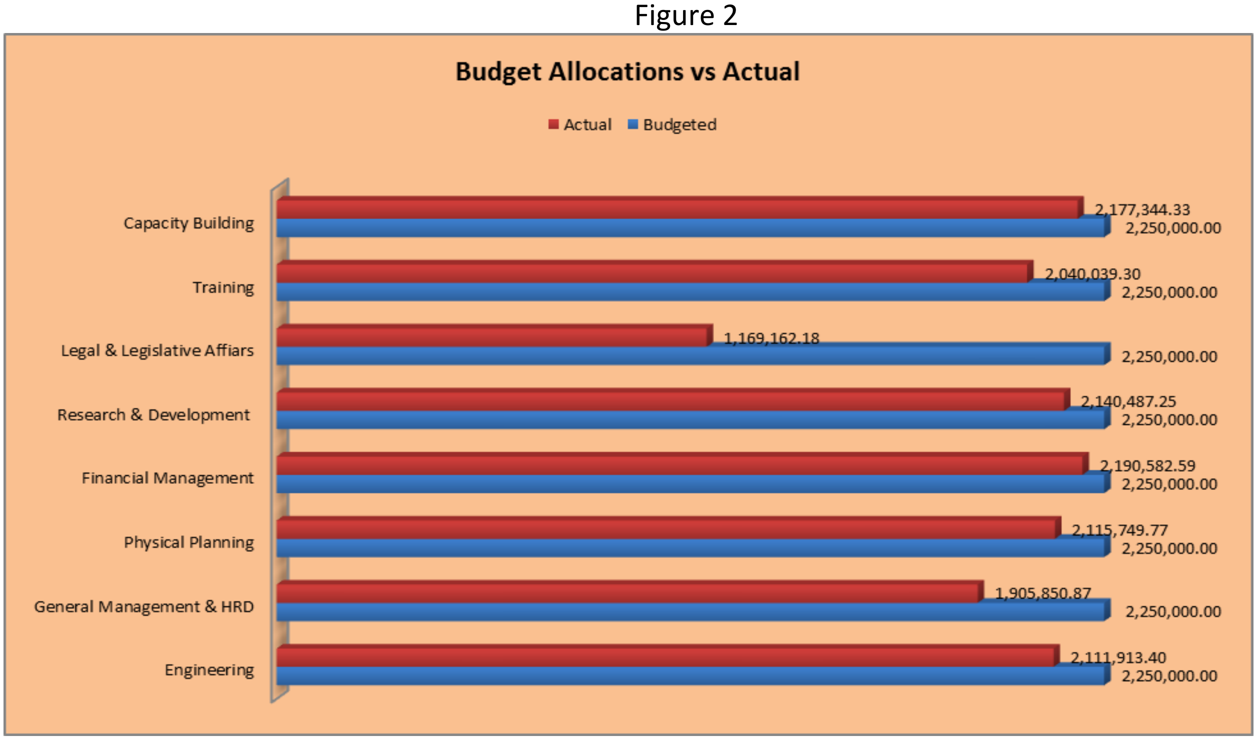
Target & Actual Beneficiaries

Figure 1



Budget allocation and Actual expenditure for all divisions

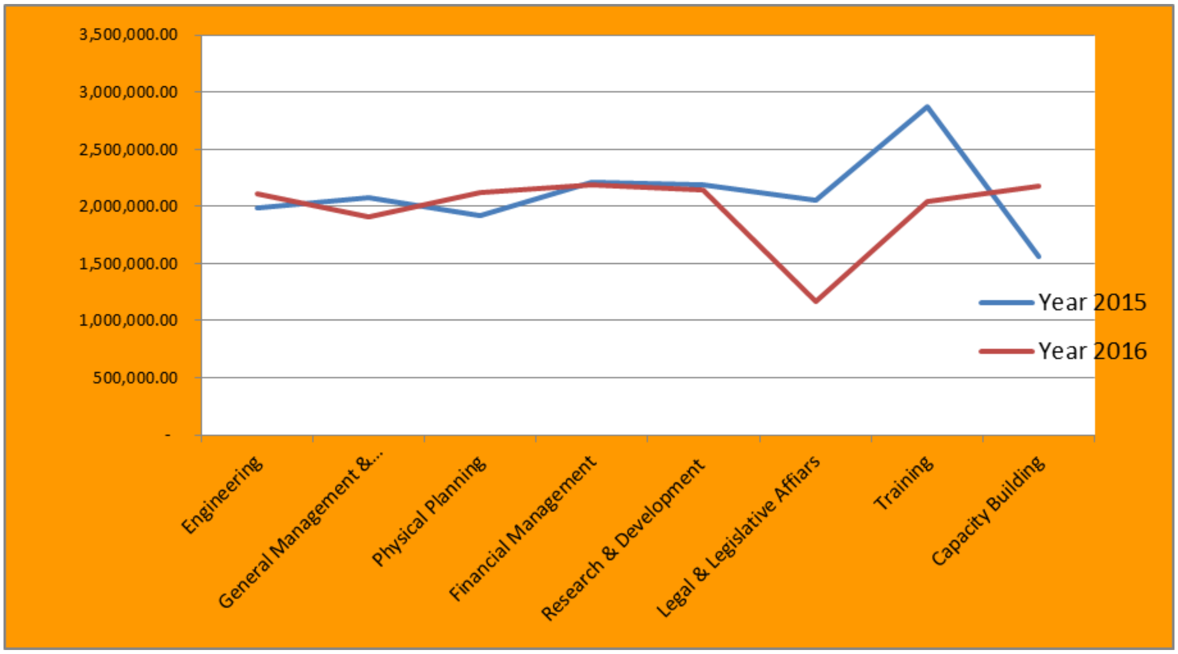
Figure 2



**** The actual expenses are taken excluding fee levy allocations*

Comparison of Financial Progress Year 2015 & Year 2016

Figure 3

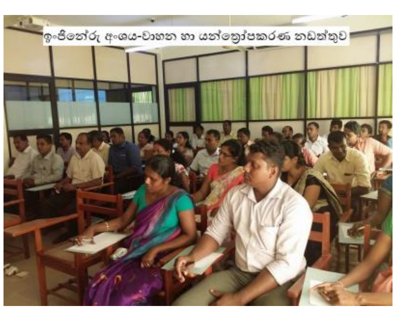


4.1. INFORMATION ON THE PERFORMANCE OF EACH DIVISION OF THE INSTITUTE

4.1.1. ENGINEERING DIVISION

- Allocated Budget - Rs. 2,250,000.00
- Utilized Amount - Rs. 2,111,913.40
- No. of Programmes / Workshops etc. completed (including Provincial level programmes) - 38
- Actual beneficiaries - 1474
- Usage percentage of funds - 93.86%

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.

4.1.2. GENERAL MANAGEMENT & HUMAN RESOURCE DEVELOPMENT DIVISION

- Allocated Budget - Rs. 2,250,000.00
- Utilized Amount - Rs. 1,905,850.87
- No. of Programmes / Workshops etc. completed (including Provincial level programmes) - 42
- Actual beneficiaries - 1617
- Usage Percentage of Funds - 84.70%

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 focused 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.

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.

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.

4.1.3. 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.

- Allocated Budget - Rs. 2,250,000.00
- Utilized Amount - Rs. 2,115,749.77
- No. of Programmes / Workshops etc. completed
  (including Provincial level programmes) - 24
- Actual beneficiaries - 1258
- Usage Percentage of Funds - 94.03%

4.1.4 FINANCIAL MANAGEMENT DIVISION

- Allocated Budget (LKR 000') - Rs. 2,250,000.00
- Utilized Amount (LKR 000') - Rs. 2,190,582.59
- No. of Programmes / Workshops etc. completed (including Provincial level programmes) - 19
- Actual beneficiaries - 911
- Usage Percentage of Funds - 97.35%

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

4.1.5 Legal & Legislative Affairs Division

- Allocated Budget (LKR 000') - Rs. 2,250,000.00
- Utilized Amount - Rs. 1,169,162.18
- No. of Programmes / Workshops etc. completed (including Provincial level programmes) - 07
- Actual beneficiaries - 682
- Usage Percentage of Funds - 51.96%

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 the year 2015 and will be continuing for Year 2016 as well. This helps 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.

4.1.6. TRAINING DIVISION

- Allocated budget (LKR 000') = Rs. 2,250,000.00
- Utilized Amount (LKR 000') = Rs. 2,040,039.30
- No. of Programmes / Workshops etc. completed (including Provincial level programmes) = 31
- Actual beneficiaries = 1570
- Usage Percentage of Funds = 90.66 %

Training division of the institute has carried out the following activities relating to human resource development of officers and elected members of provincial councils and local authorities.

- Assessment of Training needs
- Identification of target groups
- Development of training manuals and modules
- Conduct training of trainers programme
- Arrange training programmes in key areas for members and staff of Provincial Councils and Local Government Institutions
- Conduct the National level Diplomas / Certificate Courses on Local Governance.
- Disseminate information on Local Governance
  - Quarterly Newsletter (Tamil/Sinhala)
  - Governance Journal (Annually)
- Establish and maintain an up to date Library on Local Governance
- Support and strength the MDTUs and PCLGs for conducting Provincial and Local Government training.
- Co-ordinate, monitor and evaluate the training programmes conducted by MDTUs and PCLGs in local levels.

