

## **Pilisaru Project**

### 1. Audit Opinion

So far as appears from my examination and to the best of information and according to the explanations given to me, I am of opinion that except for the effects on the financial statements of the matters referred to in paragraph 4 of this report, the balance sheet as at 31 December 2010 together with the schedules and the other connected financial statements for the year then ended, had been satisfactorily prepared in accordance with the Generally Accepted Accounting Principles to present fairly the financial position of the Project as at 31 December 2010 and the financial performance of the Project for the year then ended and that the funds provided have been utilized for the intended purposes.

### 2. Audit Observations

#### 2:1 Accounting Deficiencies

The following accounting deficiencies were observed.

- (a) The retention money amounting to Rs.6,874,089 relating to 05 construction contracts had not been included in the accounts.
- (ii) Accrued expenses amounting to Rs.1,180,898 relating to 09 instances had been omitted from the accounts.
- (iii) Out of the mobilization advances granted in 04 instances a sum of Rs.20,909,285 recoverable as at 31 December 2010 had been omitted from the accounts.
- (iv) The refund of refundable bid deposits amounting to Rs.200,000 recovered from 20 bidders in connection with the construction of the Kalutara Compost Yard, had been brought to account as an expenditure of the year under review.

- (v) The cost of 07 Projects commenced from the year 2008 but not completed up to date amounting to Rs.217,732,949 had been brought to account as expenditure of each respective year instead being brought to account as work-in-progress.

2:2 Unreconciled Control Accounts  
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The following observations are made.

According to the files, the compost bins received had been 17,000 and the issues according to the stock book had been 7,737 and as such the balance stock amounted to 9,263 bins. Nevertheless 23 bins valued at Rs.49,284 had been shown in the balance sheet as the closing stock as at 31 December 2010. As such a stock of 9,240 bins valued at Rs.19,848,756 had been omitted from the books.

2:3 Lack of Evidence for Audit  
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The supporting documents indicated against each item shown below had not been furnished to audit.

Item -----	Amount -----	Evidence not made available -----
	Rs.	
Advances Paid - Ministry of Local Government and Provincial Councils	44,927,866	Plans, Estimate and Detailed Schedules.
Project Expenditure - Ministry of Local Government and Provincial Councils	8,722,158	Work Done Certificate
Balance Stocks	200,173	Stock Verification Reports.
Recurrent Aid Payable.	6,723,045	Schedules









- (iii) Out of the provision of Rs.56,800 made for 12 activities in the Action Plan, no expenditure whatsoever had been incurred.
- (iv) Out of the provision made for 05 activities in the Action Plan for the year under review, the expenditure incurred had been less than 10 per cent while the expenditure incurred on 06 activities had been less than 50 per cent.

(b) Physical Performance

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 The main objective of the Pilisaru Project is the solid waste management. The General Treasury had allocated provisions amounting to Rs.5.6 billion for the period of 03 years from 2008 to 2010 for the achievement of the above objective. The provision according to the Budget Estimates of the Government of Sri Lanka and the actual expenditure are as follows.

	2008	2009	2010
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	Rs.	Rs.	Rs.
Provision made from the Consolidated Fund	107,553,359	877,080,000	695,000,000
Actual Expenditure	107,553,359	252,743,886	410,194,602
Utilisation as a Percentage	100	29	59

The following observations were made from the above table.

- (i) The expenditure incurred in the year under review included Rs.164,081,106 spent on the construction of Comport Yards and landfills, a sum of Rs.33,666,023 paid to the Urban Councils and Pradehsiya Sabhas for the establishment of small scale solid waste management projects and Rs.35,700,024 paid to the National Solid Waste Management Assistance Centre for the projects implemented by it with the financial assistance from the Pilisaru Project.
- (ii) Provision amounting to Rs.2,079,613,359 had been made for the years from 2008 to 2010 for the solid waste management which is the main objective of the Pilisaru Project and Solid Waste Programmes had been implemented at an actual expenditure of Rs.770,491,847. Even though such expenditure had been incurred,











(iii)	Kolonnawa Pothuwilkumbura Project	40 Tons	01	112,587,082
(iv)	Kalutara Pohorawatta Project	38 Tons	04	72,912,453
(v)	Matara Municipal Council	40 Tons	01	45,950,000
(vi)	Kuliyapitiya Urban Council	08 Tons	01	38,292,000
(vii)	Nawalapitiya Municipal Council	08 tons	01	28,650,000
(viii)	Badulla Municipal Council	25 Tons	01	82,475,000
(ix)	Hikkaduwa Monrovia Estate Project	50 Tons	06	93,444,318
(x)	Kurunegala Sundarawatta Project	38 Tons	02	48,000,000
(xi)	Wennappuwa Pradeshiya Sabha	08 Tons	01	21,500,000
(xi)	Tangalla Urban Council	08 Tons	01	23,500,000
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			24	643,981,361
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The following observations are made.

- (i) The quantities of garbage managed by the Anuradhapura Kirikkulama Project, Kolonnawa Pothuwilkumbura Project and the Matara Municipal Council Project are 40 tones in each case while the expenditure incurred on those amounted to Rs.77,322,024, Rs.112,587,082 and Rs.45,950,000 respectively.
- (ii) The quantities of garbage managed by the Kalutara Pohorawatta Project and the Kurunegala Sundarawatta Project are 38 Tons in each case while the expenditure incurred amounted to Rs.72,912,453 and Rs.48,000,000 respectively.
- (iii) Hikkaduwa Monrovia Estate Project and the Badulla Municipal Council Project manage 50 tons and 25 tons of garbage daily respectively and the expenditure incurred thereon amounted to Rs.93,444,318 and Rs. 82,475,000 respectively.

