

Loan Board - 2010

1. Financial Statements

1.1 Opinion

In view of my comments and observations appearing in this report I am unable to express an opinion on the financial statements of the Loan Board for the year ended 31 December 2010 presented for audit.

1.2 Comments on Financial Statements

1.2.1 Presentation of Financial Statements

Although the financial statements should be presented to audit on or before 28 February 2011 in terms of Public Enterprises Circular No. PED/12 of 02 June 2003, such accounts had been presented to audit on 20 August 2012 after a delay of one year 05 months and 22 days.

Although the accounts of the Board had been presented to audit with the signature of the Director General of Public Finance up to the year 2009, for the year 2010 the accounts had been presented to audit with the signature of a director in the Department of Public Finance.

1.2.2 Accounting Policies

Accounting Policies adopted by the Board had not been disclosed in the financial statements.

1.2.3 Accounting Deficiencies

As the final accounts of the Loan Board had been prepared without the schedules for the Housing and Property loan account and the District Litigants Account, the individual loan balances could not be audited.

1.2.4 Unreconciled Accounts

Even though the balances of Government Agents account, Loan Board interest account, Interest reserve account and Depreciation fund account and Reserve and Depreciation fund account amounting to Rs.22,663,852, Rs.86,124,779 , Rs.7,210,141 and Rs.3,606,500 respectively had been shown in the financial statements under current assets as at 31 December 2010, there were no corresponding balances of those accounts in the Treasury books. Action had not been taken to reconcile and rectify the differences.

1.2.5 Lack of Evidence for Audit

Due to non-availability of detailed schedules confirmations from relevant parties, transfer deeds, measurement plans, subsidiary records, investment certificates, investment registers and the Treasury printouts for any item in the Trial Balance etc, the Government Housing and Property Loan Board Interest Account, Investments, District Courts Litigants account and Loan Board interest account amounting to Rs.22,663,852 , Rs.748,452 , Rs.111,154,991 , Rs.41,704,045 and Rs.86,124,779 respectively could not be satisfactorily vouched / verified in audit.

2. Financial and Operating Review

3. Systems and Controls

Special attention is needed in respect of the following areas of control.

- (a) 'LVWULFW &RXUWV /LWLJDQWV¶ 'HSRVLWV
- (b) Maintenance of Ledger Accounts
- (c) Winding up Activities