__Development of Training Manuals & Modules & Diploma examinations__

__Programme for Media Officers on Local Governance__

__Diploma Award Ceremony 2016__

4.1.7. CAPACITY BUILDING OF SLILG

Having passed several landmarks during the period of past eighteen (18) 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 asses the impact in achieving its goals and objectives. It was expected to perform the functions of the institute eliminating isolation.

- Allocated Budget (LKR 000') - Rs. 2,250,000.00
- Utilized Amount (LKR 000') - Rs. 2,177,344.33
- Actual beneficiaries - 426
- Usage Percentage of Funds - 96.77%

<u>Staff Capcacity building Programmes</u>

Programme for Resource Personnel – 17th May 2016 at Fingara

SLILG Staff capacity building programme

IT Training Programmes

4.1.8. 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 programes 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.

- Allocated Budget (LKR 000') - Rs. 2,250,000.00
- Utilized Amount (LKR 000') - Rs. 2,140,487.25
- Actual beneficiaries - 1133
- Usage Percentage of Funds - 95.13%

CHAPTER 05 - Financial Information 2016

5.1. Audit Opinion

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கணக்காய்வாளர் தலைமை அதிபதி திணைக்களம்
AUDITOR GENERAL'S DEPARTMENT

මගේ අංකය / எனது இல. / My No. } WNP2/ CB/H/SLILG/FA/2016 ඔබේ අංකය / உமது இல. / Your No. }

දිනය / திகதி / Date } 31 August 2017

The Chairman,
Sri Lanka Institute of Local Governance

Report of the Auditor General on the Financial Statements of Sri Lanka Institute of Local Governance for the year ended 31 December 2016 in terms of Section 14(2)(C) of the Finance Act No. 38 of 1971

The audit of financial statements of the Sri Lanka Institute of Local Governance for the year ended 31 December 2016 comprising the statement of financial position as at 31 December 2016, the statement of financial performance, statement of changes in net assets 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 Section 13(1) of the Finance Act, No. 38 of 1971 and Section 18 of the Sri Lanka Institute of Local Governance Act, No. 31 of 1999. My comments and observations which I consider should be published with the Annual Report of the Institute in terms of Section 14(2)(C) of the Finance Act appear in this Report. A detailed report in terms of Section 13(7)(a) of the Finance Act was sent to the Chairman of the Institute on 16 August 2017.

1.2 Management's Responsibility for the 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 error.

අංක 306/72, පොල්දූව පාර, බත්තරමුල්ල, ශ්‍රී ලංකාව, - இல. 306/72, பொல்துவ வீதி, பத்தரமுல்லை, இலங்கை. - No. 306/72, Polduwa Road, Battaramulla, Sri Lanka
+94-11-2887028-34 +94-11-2887223 oaggov@sltnet.lk www.auditorgeneral.gov.lk

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 Auditing 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 judgement, including the assessment of the risks of material misstatement of the financial statements whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Institute's preparation and fair presentation of 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 Institute's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. Sub-sections (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.

1.4 Basis for Qualified Opinion

My opinion is qualified based on the matters described in paragraph 2.2 of this report.

2. Financial Statements

2.1 Qualified Opinion

In my opinion, except for the effects of the matters described in paragraph 2.2 of this report, the financial statements give a true and fair view of the financial position of the Sri Lanka Institute of Local Governance as at 31 December 2016 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 Accounting Policies

Even though a sum of Rs. 508,434,195 had been shown as Government Capital Grants in the statement of financial position, the policy of accounting of Government Grants had not been disclosed in the financial statements.

2.2.2 Accounting Deficiencies

The following observations are made.

(a) Since a sum of Rs. 18,400,000 received as capital grants in the year under review considered as recurrent grants and taken into accounts as Revenue in the statement of financial performance, the profit had been overstated and the capital grants had been understated in the year under review by the same amount.

(b) Even though the depreciation rate of computers and accessories was 20 per cent in accordance with the accounting policies appear in the financial statements, since the provision for the depreciation was done by a 10 per cent of depreciation rate for 07 computers and accessories in the Register of Fixed Assets furnished to audit the provision for depreciation amounted to Rs. 75,347 had been understated.

(c) Even though the work in progress valued at Rs. 45,357,072 for the construction of a building as at 31 December in the year under review despite it had been shown as Rs. 44,757,072 the value of the work in progress had been understated by Rs. 600,000 in the accounts and that value understated had been debited to the Research and Library Books Account and Computer Training Certificates Account.

2.2.3 Lack of Evidence for Audit

The letters of confirmation of balances in respect of accounts payable amounting to Rs. 262,934 were not furnished to audit as at the end of the year under review.

2.3 Accounts Receivable and Payable

The following observations are made.

(a) A sum of Rs. 492,000 receivable from the Ministry of Provincial Council and Local Governance for the Diaries which were printed by the Institute for the year 2015 had not been received to the Institute even during the year 2016 and sufficient actions had not been taken to recover that amount.

(b) Action had not been taken to settle the improper credit balance amounted to Rs.54,240 remained in the Staff Loan Account as at 31 December 2016.

(c) An officer who had worked as a Director of the Institute but not entitled to the staff loans had died at the moment, action had not been taken to recover the distress loan he had obtained amounted to Rs. 404,752 from his guarantee.

(d) An action had not been taken by the Institute even during the year under review to recover the distress loan balance amounted to Rs.267,304 which should be receivable from 07 officers who were resigned from the Institute and the interdicted .

(e) An amount of Rs. 40,388 receivable and included in Schedule vii of Current Assets remained continuously as staff loan accounts and action had not been taken to settle those balances.

3. Financial Review

3.1 Financial Results

According to financial statements presented the financial result of the Institute for the year under review had been a deficit of Rs. 4,805,575 thus indicating a corresponding deficit of Rs. 1,927,273 in financial results for the preceding year , the deficit of financial results had been increased by Rs. 2,878,302 for the year under review as compared with the preceding year. Even though the other income had increased by a sum of Rs. 6,882,021, the appearance of expenditure amounted to Rs.8,847,375 for consultancy service had attributed to the increase of the above deficit.

In analyzing the financial results of the year under review and 04 preceding years the remained deficit of the Institute amounting Rs. 3,467,357 in the year 2012 had increased to a deficit of Rs. 4,805,575 by the year 2016. However, in considering the adjustments of the employees remuneration, and the depreciation for the non-current assets to the financial result, the contribution of the Institute amounted to Rs.18,644,327 in the year 2012 had been Rs. 33,134,380 by the end of the year 2016 subject to fluctuations.

4. Operating Review

4.1 Performance

Fourteen activities of the Institute had been shown in terms of Section 3 of Sri Lanka Institute of Local Governance Act, No. 31 of 1999. Action had not been taken by the Institute to achieve the following activities out of that.

(a) Action had not been taken for the training of the members, officers and servants of the Provincial Councils and the Local Authorities with a view to equipping those members, officers and servants to perform their duties more efficiently and effectively.

(b) Activities had not been made available to obtain the service of the specialists for the Provincial Councils and Local Government Management to the Provincial Councils and the Local Authorities.

(c) It had not been assisted by improving organizational systems and management capabilities in the Provincial Councils and the Local Authorities and conducting researches , promotions and assisting for them had also not been done in respect of the all aspects of those institutions.

(d) Consultancy assignments had not been undertaken in the fields of provincial and local government.

(e) A Forum had not been established for a critical appraisal of provincial and local government organizational management systems and practices.

4.2 Management Activities

The following observations are made.

(a) Even though the two executive officers of the Institute who had been subjected to a disciplinary inquiry in respect of a cash fraud, had been attached to the Line Ministry from the month of January 2016 a sum of Rs. 2,073,849 had been paid as salaries and allowances for the year 2016 for these two officers. However, any contribution had not been obtained from these officers for the performance of the Institute.

(b) A revolving loan fund had been commenced and maintained as "Loans and Welfare System" in the year 2001 from the contribution of Rs. one million and as a result of the deficiencies occurred at the instances of granting and obtaining loans the Loan Fund had been idle in the year 2015. However, even though a balance of Rs. 4,399,789 remained in that Fund as at 31 December 2016 the management had not taken action to achieve the objectives of the Fund. Further, the interest received on savings account of the Fund amounting Rs. 125,954 and the interest received for the loans amounting Rs. 479,426 in the year under review had been shown as other income of the Institute without adjusting through the Funds.

4.3 Operational Activities

Even though the absence of an approved post as Working Director for the Institute the Director of the Institute had obtained a sum of Rs. 480,000 for 08 months by Rs. 60,000 per month in the year under review as the Working Director and although a sum of Rs. 100,000 had been refunded on 22 March 2017 action had not been taken to pay the balance remained.

4.4 Procurement and Contract Procedure

It had been entered into a contract agreement amounting Rs. 53,196,907 for the construction of 04 storied building for the Institute selecting a contractor by calling bids in the year 2013 and the construction of the piling and foundation of the building had been handed over to a sub-contractor by the main contractor. The following observations are made in this connection.

(a) Even though the Governing Council of the Institute had decided that the building proposed for 04 storied to extend up to 8 floors on 04 November 2013 and informed to the main contractor in writing, due to the main contractor had not informed the sub-contractor regarding that the piling and the foundation work had been completed to be sufficient only for 4 floors.

(b) A consultancy firm or a person had not been appointed for the construction and supervision of the piling and foundation work by the Institute. Even though the contractor had submitted the bills for the supervision of the work of the sub-contractor amounting Rs. 755,709 as supervision expenditure, any technical examination relating to the completed piles had not been carried out and conduction of those examinations and submission of reports had not been carried out by the sub-contractor.

