

Udarata Development Authority

1. Financial Statements

1:1 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 the Udarata Development Authority of Sri Lanka had maintained proper accounting records for the year ended 31 December 2010 and except for the effects on the financial statements of the matters referred to in paragraph 1.2 of this report, the financial statements have been prepared in accordance with Sri Lanka Accounting Standards and give a true and fair view of the state of affairs of the Udarata Development Authority of Sri Lanka as at 31 December 2010 and the financial results of its operations and cash flows for the year then ended.

1.2 Comments on Financial Statements

1.2.1 Accounting Deficiencies

The following accounting deficiencies were observed.

- (i) Despite any development expenditure had not been incurred during the year under review relating to the construction of the bridge at Narangaspitiya, Weewala, initiated by expecting a provision of Rs. 15 million, the overall provision had been debited to the development expenditure, thus understating the surplus of the year under review. As the expected balance of the fund was shown as receivable fund, the current assets had been overstated by that amount.

- (b) The objective of providing water to aborigines, from the Dambana Water Supply scheme constructed by incurring an expenditure of Rs.4,106,053 during the period 2008 - 2010 had not been achieved even by June 2011.
- (c) According to the physical examination carried out in audit on 29 December 2009 in respect of the Marathugoda Medapitiya road development works in the Poojapitiya Pradeshiya Sabha area under Maganeguma Project in 2008, a sum of Rs.300,783 had been incurred by WKH \$XWKRULW\ EXW RQO\ WKH GHEULV RI ô' been dumped on the road. Even though a bill valued at Rs.292,616 in connection of this work had been submitted to the Authority by the Pradeshiya Sabha, the Authority had decided to recover a sum of Rs.135,455 due to the road being cracked and non-performance of work sufficient for the advances granted. As such it was observed that this road had not been improved as per agreement and the payments made had become fruitless.
- (d) A mobilization advance of Rs.68,875 had been paid on 08 November 2010 for the Poojapitiya New Ginigath Ela construction works, the estimated value of which amounted to Rs.341,000. This work had not been commenced even as at 31 December 2010 and the advance had not been recovered even by July 2011.

2.5 Operational Inefficiencies

According to the decision taken that the concrete mixture purchased for the construction works under direct labour basis would be no longer required in future the machine had been sold at Rs.351,495 during the year under review. Nevertheless, a sum of Rs.129,400 had been spent in the year under review for hiring concrete mixture for 2 construction works carried out under direct labour basis. The Chairman informed that the machine had been sold due to unusable condition.

