

Title Insurance Fund - 2013.

The audit of financial statements of the Title Insurance Fund comprising the Balance Sheet as at 31 December 2013 and the statement of income and expenditure and cash flow statement and significant accounting policies and other explanatory information was carried out under my direction in pursuance of provisions in Article 154(1) of the Democratic Socialist Republic of Sri Lanka read in conjunction with Section (41) of the Orders enacted in terms of Section 67 of the Registration of Titles Act No. 21 of 1998. My comments and observations which I consider should be published with the annual report appear in this report.

1:2 Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Sri Lanka Public Sector Accounting Standards and for such internal controls as the management determines is necessary to enable the preparation of financial statements that are free from material misstatements whether due to fraud or error.

1:3 Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Sri Lanka Auditing Standards consistent with International Standards of Supreme Audit Institutions (ISSAI 1000 – 1810). Those Standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgements, including the assessment of the risks of material misstatements of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Fund's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

2. Financial Statements

2:1 Opinion

In my opinion the financial statements give a true and fair view of the financial position of the Title Insurance Fund as at 31 December 2013 and its financial performance and cash flows for the year then ended in accordance with Sri Lanka Public Sector Accounting Standards.

3. Financial Review

3:1 Financial Results

According to the financial statements presented, the financial results for the year under review was a surplus of Rs.4,054,626 as compared with the previous year's surplus of Rs.2,470,006 showing an improvement in financial results by Rs.1,584,620. The increase in income from registration of titles amounting to Rs.1,191,741 and the income from interest on investments amounting to Rs.379,431 as compared with those of the previous year had mainly attributed to the improvement in surplus.

4. Operating Review

4:1 Performance

4:1:1 Activities of the Fund

- (a) According to the Registration of Titles Act No. 21 of 1998, this Fund commenced functioning since 2010 for payment of compensation for losses that occur during registration of land. However, such compensations had not been paid upto the year under review showing that making awareness among the public in this regard was at a low level.
- (b) The activities of the Fund during the previous years were to account for the monthly transfers of 40 per cent of income from registration of titles, payment of allowances to officers and payment of allowances to the management committees. The limited duties of the Fund could have been fulfilled by assigning duties like any other functions. In spite of this, allowances amounting to 1/6th of the basic salary had been paid to 6 officers including the Chief Accountant. Details of such payments made during the previous year are shown below.

Year	No. of Officers	Amount Paid
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		Rs.
2010	6	192,419
2011	6	280,388
2012	7	287,263
2013	9	286,848

- (c) A balance of over Rs.425,000 was in the bank current account of the Title Insurance Fund during the whole year. A routine expenditure trend which could be specifically identified exists in the Fund and as such non-utilization of the surplus fund for fulfilment of objectives of the Fund shows the weakness of financial management.

5. Accountability and Good Governance

5:1 Budgetary Control

It was observed that the budget had not been utilized as an effective instrument of control as the variances between the budgeted values and the actual values ranged from 37 to 285 per cent.