(c) A sum of Rs. 38,147,381 had been paid to the contractor without examination of the piles constructed and due to the piles were joined by laying the pile caps, those were at a position which is impossible to check later on.

(d) The PDA examination had been conducted later on only for 02 piles where the pile caps were not laid by the Institute. Out of that it had been confirmed that the required quality was not included in one pile and the quality had not been confirmed in all the remained piles. Accordingly, it was observed in audit since the Institute had accepted that the construction was not suitable on them, the expenditure incurred amounting Rs. 44,757,072 had become an uneconomic expenditure.

4.5 Staff Administration

The approved cadre and the actual cadre of the Institute as at 31 December 2016 had been 48 and 37 respectively and the number of vacancies and the number of excess cadre had been 14 and 03 respectively. Remaining of vacancies had adversely affected to the performance of the Institute.

5. Accountability and Good Governance

5.1 Unresolved Audit Paragraphs

According to the decision of the Committee on Public Enterprises held on 05 March 2014, even though it was stated that the covering approval of the Treasury should be obtained for the bonus paid in the year 2011 and thereafter such an approval had not been obtained even by the end of the August 2016.

5.2 Action Plan

Even though an Action Plan had been prepared and submitted to the audit by the Institute for the year 2016, it had not been prepared by including the information mentioned in the Section 04 of the Public Finance Circular No.01/2014 dated 17 February 2014. Similarly, a method had not been maintained timely by the Institute to be able to check the progress of achieving the activities in the Action Plan furnished to audit.

5. 3 Budgetary Control

The following observations are made.

(a) Even though a the Budget Estimate had been approved by the Governing Council in terms of Section 8(3) of the Finance Act No. 38 of 1971 , a budgeted profit and loss account, a balance sheet and a statement of cash flow had not been prepared for the relevant financial year.

(b) The main operational activity of the Institute was Operation of Training and Research and Consultancy Services are also included in to that. At the instance of estimation of operational expenditure of the Institute, instead of estimating under recurrent expenditure by considering this situation a sum of Rs.41,501,000 had been estimated as human resource development under the capital expenditure.

6. Systems and Controls

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

Areas of Systems and Controls	Observations
(a) Accounting , maintaining of Books and Registers	Non – maintenance of a Register of Fixed Assets properly and the weaknesses available while making provision for depreciation.
(b) Staff Loans	Non – Accounting of Staff Loan Fund properly, not recovering the outstanding loan balances and not recovering the loans from the guarantee.

H.M. Gamini Wijesinghe

Auditor General

Ministry of Provincial Councils and Local Government

SRI LANKA INSTITUTE OF LOCAL GOVERNANCE

FINANCIAL STATEMENTS

For the Year Ended 31st December 2016

No. 17, Malalasekara Mawatha,
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E-mail : info@slilg.gov.lk
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SRI LANKA INSTITUTE OF LOCAL GOVERNANCE

STATEMENT OF FINANCIAL PERFORMANCE

For the Year Ended 31st December 2016

	Notes	31/12/2016	31/12/2015
Operating Revenue			
Government Contribution	01	52,429,000.00	53,859,000
Other Income	02	15,109,602.75	8,227,582
Total Operating Revenue		**67,538,602.75**	**62,086,582**
Operating Expenses			
Administration & Establishment Expenses	03	35,582,653.61	33,727,491
Human Resources Development Expenses	04	20,056,569.05	19,597,500
Consultancy Services Expenses	05	8,847,374.93	-
Retirement Benefit Obligations and Depreciation	06	7,857,580.47	10,688,864
Total Operating Expenses		**72,344,178.06**	**64,013,855**
Surplus / (Deficit) for the year		**(4,805,575.31)**	**(1,927,273)**

SRI LANKA INSTITUTE OF LOCAL GOVERNANCE

STATEMENT OF FINANCIAL POSITION

As at 31st December 2016

	Notes	31/12/2016	31/12/2015
ASSETS			
Non-Current Assets			
Property, Plant & Equipment	07	425,160,205.37	432,349,238
		425,160,205.37	**432,349,238**
WORKING CAPITAL			
Construction Building	08	**44,757,072.25**	**44,757,072**
Current Assets			
Stocks	09	1,801,487.25	1,803,878
Pre - Payments & Receivables	10	3,292,169.33	1,013,437
Debtors & Advances	11	11,535,778.80	12,772,438
Cash and Cash Equivalents	12	11,933,776.88	13,330,158
		28,563,212.26	**28,919,911**
Total Assets		**498,480,489.88**	**506,026,221**
EQUITY & LIABILITIES			
Government Contribution - Capital		508,434,195.41	508,434,195
Accumulated Fund		(21,606,447.31)	(16,571,222)
UNDP Grant		714,658.79	714,659
Projects Contribution - Capital		1,595,824.75	1,782,084
Grant from Asia Foundation		291,000.00	291,000
		489,429,231.64	**494,650,716**
Non Current Liabilities			
Retirement Benefit Obligations	13	5,224,933.23	6,693,463
Retention Money		1,512,000.00	1,512,000
		6,736,933.23	**8,205,463**
Current Liabilities			
Provisions - Audit Fees		350,000.00	1,013,336
Creditors & Accrued Charges	14	1,964,325.01	2,156,707
		2,314,325.01	**3,170,043**
		498,480,489.88	**506,026,221**

The Accounting Policies & Notes on pages 05 to 15 from an integral part of theses Financial Statements. Theses Financial Statements give a true and fair view of the state of affairs of Sri Lanka Institute of Local Governance as at 31st December,2016 & its Surplus / (Deficit) for the ended 31st December 2016.

……………………………

H.T Kamal Pathmasiri

Chairman - SLILG / Secretary - Ministry of PCs & LG

……………………………

N.M.M. Ninzer

Member of AMC & Member of Governing Council

……………………………

P.A.D.Hiran Radisha

Asst. Director - Finance (Cover Up)

……………………………

Sujeewa Samaraweera

Director/ C.E.O.

SRI LANKA INSTITUTE OF LOCAL GOVERNANCE

CASH FLOW STATEMENT

For the Year Ended 31st December 2016

			31/12/2016
CASH FLOWS FROM OPERATING ACTIVITIES			
Surplus /(Deficit) from Ordinary Activities			(4,805,575.31)
Adjustments for Non - Cash Movements			
Depreciation		9,209,530.00	
Provision for Gratuity		(1,351,949.13)	
Prior Year Adjustment		(229,650.00)	*7,627,930.87*
Operating Surplus Before Working Capital Changes			**2,822,355.56**
Increased/ Decreased in Stocks / Debtors / Other Receivables		(1,039,682.38)	
Increased/ Decreased in Creditors & Payables		(192,382.00)	*(1,232,064.38)*
Cash Generated from Operation			**1,590,291.18**
Gratuity paid		(116,580.15)	
Audit Fee Paid		(663,336.00)	*(779,916.15)*
Net cash from operating Activities			**810,375.03**
Cash Flows from Investing Activities			
Purchasing of Non Current Assets			*(2,020,497.00)*
Net Cash Flows from Investing Activities			**(1,210,121.97)**
Cash Flows From Financing Activities			
Transfers from Capital Contribution			*(186,259.15)*
Net Movement During The Year			***(1,396,381.12)***
Cash & Cash Equivalent at Beginning of the Period			13,330,158.00
Cash & Cash Equivalent at End of the Period	**Note 'A'**		**11,933,776.88**

Note 'A'

Bank of Ceylon - A/C No. 2323344	*7,235,138.45*
Bank of Ceylon - A/C No. 2323350	*298,849.51*
Savings Account - Bank of Ceylon - A/C No. 2329975	*4,399,788.92*
	11,933,776.88

SRI LANKA INSTITUTE OF LOCAL GOVERNANCE

STATEMENT OF CHANGES IN NET ASSETS

For the Year Ended 31st December 2016

Description	*Government Contribution Capital*	*Accumulated Fund*	*UNDP Grant*	*Project Contribution - Capital*	*Grant from Asia Foundation*	*TOTAL*
	Rs.	***Rs.***	***Rs.***	***Rs.***	***Rs.***	***Rs.***
Balance as at 01/01/2016	***508,434,195.41***	***(16,571,222.00)***	***714,658.79***	***1,782,083.90***	***291,000.00***	***494,650,716.10***
Surplus / Deficit for the period	-	*(4,805,575.31)*	-		-	***(4,805,575.31)***
Transfer for the period	-	-	-	*(186,259.15)*	-	***(186,259.15)***
*Prior year Adjustments **(Note A)***	-	*(229,650.00)*	-	-	-	***(229,650.00)***
UNHABITAT Grant for the period	-	-	-	-	-	-
Balance as at 31/12/2016	***508,434,195.41***	***(21,606,447.31)***	***714,658.79***	***1,595,824.75***	***291,000.00***	***489,429,231.64***

Note A

Movements in Prior Year Adjustments

	Accumulated Fund
	Rs.
Adjustment of Advance to C redit Purchases	(123,000.00)
Adjustment of Kandalama Assets Transfer	(106,650.00)
	(229,650.00)

