

Swami Vipulananda Institute of Aesthetic Studies - 2012

1. Financial Statements

1.1 Qualified Opinion

In my opinion, except for the effects of the matters described in paragraph 1.2 of this report, the financial statements give a true and fair view of the financial position of the Swami Vipulananda Institute of Aesthetic Studies as at 31 December 2012 and its financial performance and cash flows for the year then ended in accordance with the Sri Lanka Accounting Standards.

1.2 Comments on Financial Statements
Accounting Deficiencies

The following accounting deficiencies were observed in audit.

- a) The fixed assets aggregating Rs. 39,226,933 had been brought to account based on book value instead of bringing to the value based on physical verification.
- b) The value of the land and building of the Swami Vipulananda Music and Dance College had not been revalued and brought to the financial statements of the Institute.

2. Financial Review

2.1 Financial Results

According to the financial statements presented, the activities of the Institute during the year under review had resulted in a surplus of Rs. 3,573,872 after taking into account the Government Grant of Rs. 57,500,000 for recurrent expenditure as against the deficit of Rs. 1,934,894 for the preceding year after taking into account the Government Grant of Rs. 42,314,778 for that year thus indicating an improvement in the financial results by Rs. 5,508,766 due to an increase in recurrent grant.

3. Operating Review

3.1 Performance

The following observations are made.

(a) Results of Examinations

According to the information made available, the performance of the undergraduates at the examinations held is given below.

<u>Faculty</u>	<u>No. of Students Sat for the Examination</u>	<u>No. of Students Passed</u>
Music	45	44
Dance	56	54
Drama and Theatre	90	82
Visual and Technological Arts	06	06
Total	197	186

(b) Cost per Student

Total number of students registered for four courses of the Institute was 796. Total recurrent expenditure incurred during the year under review amounted to Rs.54,285,237. The average recurrent cost per student for the year under review was Rs.68,198. The cost per student was increased by Rs 8,334 when compared with the previous year.

(c) Mahapola and Bursaries

A sum of Rs. 7,825,200 had been paid to 583 students as Bursary and a sum of Rs.472,500 had been paid to 55 students as Mahapola during the year under review.

3.2 Management Inefficiencies

The following observations are made.

- (a) Fourteen cheques to the value of Rs.3,622,315 drawn in favour of various suppliers during the last year had been encashed fraudulently by an officer of the Institute through his Bank Account maintained at a private Bank in Batticaloa.

- (b) The Institute had purchased floor carpets, easels, sculpture wheels, and bunk beds during the last year at a cost of Rs 4,183,728. The following observations are made in this connection.
 - (i) Higher rate than the prevailing market price had been paid for each square feet of floor carpet at Rs.480. However, the District Secretariat, Batticaloa had purchased similar quality of floor carpet for Rs.60 per square feet.

 - (ii) Although tender documents had been sent by Senior Assistant Bursar to 7 selected floor carpet suppliers, one supplier in Kattankudy was in bogus name and second supplier was a vehicle service centre and welding garage. Another supplier in Batticaloa, was a welding workshop.

 - (iii) Seventy numbers of easels had been purchased for Rs.14,000 each. However, actual prevailing market price was Rs.7,000 each as per statement obtained from supplier. In this regard, a sum of Rs.490,000 had been over paid.

 - (iv) According to the reports of the Environmental Officer, Divisional Secretary, and Pradeshiya Sabha, Ariyampathy, the workshop where the easels purchased was a welding garage.

 - (v) Although tender documents had been sent to seven selected suppliers by Senior Assistant Bursar, five bidders were being welding workshops and one welding workshop was not making

any wooden furniture items according to direct visit made with Revenue Inspector of a Local Authority.

- (vi) Thirty bunk beds had been purchased for Rs.1,230,000 from a private shop in Moratuwa, which had been closed down in 2008 and a new business establishment (textiles) were being functioned for over 2 years at the same address.
 - (vii) Forgery bills had been used to support the purchase of bunk beds.
 - (viii) Thirty bunk beds had been purchased for Rs.41,000 each. However, prevailing market price was Rs.30,000 only as per statement obtained from the supplier. In this regard, an over payment of Rs.330,000 had been made.
 - (ix) Different specifications had been sent to the suppliers for the purchase of sculpture wheels.
 - (x) Supplier had supplied sculpture wheels for higher rate for Rs.21,500 each. But, prevailing market price for each sculpture wheel was Rs.10,000 each. In this regard, a sum of Rs. 575,000 had been overpaid.
- (c) The Institute had purchased 91 fake/duplicate toners at a cost of Rs 1.27 million without considering the actual requirements and genuineness. As a result, those toners had been idling for over one year at the stores of the Institute.
- (d) The following consumable items purchased were lying at the stores without being utilized.

<u>Item</u>	<u>Quantity</u>
Mosquito coil	465 packets
Lysol	662 bottles
Harpick	944bottles
Hand wash	107 bottles
Mosquito liquid refill	90 bottles

Air freshener	124 bottles
DVD disc	900 numbers
VCD disc	309 numbers

- (e) The Board of Survey conducted for the year 2009/2010 had reported the shortages of 102 numbers of valuable music and dance equipment. However, action had not been taken by the management to fix the responsibility for the shortages and take appropriate actions to recover the losses.

4. Accountability and Good Governance

4.1 Corporate Plan and Action Plan.

Although the Institute had prepared a Corporate Plan for the period 2010-2015, it had not contained adequate information in terms of the Public Enterprises Circular No.PED/12 of 02 June 2003.

4.2 Budgetary Control

Major variations were observed between the budgeted expenditure and actual expenditure, thus indicating that the Budget had not been made use of as an effective instrument of management control.

5. Systems and Controls

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

- (a) Assets management
- (b) Procurements
- (c) Financial Management