

National Council for Elders.

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 National Council for Elders 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, give a true and fair view of the state of affairs of the National Council for Elders 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 Accounts

Approval of the Governing Council for the accounts presented was not presented and the accounts had not been signed by the Accountant as well.

1.2.2 Sri Lanka Accounting Standards

The following observations are made.

(a) Standard 24

The value of the motor vehicle amounting to Rs. 1,800,000 released by the Treasury on 17 April 2008 and assets valued at Rs. 1,165,700 had been credited to the Accumulated Fund Account instead of being credited to the Government Grant (Capital) Account.

(b) Standard 03

The accounting policy that was erroneously followed in the preceding years had been rectified during the year under review. However, the change of the policy taken place relating to the sum of Rs. 1,717,181 debited to the Accumulated Fund and the sums of Rs. Rs. 813,402 and Rs. 903,779 credited to the Provisions for Depreciation and Reservations of Rooms respectively, had not been disclosed in the Notes in terms of Accounting Standard 03.

1.2.3 Accounting Deficiencies

The following observations are made.

- (1) The balance amounting to Rs. 259,764 remaining from the amount granted in the year under review for the renovation to the elderly home in Meegastenna and St. Joseph elderly home in Balangoda, had not been remitted back. However, it had been accounted as rehabilitation and maintenance expenses without being accounted as receivables from those Institutes in the financial statements.

- (2) Consumable goods valued at Rs. 318,490 and Rs.26,887 had been accounted under furniture and office equipment and plant and machinery respectively.

1.2.4 Non compliances with Laws, Rules, Regulations and Management Decisions.

The following non-compliances with Laws, Rules etc. were observed.

Reference to Laws, Rules and Regulations	Non compliances
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| (a) Section 3 of the Payment Gratuity Act, No. 12 of 1983 | Provisions for the payment of gratuity to the employees of the Council had not been made. |
| (b) Treasury Circular No. 842 dated 19 December 1978 | The Register of Fixed Assets had not been properly maintained and in an updated manner in terms of the Circular. |

2. Financial and Operations Review

2.1 Financial Review

2.1.1 Financial Result

According to the financial statements presented, the working of the Council for the year ended 31 December 2010 had resulted in a surplus of Rs. 948,294, as against the deficit of Rs. 16,161,187 for the preceding year, thus indicating an increase of Rs. 17,109,481 in the year under review as compared with the financial result of the previous year. Increase in Government grants by Rs. 17,759,000, miscellaneous income by Rs. 274,758, decrease in contractual services expenses by Rs. 467,537 and other operating expenses by Rs.4,139,513 had caused for the increase.

2.2 Operations Review

2.2.1 Performance

Expected targets on five activities such as, establishment of committees for elders, provision of financial aids for the day care centres, conducting training programmes, provisions of medical clinics, lenses and supportive equipment and distribution of hearing aids that was expected to be carried out by the National Council for Elders during the year 2010 based on the Action Plan had not been achieved.

2.2.2 Internal Audit

No internal audit had been carried out by the internal audit division assigned to the relevant Ministry.

2.2.3 Budgetary Control

The variations ranging from 8 per cent to 100 per cent were observed between the budgeted and the actual expenditure in the year under review, thus indicating the budget had not been made use of as an effective instrument of management control.

3. Systems and Controls

Deficiencies observed during the course of audit were brought to the notice of the Chairman from time to time. Special attention is needed in respect of the following areas of control.

- (a) Stores control
- (b) Preparation and presentation of financial statements
- (c) Budgetary control
- (d) Fixed assets.