SRI LANKA INSTITUTE OF LOCAL GOVERNANCE

NOTES TO THE ACCOUNTS

For the Year Ended 31st December. 2016

		31/12/2016	31/12/2015
Note 01 - Government Contribution			
2100 - 02	General Treasury	2,429,000.00	53,859,000
	Total	**52,429,000.00**	**53,859,000**
Note 02 - Other Income :-			
1505 - 01	Miscellaneous Income	51,081.25	10,749
1505 - 02	Interest on Loan to Employees	479,426.26	483,577
1505 - 03	Sales of Publication	31,927.00	44,217
1505 - 05	Interest on FD &SA	125,953.62	69,939
2101-10	Local Government Diploma Course		6,362,475
	DMC Project		1,140,000
2101-17	Others		116,625
		688,388.13	**8,227,582**
Fee Levy Course Income			
Diploma Course Income			
2101-01-02-01	Engineering Diploma 2015/16	70,000.00	
2101-01-07-01	Advance Diploma In Local Governance 2014/15	50,000.00	
2101-01-07-02	Advance Diploma In Local Governance 2015/16	1,179,000.00	
2101-01-07-03	Advance Diploma In Local Governance 2016/17	1,079,750.00	
		2,378,750.00	
Certificate Course Income			
2101-02-03-01	Certificate Course General Management - 2015	265,000.00	
2101-02-03-02	Certificate Course in Human Resource Management 2016	615,000.00	
2101-02-03-03	Certificate Course in Project Management 2016	300,000.00	
2101-02-03-04	Certificate Course in Library Development 2016	472,500.00	
2101-02-04-01	Certificate Course in Auto CAD 2016	185,000.00	
2101-02-09-01	Certificate Course in Research Methodology 2016	720,000.00	
		2,557,500.00	
Consultancy Services Income			
2101-04	North East Local Service Improvement Project (NELSIP)	6,122,939.12	
2101-05	UNDP Delegations Visit	1,536,406.20	
2101-06	CARE RtM Project	1,825,619.30	
		9,484,964.62	
	Total	**15,109,602.75**	**8,227,582**

Note 03 - Administration & Establishment Expenses :-

	Personal Emoluments		
1503 - 01 - 01	*Salaries & Wages*	*9,361,091.74*	*9,706,253*
1503 - 01 - 02	*E. P.F*	*2,220,682.66*	*2,323,994*
1503 - 01 - 03	*E. T.F*	*555,170.98*	*580,999*
1503 - 01 - 04	*Holiday Payments & O.T*	*543,017.61*	*404,948*
1503 - 01 - 05	*Other Allowance*	*1,244,886.86*	*10,267,799*
	Travelling		
1503 - 02 - 01	*Travelling Expenses - Local*	*490,180.51*	*182,371*
1503-02-02	*Travelling Expenses - Foreign*	*443,805.09*	-
	Supplies		
1503 - 03 - 01	*Stationary*	*1,323,836.58*	*1,445,077*
1503 - 03 - 02	*Fuel Lubricants*	*1,331,816.77*	*1,399,944*
1503 - 03 - 03	*Uniform*	*28,000.00*	*36,000*
	Maintenance Expenses		
1503 - 04 - 01	*Vehicles*	*1,776,705.53*	*2,012,792*
1503 - 04 - 02	*Plant, Machinery & Equ.*	*678,802.81*	*440,651*
1503 - 04 - 03	*Building*	*1,214,067.94*	*871,196*
	Contractual Services		
1503-05-01	*Rates & Rent*	*97,999.20*	
1503 - 05 - 02	*Telephone*	*539,502.50*	*571,401*
1503 - 05 - 03	*Postal Charges*	*135,676.50*	*187,563*
1503 - 05 - 04	*Water & Electricity*	*1,020,984.23*	*1,081,106*
1503 - 05 - 05	*Newspapers & Periodicals*	*45,715.00*	*39,945*
1503 - 05 - 06	*Security Service*	*1,293,531.92*	*953,464*
1503 - 05 - 08	*Advertising Expenses*	*571,853.20*	*624,465*
1503-05-09	*Refreshments*	*235,268.80*	-
1503-05-10	*Office Expenses*	*430,057.18*	*597,524*
	Total	***35,582,653.61***	***33,727,491***

SRI LANKA INSTITUTE OF LOCAL GOVERNANCE

NOTES TO THE ACCOUNTS

For the Year Ended 31st December. 2016

		31/12/2016	31/12/2015
Note 04 - Human Resources Development Expenses :-			
2201 - 05 - 01	**H.R.D Expenses - National Level Training Programme**		
2201 - 05 - 01 - 01	H.R.D. Expenses - National Level Training - Human Resource Development	-	-
2201 - 05 - 01 - 02	H.R.D. Expenses - National Level Training - Engineering	1,897,279.40	1,963,148.62
2201 - 05 - 01 - 03	H.R.D. Expenses - National Level Training - General Management	1,332,132.37	2,183,664.25
2201 - 05 - 01 - 04	H.R.D. Expenses - National Level Training - Physical Planning	1,494,040.77	1,677,947.78
2201 - 05 - 01 - 05	H.R.D. Expenses - National Level Training - Financial Management	1,703,473.59	1,537,135.30
2201 - 05 - 01 - 06	H.R.D. Expenses - National Level Training - Legal	1,169,162.18	1,698,032.52
2201 - 05 - 01 - 07	H.R.D. Expenses - National Level Training - Academic	928,628.00	5,930,634.90
2201-05-01-08	H.R.D. Expenses - National Level Training - ICT	735,266.20	-
	2015 H.R.D & Other Expenses	309,992.15	-
2201 - 05 - 03	**H.R.D Expenses - Capacity Building of SLILG & Director Division**	1,438,356.63	2,213,995.25
2201 - 05 - 04	**H.R.D Expenses - Research Division**	1,855,260.25	1,293,998.71
		12,863,591.54	**18,498,557.33**
2201 - 05 - 02	**H.R.D Expenses - Provincial Level Training Programme**		
2201-05-02-02	H.R.D Expenses - Provincial Level - Engineering	214,144.00	-
2201-05-02-03	H.R.D Expenses - Provincial Level - General Management	473,718.50	-
2201-05-02-04	H.R.D Expenses - Provincial Level - Physical Planning	422,691.00	-
2201-05-02-05	H.R.D Expenses - Provincial Level - Financial Management	487,109.00	-
2201-05-02-06	H.R.D Expenses - Provincial Level - Legal	398,070.00	-
2201-05-02-07	H.R.D Expenses - Provincial Level - Academic	571,322.80	-
2201-05-02-09	H.R.D Expenses - Provincial Level - Research	285,227.00	-
		2,852,282.30	

SRI LANKA INSTITUTE OF LOCAL GOVERNANCE

NOTES TO THE ACCOUNTS

For the Year Ended 31st December. 2016

		31/12/2016	31/12/2015
Fee Levy Course Expenses			
2201-06-01-02-01	Engineering Diploma 2015/16 Expenses	608,995.00	-
2201-06-01-07-01	Advanced Diploma In Local Governance 2014/15 Expenses	550,340.72	-
2201-06-01-07-02	Advanced Diploma In Local Governance 2015/16 Expenses	1,389,649.50	-
2201-06-01-07-03	Advanced Diploma In Local Governance 2016/17 Expenses	214,358.90	-
		2,763,344.12	
2201-06-02-03-02	Certificate Course In Human Resource Management 2016 Expenses	354,401.00	-
2201-06-02-03-03	Certificate Course In Project Management 2016 Expenses	189,400.25	-
2201-06-02-03-04	Certificate Course In Library Development 2016 Expenses	69,557.00	-
2201-06-02-04-01	Certificate Course In Auto CAD 2016 Expenses	199,018.00	-
2201-06-02-08-01	Certificate Course In Computer Application 2015 Expenses	255,231.39	-
2201-06-02-09-01	Certificate Course In Research Methodology 2016 Expenses	509,743.45	-
		1,577,351.09	

Note 05 - Consultancy Services Expenses :-

1504-01	DMC Project Expenses	277,487.00	1,098,942.71
1504-02	North East Local Service Improvement Project Expenses (Nelsip)	6,249,062.56	-
1504-03	UNDP Delegates Visit Expenses	995,618.57	-
1504-04	CARE RtM Project Expenses	1,325,206.80	-
	Total	**8,847,374.93**	**19,597,500.04**

SRI LANKA INSTITUTE OF LOCAL GOVERNANCE

NOTES TO THE ACCOUNTS

For the Year Ended 31st December. 2016

		31/12/2016	31/12/2015
Note 06 -Retirement Benefit Obligations and Depreciation			
2102 - 03	*Gratuity*	*(1,351,949.53)*	*1,502,148*
2102 - 04	*Audit Fees*	-	*350,000*
2105 - 02	*Depreciation*	*9,209,530.00*	*8,836,716*
	Total	***7,857,580.47***	***10,688,864***

SRI LANKA INSTITUTE OF LOCAL GOVERNANCE

NOTES TO THE ACCOUNTS

For the Year Ended 31st December. 2016

Note 07 - Property, Plant & Equipment :-

		Cost as at 01/01/2016	Additions 2016	Removals 2016	Total As at 31/12/2016	Depreciation As at 01.01.2016	Removals 2016	Depreciation 2016	Accumulated Depreciation As at 31.12.2016	W.D.V. As at 31/12/2016	W.D.V. as at 31/12/2015
2201-01	Land	406,890,000.00	-	-	406,890,000.00	-	-	-	-	406,890,000.00	406,890,000
2201-02	Buildings	15,659,000.00	-	-	15,659,000.00	9,395,400	-	782,950.00	10,178,350.00	5,480,650.00	6,263,600
2201 - 04 - 01	Vehicles	33,500,000.00	-	-	33,500,000.00	20,940,001	-	6,699,900.00	27,639,901.00	5,860,099.00	12,559,999
2201- 04 - 02	Machinery & Office Equipment	4,415,235.57	1,056,293	-	5,471,528.57	2,188,926	-	352,339.00	2,541,264.00	2,930,264.57	2,226,310
2201- 04 - 03	Computers & Computer Accessaries	14,912,673.68	619,440	-	15,532,113.68	11,501,420	-	1,143,518.00	12,644,938.00	2,887,175.68	3,411,254
2201- 04 - 04	Furniture & Fittings	1,926,744.16	344,764	-	2,271,508.16	1,235,484	-	181,232.00	1,416,716.00	854,792.16	691,260
2201- 04 - 05	Library Books	495,907.96	-	-	495,907.96	189,093	-	49,591.00	238,684.00	257,223.96	306,815
	Total	**477,799,561.37**	**2,020,497**	**-**	**479,820,058.37**	**45,450,324**	**-**	**9,209,530.00**	**54,659,853.00**	**425,160,205.37**	**432,349,238**

