

Swami Vipulananda Institute of Aesthetic Studies - 2010

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 Swami Vipulananda Institute of Aesthetic Studies, 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 and presented in accordance with the Sri Lanka Accounting Standards, give a true and fair view of the state of affairs of the Institute as at 31 December 2010 and the financial results of its operation and cash flows for the year then ended.

1.2 Comments on Financial Statements

1.2.1 Presentation of Financial Statements

Financial Statements of the Swami Vipulananda Institute of Aesthetic Studies of the Eastern University, Sri Lanka for the year ended 31 December 2010, which should have been rendered for audit within 60 days after the closure of the financial year in terms of Section 6.5.1 of the Public Enterprises Guidelines for Good Governance circular No. PED/12 of 02 June 2003 had been rendered to audit only on 16 March 2011.

1.2.2 Accounting Deficiencies

The following accounting deficiencies were observed in audit.

- a) The value of fixed assets aggregating Rs. 23,784,462 shown in the financial statements had been based on book value. A physical verification of these assets had not been carried out as at end of the year under review in terms of Financial Regulations 756.

- b) The value of the land and building of the former Swami Vipulananda Music and Dance College had not been revalued and brought to the accounts.
- c) Auto charges amounting to Rs. 83,062 had been paid to several officers as reimbursement of auto charges instead of using public transport services by the officers for their official journey.

1.2.3 Accounts Receivable and Payable

Following observations are made.

- (a) Miscellaneous advances amounting to Rs. 782,849 had been carried forward in the financial statements since 2008 without action being taken to ascertain and clear from the book of accounts.
- (b) Funds to the value of Rs. 15,752 relating to Vipulananda festival day had been carried forward in the financial statements as recipurable without action being taken to ascertain and clear from the book of accounts.
- (c) Retention money amounting to Rs. 43,356 had been carried forward in the financial statements since 2008 without action being taken to settle or clear from the books of accounts.
- (d) Loan recovery amounting to Rs. 357,089 recovered during 2010 from staff of the Institute had not been remitted to EUSL to set off loan balances of Rs. 1,207,583 payable to EUSL.

1.2.4 Lack of Evidence for Audit

Following observations are made.

- (a) Details relating to other expenditure amounting to Rs. 712,808 had not been furnished for audit.

- (b) 17 Paid vouchers to the value of Rs. 376,257 had not been approved by the Director of the Institute in terms of Financial Regulations No. 136.

2. Financial and Operating Review

2.1 Financial Review

2.1.1 Financial Results

According to the Financial Statements presented, the activities of the Institute during the year under review had resulted in a deficit of Rs. 1,484,826 after taking into account the Government Grant of Rs. 30,829,000 for recurrent expenditure as compared with the corresponding deficit of Rs. 5,148,286 for the preceding year after taking into account the Government Grant of Rs. 19,190,000 received for that year thus showing an improvement in the financial results by Rs. 3,663,460.

2.2 Performance Review

2.2.1 Academic Performance

Following observations are made.

(a) Examinations Held

According to the information made available the details of examinations held during the year under review are given below.

<u>Faculty</u>	<u>No. of Students Sat for Exam</u>	<u>No. of Students Passed</u>	<u>No. of Students Referred / Failed</u>
Music	98	76	22
Dance	67	34	33
Drama and Theatre	94	65	29
Visual and Technological	46	23	23

(b) **Cost per Student**

Total number of students registered for 04 courses of the Institute was 529. Total recurrent expenditure incurred during the year under review amounted to Rs.32,822,560. The average recurrent cost per student for the year under review was Rs. 62,046.

(c) **Mahapola and Bursaries**

A sum of Rs. 8,918,000 had been paid to 451 students as Bursary and a sum of Rs.32,500 had been paid to 02 students as Mahapola during the year under review.

2.3 Procurements

The following observations are made.

- (a) Regional Procurement Committee of the Institute had consisted of 04 members as per Board Decision on 28 March 2008 instead of 03 members in terms of Section 2.7.7 of Procurement Guidelines – 2006.
- (b) Goods and equipment to the value of Rs. 6,722,991 had been purchased based on Regional Procurement Committee's (RPC) approval without mentioned the quantity of items to be purchased in the minutes of meeting and subsequently covering approval hand been obtained from the Vic Chancellor.
- (c) A sum of Rs. 63,558 had been paid to a private supplier for the purchase of 11 numbers of mikes with wire at Rs. 5,778 each. In this regard, the following observations are made.

- (i) 11 Numbers of mike with wire had been purchased on 30 August 2010 without following tender / quotation procedure in terms of Section 2.14.1 of Procurement Guidelines – 2006. However, covering approval had been obtained on 07.January 2011 at RPC meeting for 06 numbers of mike only.
- (ii) The above equipment had been purchased from unregistered supplier who had not been an authorized agent for “AHUJA” brand equipment.

2.4 Financial Management

Following observations are made.

- (a) 43 cheques to the value of Rs. 5,804,719 written in favour of several supplies had been taken over personally by the Store Keeper and Senior Assistant Bursar (SAB) of the Institute and issued to the suppliers by them instead of cheques being posted to the respective suppliers directly.
- (b) Advances aggregating Rs. 96,055 given in 07 instances for various purposes had not been utilized for the intended purposes and those had been settled after considerable delays.

3. Systems and Controls

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

- (a) Fixed assets and inventory items
- (b) Procurements
- (c) Accounting