SRI LANKA INSTITUTE OF LOCAL GOVERNANCE

NOTES TO THE ACCOUNTS

For the Year Ended 31st December. 2016

Note 08 - Working Capital

Description	***Cost As at 01/01/2016***	***Additions 2016***	***Removals 2016***	***Total As at 31/12/2016***	***Depreciation As at 01.01.2016***	***Removals 2016***	***Depreciation 2016***	***Accumulated Depreciation As at 31.12.2016***	***W.D.V. As at 31/12/2016***	***W.D.V. As at 31/12/2015***
Construction Building	*44,757,072*	-	-	*44,757,072*	-	-	-	-	*44,757,072*	*44,757,072*
	44,757,072.25	**-**	**-**	***44,757,072***	**-**		**-**	**-**	***44,757,072.25***	***44,757,072***

SRI LANKA INSTITUTE OF LOCAL GOVERNANCE

NOTES TO THE ACCOUNTS

For the Year Ended 31st December. 2016

			31/12/2016	31/12/2015
Note 09 - Stocks :-				
2202 - 01	Stationary	Annexure I	284,285.35	286,676
2202 - 02	Publication		1,517,201.90	1,517,202
	Total		**1,801,487.25**	**1,803,878**
Note 10 - Pre - Payments & Receivables :-				
2206 - 01	Insurance	Annexure II	209,835.94	223,672
2206 - 02	Others	Annexure III	80,053.97	4,856
2206-03	Refundable Deposits	Annexure IV	21,250.00	24,000
2206 - 05	Ministry of PC & LG	Annexure V	2,605,165.29	784,909
2206-07	Receivable - Saving A/C 2329975	Annexure VI	375,864.13	-
	Total		**3,292,169.33**	**1,037,437**
Note - 11 - Debtors & Advance :-				
	Debtors			
2203 - 01	Staff Debtors	Annexure VII	83,620.67	35,386
2203 - 03	Trade Debtors	Annexure VIII	184,335.90	31,219
	Advances			
2204 - 02	Special Advance	Annexure IX	7,850.00	7,850
2204 - 04	Festival Advance	Annexure X	14,600.00	12,100
2204 - 05	Staff Loan - Property Loan	Annexure XI	8,257,943.33	8,819,712
2204 - 06	Staff Loan - Distress Loan	Annexure XII	2,336,808.15	3,170,193
2205 - 01	Advance to Emergency Purchases		-	123,000
2205-02	Advance to Credit Purchases	Annexure XIII	215,620.75	77,500
2205-03	Advance to HRD	Annexure XIV	20,000.00	441,477
2205-05	Advance to Projects	Annexure XV	415,000.00	-
2205-06	Advance to Incidental		-	30,000
	Total		**11,535,778.80**	**12,748,438**
Note - 12 - Cash and Cash Equivalents :-				
2207 - 02	Bank of Ceylon - A/C No. 2323344		7,235,138.45	8,997,605
2207 - 03	Bank of Ceylon - A/C No. 2323350		298,849.51	1,561,995
2207 - 04	Savings Account - Bank of Ceylon - A/C No. 2329975		4,399,788.92	2,770,558
	Total		**11,933,776.88**	**13,330,158**

SRI LANKA INSTITUTE OF LOCAL GOVERNANCE

NOTES TO THE ACCOUNTS

For the Year Ended 31st December. 2016

			31/12/2016	31/12/2015

Note - 13 - Retirement Benefit Obligations :-

			31/12/2016	31/12/2015
	Opening Balance		*6,693,462.36*	*5,239,265*
	Provisions During the Period	*Annexure XVI*	*(1,351,949.13)*	*1,454,198*
	Actual Amount Paid		*(116,580.00)*	*-*
	Closing Balance		***5,224,933.23***	***6,693,463.00***

Note - 14 - Creditors & Accrued Charges :-

			31/12/2016	31/12/2015
2103 - 01	*Accrued Charges*	*Annexure XVII*	*1,917,930.01*	*1,653,250*
2103-02	*Salary Payable*		*-*	*68,300*
2103-03	*E.P.F Payable*		*-*	*336,545*
2103-04	*E.T.F Payable*		*-*	*50,482*
2103-06	*PAYE payable*		*5,200.00*	*7,005*
2103-08	*Direct Bank Remittance Payable*	*Annexure XVIII*	*11,020.00*	*11,000*
2103-07	*Stamp Duty Payable*		*175.00*	*125*
2104 - 02	*Deposits - Tender*		*30,000.00*	*30,000*
	Total		***1,964,325.01***	***2,156,707***

ACCOUNTING POLICES

1. GENERAL ACCOUNTING POLICES

1.1 Financial Statements of the institute are prepared in accordance with Sri Lanka Public Sector Accounting Standards and generally accepted accounting principles on a historical cost basis.

1.2 Generally accepted accounting principles have been followed in the preparation of the Balance Sheet, Accounts of Institute and accounting policies have been applied consistently. Revenue and Expenditure been accrued and recorded in the financial Statements of the period to which they related.

1.3 Non-Current Assets have been shown in the Balance Sheet at cost less depreciation. Capital working progress is treated as Non-Current Assets.

1.4 There was no any adjustment made for inflationary factors affecting the accounts in the primarily financial statements.

1.5 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 records with residual value of LKR 100.00 per each.

1.6 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.

1.7 Stock valuation is made on basis of First in First out (FIFO) method.

1.8 Depreciation is provided the date of use of the assets during the year 2016 on straight line basis.

1.9 Land & Buildings valuation for Accounts purpose was carried out from Department of Valuation during the year 2015 which was Owner ship transferred from the Ministry of Public Administration during the year of 2004.Depreciation for Buildings was calculated from the year 2004 and retrospective impact adjusted to Accumulated Funds.

1.10 For the purpose of depreciation the effective life time Assets are as given below

Category of Assets	Life Time Year	Depreciation Rate
Machinery & Office Equipment's	10	10%
Computers & Accessories	5	20%
Vehicles	5	20%
Library Books	10	10%
Buildings	20	5%
Furniture & Fittings	10	10%

2. LIABILITIES AND PROVISSIONS

2.1 A provision of LKR 5,224,933.23 has been made in the accounts for terminal benefits under the Gratuity Act no 12 of 1983 and this has been grouped under non Current Liabilities in the Balance Sheet. Compare to Previous year, amount reduced by LKR 1,468,529.13 due to Provision adjusted based on employees Basic salary & Cost of Living Allowance. This Position is prudent, fair and reasonable.

3. 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 had been treated as Capital Expenditure.

Sri Lanka Institute of Local Governance

Annexure I

Stationery Stock Summary

As at 31.12.2016

Particulars	Closing Balance		
	Quantity	Rate	Value
S 01 Photo Copy A4	8 pkt	568.10	4,544.80
S 13 Photo Copy B4	1 pkt	1129.98	1,129.98
S 17 Half Sheet	3 pkt	364.01	1,092.03
S 18 Letter Head	15 pkt	2134.23	32,013.45
S 20 White Board Marker	2 Nos	53.09	106.18
S 21 Pemanent Marker	2 Nos	48.56	97.12
S 22 Highlite Pen	3 Nos	55.00	165.00
S 23 Blue Pens	50 Nos	13.23	661.50
S 24 Red Pens	292 Nos	12.76	3,725.92
S 25 Black Pens	21 Nos	12.76	267.96
S 34 Binding Tape - 1' Size	5 Nos	79.00	395.00
S 35 Binding Tape - 1' Yellow	8 Nos	79.00	632.00
S 40 Envelope 9*4"	50 Nos	1.25	62.50
S 42 Box Files	8 Nos	203.04	1,624.32
S 46 File Clips	34 pkt	19.31	656.54
S 48 Hp Cartrdge Toner CE 285A (85A)	1 Nos	9600.00	9,600.00
S 50 Hp Cartrdge Toner Q2613A	1 Nos	6150.00	6,150.00
S 55 Canon Fx3 Toner	7 Nos	11830.00	82,810.00
S 57 Sharp Toner AR310st	1 Nos	19649.00	19,649.00
S 68 Stapler Machine Heavy Duty	1 Nos	2669.55	2,669.55
S 83 Spiral Binding	293 Nos	3.00	879.00
S 87 Trancperancy Paper	1 pkt	809.06	809.06
S 90 Pencil	72 Nos	12.77	919.44
File Dockets	325 Nos	349.61	113,625.00
Grand Total			**284,285.35**

Sri Lanka Institute of Local Governance **ANNEXURE II**

Insuarance Pre Payments Schedule As at 31/12/2016

ACCOUNTS # 2206-01

Date	P.V. No	Rec. No	Cheque No	Name of Payee	Particulars	Amount
05.02.2016	155		579100	Sri Lanka Insurance Cooperation	Vehicle Insurance of Vehicle # NA - 9428 from 15/02/2016 to 15/02/2017	16,738.16
05.02.2016	156		579100	Sri Lanka Insurance Cooperation	Vehicle Insurance of Vehicle # NB-2751 from 15/03/2016 to 15/03/2017	20,737.85
28.03.2016		29431	480859	Sri Lanka Insurance Corporation	Refund Excess Payment of Insurance Renewal - NB2751	(4,441.45)
05.08.2016	1218		717390	Sri Lanka Insurance Corporation	Insurance renewal charges for Vehicle No KO 8510 (2016/08/06 to 2017/08/05)	33,751.30
05.08.2016	1219		717391	Sri Lanka Insurance Corporation	Insurance renewal charges for Vehicle No PE 1401 (2016/08/09 to 2017/08/08)	63,173.60
09.09.2016		29650	512797	Sri Lanka Insurance Corporation	Payment of excess Insurance Premium PE 1401	(3,642.53)
08.11.2016		29755	512796	Sri Lanka Insurance Corporations	Excess Payment of Insurance Renewal	(1,972.97)
27.12.2016	2019		004916	National Insurance Trust Fund	Insurance renewal KR - 6752 from 03.01.2017 to 02.01.2018	85,491.98
					TOTAL	**209,835.94**

Sri Lanka Institute of Local Governance

ANNEXURE III

Prepayments Others Schedule As at 31/12/2016

ACCOUNTS # 2206-02

Date	P.V. No	Cheque No	Name of Payee	Particulars	Amount
24.08.2016	1312	717443	Metropolitan Office	Service agreement for Cannon MF4570 Fax machine (2016/08/19 to 2017/08/18)	7,344.25
21.10.2016	1648	717667	John Keells Office Automation	Service agreement for Studio 357 Photo copy machines 2016/10/04 to 2017/10/03	15,233.00
31.10.2016	1673	717691	Sri Lanka State Trading Corporation	Air Condition Service Agreement 2016/05/16 to 2017/05/15	57,476.72
TOTAL					**80,053.97**

ANNEXURE IV

Sri Lanka Institute of Local Governance
Refundable Deposit Schedule As at 31/12/2016
ACCOUNTS # 2206-03

V.NO	Payee	Amount
250	American Premier Water	11,250.00
630	Mobitel (Pvt) Ltd	4,000.00
N-24	Mobitel Dongles	6,000.00
	TOTAL	**21,250.00**

Sri Lanka Institute of Local Governance

ANNEXURE V

ACCOUNTS # 2206-05

Receivable - Ministry of Provincial Councils & Local Government

Description	Amount
Opening Balance as at 01.01.2016	492,000.00
Receivable - North East Local Services Improvement Project	2,113,165.29
Total	**2,605,165.29**

Sri Lanka Institute of Local Governance **ANNEXURE VI**

Receivable - Saving A/C 2329975 Schedule As at 31/12/2016

ACCOUNTS # 2206-07

Year	V.NO	Receipt No	Payee	Particulars	Amount
2017	119		R.M.A.K.Rathnayaka	Arrears Salary	82,364.13
2017	259		Sumith Abeyrathne	Loan	93,500.00
2017		29693	Bank Transfer		200,000.00
TOTAL					**375,864.13**

SRI LANKA INSTITUTE OF LOCAL GOVERNANCE **ANNEXURE VII**

STAFF DEBTORS SCHEDULE AS AT 31ST DECEMBER 2016

ACCOUNTS # 2203-01

NAME	V.NO	AMOUNT
MR.ASOKA KAPUGE		3,207.42
MR.J.M.WASEER		5,000.00
MR.M.A.S.S.K.CHANDRASIRI		5,000.00
MS.P.C.T.DE SILVA		1,500.00
MS.P.ALGAMA		5,000.00
MS.I.PREMASINGHE		1,000.00
MR.J.WIJESIRI		5,000.00
MR.P.M.M.FEROS		5,000.00
C.O.LIYANAGE		9,680.85
K.A.P.R.KARIYAPPERUMA	2076	21,616.20
P.S.DHARMARATHNA	2077	21,616.20
TOTAL		**83,620.67**

SRI LANKA INSTITUTE OF LOCAL GOVERNANCE

ANNEXURE VIII

TRADE DEBTORS SCHEDULE AS AT 31ST DECEMBER 2016

ACCOUNTS # 2203-03

DESCRIPTION	AMOUNT
OPENING BALANCE - 2015	**31,218.65**
Year 2016	
KILA	32,200.00
NICD POLGOLLA	
SV 197-2016	7,810.75
SV 198-2016	13,106.50
CHRYSALIS	
V.NO 1696, 1697 DEC	100,000.00
TOTAL	**184,335.90**

Sri Lanka Institute of Local Governance

ANNEXURE IX

Special Advance Schedule As at 31/12/2016

ACCOUNTS # 2204-02

Employee Name	Total
Mr.N.H.D.Thushara	250.00
Mr.P.C.T.D.Silva	1,750.00
Mr.R.M.U.Priyadarshana	1,000.00
S.H.I.Premasinghe	1,750.00
L.A.V.Jinendra	600.00
Mr.R.M.R.P.Dissanayaka	2,500.00
TOTAL	**7,850.00**

Sri Lanka Institute of Local Governance

ANNEXURE X

Festival Advance Schedule As at 31/12/2016

ACCOUNTS # 2204-04

Emp: No	Employee Name	Total
82	Ms.A.P.Rathnahewa	1,000.00
56	Mr.Susantha Sampath	5,000.00
	Mr.R.M.U.Priyadarshana	3,500.00
	Mr.L.A.V.Jinendra	2,100.00
	Unknown Person	500.00
81	D.M.M.Jifran	2,500.00
	TOTAL	**14,600.00**

Sri Lanka Institute of Local Governance Annexure XI

Property Loan

Details 2016

	Name of Employee	Outstanding as at 01.01.2016	Jan'16	Feb'16	Mar'16	April'16	May'16	June'16	July'16	Aug'16	Sep'16	Oct'16	Nov'16	Dec'16	Outstanding as at 01.01.2017
1	Mr. R.M.A.K RATHNAYAKE	784,612.50	9,280.00	9,280.00	9,280.00	9,280.00	9,280.00							64,960.00	673,252.50
2	Mr. A. DODANGODA	1,314,680.46	7,140.00	7,140.00	7,140.00	7,140.00	7,140.00	7,140.00	7,140.00	7,140.00	7,140.00	7,140.00	7,140.00	7,140.00	1,229,000.46
3	MS. K.A.P.R. KARIYAPPERUMA	60,521.42	590.00	590.00	590.00	590.00	590.00	590.00	590.00	590.00	590.00	590.00	590.00	590.00	53,441.42
4	MS. S.N.P. ROSA	886,750.17	3,845.00	3,845.00	3,845.00	3,845.00	3,845.00	3,845.00	3,845.00	3,845.00	3,845.00	3,845.00	3,845.00	3,845.00	840,610.17
5	MS. R.M.HEMALATHA	231,284.10	3,855.00	3,855.00	3,855.00	3,855.00	3,855.00	3,855.00	3,855.00	3,855.00	3,855.00	3,855.00	3,855.00	3,855.00	185,024.10
6	MS. O.W.T.P. OWITIPANA	650,954.48	2,355.00	2,355.00	2,355.00	2,355.00	2,355.00	2,355.00	2,355.00	2,355.00	2,355.00	2,355.00	2,355.00	2,355.00	622,694.48
7	MS. H. D. M. PRIYADARSHANI	725,358.99	2,992.00	2,992.00	2,992.00	2,992.00	2,992.00	2,992.00	2,992.00	2,992.00	2,992.00	2,992.00	2,992.00	2,992.00	689,454.99
8	MS. D.M.T RANDUNU	774,866.63	2,920.00	2,920.00	2,920.00	2,920.00	2,920.00	2,920.00	2,920.00	2,920.00	2,920.00	2,920.00	2,920.00	2,920.00	739,826.63
9	Mr. C.B. KARUNARATHNA	708,201.42	2,780.00	2,780.00	2,780.00	2,780.00	2,780.00	2,780.00	2,780.00	2,780.00	2,780.00	2,780.00	2,780.00	2,780.00	674,841.42
10	Mr. S. BANDARA	616,417.52	2,550.00	2,550.00	2,550.00	2,550.00	2,550.00	2,550.00	2,550.00	2,550.00	2,550.00	2,550.00	2,550.00	2,550.00	585,817.52
11	Mr. G.C. JAYAWARDENA	739,830.22	2,365.00	2,365.00	2,365.00	2,365.00	2,365.00	2,365.00	2,365.00	2,365.00	2,365.00	2,365.00	2,365.00	2,365.00	711,450.22
12	Mr. SUSANTHA SAMPATH	736,774.16	2,440.00	2,440.00	2,440.00	2,440.00	2,440.00	2,440.00	2,440.00	2,440.00	2,440.00	2,440.00	2,440.00	2,440.00	707,494.16
			43,112.00	43,112.00	43,112.00	43,112.00	43,112.00	33,832.00	33,832.00	33,832.00	33,832.00	33,832.00	33,832.00	98,792.00	
	Resigned Employees													-	-
13	Ms. K.K.M.C MENIKE	23,312.61	-	-	-	-	-	-	-	-	-	-		-	23,312.61
14	Ms. Y.D.S CHANDIMA	392,921.99	3,000.00	3,000.00	3,000.00	3,000.00	3,000.00	3,000.00	3,000.00	3,000.00	3,000.00	3,000.00	3,000.00	3,000.00	356,921.99
15	Ms. S.H.I PREMASINGHE	210,159.14	3,000.00	3,000.00	3,000.00	3,000.00	3,000.00	3,000.00	3,000.00	3,000.00	3,000.00	3,000.00	3,000.00	3,000.00	174,159.14
16	Mr. D.N JAYASINGHE	-9358.48	-	-	-	-	-	-	-	-	-	-		-	(9,358.48)
		8,847,287.33	**92,224.00**	**92,224.00**	**92,224.00**	**92,224.00**	**92,224.00**	**73,664.00**	**73,664.00**	**73,664.00**	**73,664.00**	**73,664.00**	**73,664.00**	**203,584.00**	**8,257,943.33**

Sri Lanka Institute of Local Governance **Annexure XII**

Distress Loan Details

2016

	Name of Employee	Outstanding as at 01.01.2016	Jan'16	Feb'16	Mar'16	April'16	May'16	June'16	July'16	Aug'16	Sep'16	Oct'16	Nov'16	Dec'16	Out Standing as 01.01.2017
1	Mr. A. DODANGODA	167,331.24	3,900.00	3,900.00	3,900.00	3,900.00	3,900.00	3,900.00	3,900.00	3,900.00	3,900.00	3,900.00	3,900.00	3,900.00	120,531.24
2	MS. K.A.P.R. KARIYAPPERUMA	216,840.00	4,145.00	4,335.75	4,335.75	4,335.75	4,335.75	4,335.75	4,335.75	4,335.75	4,335.75	4,335.75	4,335.75	4,335.75	165,001.75
3	Mr. L.A.R PIYANANDA	181,085.31	3,875.00	3,875.00	3,875.00	3,875.00	3,875.00	3,875.00	3,875.00	3,875.00	3,875.00	3,875.00	3,875.00	3,875.00	134,585.31
4	MS. S.A.S.S. NIRANJALA PERERA	179,885.00	3,355.00	3,462.00	3,462.00	3,462.00	3,462.00	3,462.00	3,462.00	3,462.00	3,462.00	3,462.00	3,462.00	3,462.00	138,448.00
5	MS. S.N.P. ROSA	144,174.00	2,598.00	2,598.00	,598.00	2,598.00	2,598.00	2,598.00	2,598.00	2,598.00	2,598.00	2,598.00	2,598.00	2,598.00	112,998.00
6	MS. D.S. SARATHCHANDRA	49,199.25	2,505.00	2,505.00	2,505.00	2,505.00	2,505.00	2,505.00	2,505.00	2,505.00	2,505.00	2,505.00	2,505.00	2,505.00	19,139.25
7	MS. P.K. NISHAM ASANGIKA	78,616.00	2,470.00	2,470.00	2,470.00	2,470.00	2,470.00	2,470.00	2,470.00	2,470.00	2,470.00	2,470.00	2,470.00	2,470.00	48,976.00
8	MS. W.H.M.N.G. P.PILAPITIYA	182,056.00	5,662.00	5,662.00	5,662.00	5,662.00	5,662.00	5,662.00	5,662.00	5,662.00	5,662.00	5,662.00	5,662.00	5,662.00	114,112.00
9	Mr. D.M.J. PUSHPA KUMARA	13,832.00	2,340.00	2,340.00	2,340.00	2,340.00	2,340.00	2,132.00							-
10	MS. I.D. WIJEMANNA	51,166.75	2,340.00	2,340.00	2,340.00	2,340.00	2,340.00	2,340.00	2,340.00	2,340.00	2,340.00	2,340.00	2,340.00	2,340.00	23,086.75
11	MS. R.M.HEMALATHA	144,480.40	3,040.00	3,040.00	3,040.00	3,040.00	3,040.00	3,040.00	3,040.00	3,040.00	3,040.00	3,040.00	3,040.00	3,040.00	108,000.40
12	MS. THARANGA OWITIPANA	123,881.89	2,290.00	2,290.00	2,290.00	2,290.00	2,290.00	2,290.00	2,290.00	2,290.00	2,290.00	2,290.00	2,290.00	2,290.00	96,401.89
13	MS. H. D. M. PRIYADARSHANI	121,246.01	2,192.00	2,192.00	2,192.00	2,192.00	2,192.00	2,192.00	2,192.00	2,192.00	2,192.00	2,192.00	2,192.00	2,192.00	94,942.01
14	MS. D.M.T RANDUNU	51,737.00	2,192.00	2,192.00	2,192.00	2,192.00	2,192.00	2,192.00	2,192.00	2,192.00	2,192.00	2,192.00	2,192.00	2,192.00	25,433.00
15	MS. M.S.C. WIMALAWEERA	92,782.50	2,130.00	2,130.00	2,130.00	2,130.00	2,130.00	2,130.00	2,130.00	2,130.00	2,130.00	2,130.00	2,130.00	2,130.00	67,222.50
16	Mr. D. M. M. JIFRAN	111,470.00	2,040.00	2,040.00	2,040.00	2,040.00	2,040.00	2,040.00	2,040.00	2,040.00	2,040.00	2,040.00	2,040.00	2,040.00	86,990.00
17	Mr. H.P.S. SISIRA KUMARA	95,271.00	2,165.00	2,165.00	2,165.00	2,165.00	2,165.00	2,165.00	2,165.00	2,165.00	2,165.00	2,165.00	2,165.00	2,165.00	69,291.00
18	Mr. C.B. KARUNARATHNA	65,782.23	2,060.00	2,060.00	2,060.00	2,060.00	2,060.00	2,060.00	2,060.00	2,060.00	2,060.00	2,060.00	2,060.00	2,060.00	41,062.23
19	Mr. G.C. JAYAWARDENA	110,260.00	2,020.00	2,020.00	2,020.00	2,020.00	2,020.00	2,020.00	2,020.00	2,020.00	2,020.00	2,020.00	2,020.00	2,020.00	86,020.00
20	Mr. SUSANTHA SAMPATH	36,495.24	2,000.00	2,000.00	2,000.00	2,000.00	2,000.00	2,000.00	2,000.00	2,000.00	2,000.00	2,000.00	2,000.00	2,000.00	12,495.24
21	Mr. N.H.D. THUSHARA	55,129.00	1,980.00	1,980.00	1,980.00	1,980.00	1,980.00	1,980.00	1,980.00	1,980.00	1,980.00	1,980.00	1,980.00	1,980.00	31,369.00
22	Mr. S. BANDARA	59,788.78	1,980.00	1,980.00	1,980.00	1,980.00	1,980.00	1,980.00	1,980.00	1,980.00	1,980.00	1,980.00	1,980.00	1,980.00	36,028.78
23	Mr. S.S.K. ABERATHNE	104,900.00	1,900.00	1,900.00	1,900.00	1,900.00	1,900.00	1,900.00	-	-	-	-	-	93,500.00	-
24	MS. B.G. DINGIRI AMMA	100,060.00	1,880.00	1,880.00	1,880.00	1,880.00	1,880.00	1,880.00	1,880.00	1,880.00	1,880.00	1,880.00	1,880.00	1,880.00	77,500.00
	RESIGNED & INTERDICT EMPLOYEES														-
1	Mr. P.K DHARMASENA	218,545.25	-	-	-	-	-	-	-	-	-	-	-	-	218,545.25
2	Ms. THAKSHILA DE SILVA	38,105.83	-	-	-	-	-	-	-	-	-	-	-	-	38,105.83
3	Mr. S.S.K CHANDRASIRI	3,283.98	-	-	-	-	-	-	-	-	-	-	-	-	3,283.98
4	Mr. M.N THALANGAHAGODA	(1,374.00)	-	-	-	-	-	-	-	-	-	-	-	-	(1,374.00)
5	Mr. U. GUNAWARDANA	(55.99)	-	-	-	-	-	-	-	-	-	-	-	-	(55.99)
6	Mr. L.A.V.C JINENDRA	7,256.50	-	-	-	-	-	-	-	-	-	-	-	-	7,256.50
7	Mr. N.K BANDARA	404,751.55	-	-	-	-	-	-	-	-	-	-	-	-	404,751.55
8	MR. J.WIJESIRI	113.12	-	-	-	-	-	-	-	-	-	-	-	-	113.12
9	Ms. I.A.D.R THARANGANI	(1,545.50)	-	-	-	-	-	-	-	-	-	-	-	-	(1,545.50)
10	MR. K.U HEWAPATHIRANA	5,550.00	-	-	-	-	-	-	-	-	-	5,550.00	-	-	-
11	Mr. D.M.S DISSANAYAKE	(1,905.33)	-	-	-	-	-	-	-	-	-	-	-	-	(1,905.33)
12	Mr. D. FERNANDOPULLE	(27.50)	-	-	-	-	-	-	-	-	-	-	-	-	(27.50)
13	UNVERIFIED BALANCE	(39,974.11)	-	-	-	-	-	-	-	-	-	-	-	-	(39,974.11)
		3,170,193.40	**63,059.00**	**63,356.75**	**63,356.75**	**63,356.75**	**63,356.75**	**63,148.75**	**59,116.75**	**59,116.75**	**59,116.75**	**64,666.75**	**59,116.75**	**152,616.75**	**2,336,808.15**

Sri Lanka Institute of Local Governance

ANNEXURE XIII

Advance to Credit Purcheses Schedule As at 31/12/2016

ACCOUNTS # 2205-02

V. NO	Particulars	Amount
	Opening Balance-Web Look International	77,500.00
2071	ABS Information Systems	138120.75
TOTAL		**215,620.75**

Sri Lanka Institute of Local Governance

ANNEXURE XIV

Advance to HRD Schedule As at 31/12/2016

ACCOUNTS # 2205-03

Date	Name of the Employee	Amount
18-02-2015	R.M.A.K.Rathnayake	20,000.00
TOTAL		**20,000.00**

Sri Lanka Institute of Local Governance

ANNEXURE XV

Advance to Projects Schedule As at 31/12/2016

ACCOUNTS # 2205-05

Date	V.NO	Particulars	Amount
12/20/2016	C-03	Centre For Development Research & Interventions	415,000.00
TOTAL			**415,000.00**

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Annexure XVI

Provision For Gratuity As at 31.12.2016

Emp: No	Employee Name	Consolidated Salary	Cost Of Living	Total	1/2 Salary	Date Of Joined	No.Of Completed Years	Prov. for Gratuity
7	Mr.P.D.L.Fernando pulle	52,545.00	7,800.00	60,345.00	30,172.50	01.06.2000	16	482,760.00
25	Mr.R.M.A.K.Rathnayaka	48,725.65	7,800.00	56,525.65	28,262.83	05.12.2003	13	367,416.73
75	Ms.W.H.M.N.N.G.Prasadini Pilapitiya	50,769.00	7,800.00	58,569.00	29,284.50	17.09.2009	7	204,991.50
	Mr.P.K.Dharmasena	46,995.00	7,800.00	54,795.00	27,397.50	01.11.2001	15	410,962.50
54	Mr.P.S.Dharmarathna	39,880.00	7,800.00	47,680.00	23,840.00	01.01.2007	10	238,400.00
36	Mr.A.Dodamgoda	26,380.00	7,800.00	34,180.00	17,090.00	01.07.2005	11	187,990.00
01	Ms.K.A.P.R.Kariyapperuma	35,134.00	7,800.00	42,934.00	21,467.00	01.01.2000	16	343,472.00
10	Mr.R.P.Liyanarachchi	27,475.00	7,800.00	35,275.00	17,637.50	16.05.2000	16	282,200.00
65	S.A.S.S.Niranjala Perera	28,484.00	7,800.00	36,284.00	18,142.00	17.11.2008	8	145,136.00
50	Ms.L.Mahavithana	21,791.00	7,800.00	29,591.00	14,795.50	02.11.2005	11	162,750.50
46	Ms.S.N.P.Rosa	21,791.00	7,800.00	29,591.00	14,795.50	15.06.2005	11	162,750.50
57	Ms.D.s.Sarachchandra	19,703.00	7,800.00	27,503.00	13,751.50	01.01.2008	9	123,763.50
71	P.K.Nisam Asangika	19,703.00	7,800.00	27,503.00	13,751.50	06.03.2009	7	96,260.50
48	Mr.D.M.J.Pushpa Kumara	19,703.00	7,800.00	27,503.00	13,751.50	01.10.2005	11	151,266.50
62	Ms.I.D.Wijemanna	19,703.00	7,800.00	27,503.00	13,751.50	15.09.2008	8	110,012.00
25	Ms.R.M.H.Rathnayaka	22,745.00	7,800.00	30,545.00	15,272.50	01.10.2002	14	213,815.00
16	O.W.T.P.Owitipana	18,982.00	7,800.00	26,782.00	13,391.00	01.07.2001	16	214,256.00
35	Ms.H.D.M.Priyadharshani	18,278.00	7,800.00	26,078.00	13,039.00	01.10.2005	14	182,546.00
34	Ms.D.M.T.Randunu	18,278.00	7,800.00	26,078.00	13,039.00	01.10.2005	11	143,429.00
67	Ms.M.S.C.Wimalaweera	17,750.00	7,800.00	25,550.00	12,775.00	10.11.2008	8	102,200.00
11	Mr.H.P.S.Sisira Kumara	14,405.00	7,800.00	22,205.00	11,102.50	01.12.2000	17	188,742.50
28	C.B.Karunarathna	14,115.00	7,800.00	21,915.00	10,957.50	01.04.2005	13	142,447.50
53	Mr.G.C.Jayawardena	16,500.00	7,800.00	24,300.00	12,150.00	01.12.2007	10	121,500.00
56	Mr.Susantha Sampath	16,500.00	7,800.00	24,300.00	12,150.00	01.09.2008	9	109,350.00
63	N.H.D.Thushara	16,500.00	7,800.00	24,300.00	12,150.00	04.05.2009	8	97,200.00
31	Mr.S.Bandara	13,450.00	7,800.00	21,250.00	10,625.00	01.04.2005	12	127,500.00
52	Ms.B.G.Dingiri Amma	12,530.00	7,800.00	20,330.00	10,165.00	02.06.2008	11	111,815.00
	Total				-	-		**5,224,933.23**

Sri Lanka Institute of Local Governance

Annexure XVII

Accrued Charges Schedule As at 31/12/2016

ACCOUNTS # 2103-01

Date		Vch No.	Amount
20/01/2017	Sri Lanka Telecom	57	2,993.50
20/01/2017	American Premium Water Systems (Pvt) Ltd	60	4,310.78
23/01/2017	Telephone Allowance Payble	73	3,396.46
23/01/2017	Over Time Payable	74	5,076.60
23/01/2017	Telephone Allowance Payble	75	859.22
23/01/2017	Over Time Payable	76	1,292.50
23/01/2017	Over Time Payable	77	697.76
24/01/2017	M.S Antony	79	3,445.00
25/01/2017	Other Allowance Payable	83	500.00
30/01/2017	E.P.F Payable	92	170,137.50
30/01/2017	E.P.F Payable	93	25,520.63
02/02/2017	Other Allowance Payable	109	2,900.58
06/02/2017	Sri Lanka Telecom	113	21,059.51
10/02/2017	Sri Lanka Telecom	119	2,857.04
10/02/2017	Other Allowance Payable	137	4,987.35
16/02/2017	Over Time Payable	148	3,958.63
21/02/2017	Over Time Payable	154	85,224.46
Total from 2323344			**1,030,552.01**
18/01/2017	Current Account BOC A/C 2323350	N -1	126,684.00
18/01/2017	Current Account BOC A/C 2323350	N -2	175,950.00
18/01/2017	Current Account BOC A/C 2323350	N -3	267,444.00
18/01/2017	Current Account BOC A/C 2323350	N -4	117,300.00
31/12/2016	Receivable A/C - BOC 2329975		200,000.00
Total from 2323350			887,378.00
Grand Total			**1,917,930.01**

Sri Lanka Institute of Local Governance

ANNEXURE XVIII

ACCOUNTS # 2103-08

Direct Remittance Payable as at 31/12/2016

Description	Outstanding Month	Amount
Loan Deduction For Mechant Bank PLC	Dec-16	6,520.00
Loan Deduction for Rural Bank	Dec-16	4,480.00
Total		**11,000.00**

8.0. CONCLUSION

In my observation Sri Lanka Institute of Local Governance has performed its functions successfully during the year 2016 by achieving its targets and objectives. However, 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 of local authorities.

The following actions had taken to fulfill the gaps from Year 2016 onwards,

Academic point of view,

- Appointment of Provincial level and local authority level training coordinators
- Coordinating with Deputy Chief Secretaries (Training) & Deputy Chief Secretaries (Planning) at the MDTU meetings to strengthen the relationship with the MDTD units
- Establishment of an Academic Committee chaired by Vice Chancellor, University of Sri Jayawardanepura
- A Training Impact Analysis and Training Needs Analysis was conducted to get the feedback from the local government sector about the performance of SLILG and also to findout the lacking areas in the local authorities. This enables to prepare the Action Plan for the Year 2017.
- In the latter part of the year 2016, SLILG started islandwide awareness programmes for the empowering women into politics with the Financial support of Search for Common Grounds. This will be continuing in the Year 2017 as well.
- For the first time of the history, this institute has started disucsions with Donor funding agencies such as USAID, UNHABITAT, etc., where the institute implemented a mapping excercersice as the first step to avoid adhoc training to women in potics. It is my observation that this mapping exercise should continue to other subject areas well. This will encourage donor funding agencies to join hands with SLILG to provide their support for capacity development activities.
- Amendment of existing modules and preparation of new Modules for the Year 2017.

Administration Point of view

- Purchase of an Accounting Package for the Sri Lanka Institute of Local Governance
- In order to maintain the Green Environment, SLILG has started submission of correspondances to all local authorities through e mail. It was noted that some local authorities did not maintaining a standard e mail identity. Hence, ICT division of this institute with the support of Minsitry of Provincial Councils and Local Government and ICTA, took the initiative to formalize all e mail IDs (gov.lk). At present, it is running in a smooth manner.

  Hence, support rendered by the Commissioners of Local Government and the Assistant Commissioners of Local Government for the successful implementation of the programme is appreciated.
- On the guidance of the Department of Management Service, discussions were started to Resturcturing of SLILG Cadre.
- Reorganize and develop the library of the institute, has become essential in order to enable it to provide an effective and efficient service to the provincial councils and local government sector in transferring new knowledge through computer skills and new publications on various fields.
- Due to high demand for the training programmes and other services of the Institute, the need for adequate building space to meet the present demand.

Considering above, it is pleasing to note that Sri Lanka Institute of Local Governance has performed its mandate in effectively manner to achieve its expected targets and objectives during the year 2016.

Sujeeve Samaraweera
Director / CEO
Sri Lanka Institute of Local Governance