

Land Survey Council

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 Land Survey Council had maintained proper accounting records for the year ended 31 December 2010 and except for the affects 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 and give a true and fair view of the state of affairs of the Land Survey Council 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 Sri Lanka Accounting Standards

The following observations are made.

- (i) Payments amounting to Rs. 348,890 for allowance for the membership of the Council and allowance of the audit committee meeting had been classified as other service payments, instead of bring to account as other allowances in terms of Sri Lanka Accounting Standards No. 03,
- (ii) Although according to the Sri Lanka Accounting Standards No. 09, fixed deposits with the maturity date of less than 3 months should be classified as cash and cash equivalents, monthly fixed deposit amounting to Rs 500,000 had been omitted while preparing of cash flow statement.

1:2:2 Suspense Account

The balance of a suspense account as at 31 December 2010 amounting to Rs. 5,850 had been shown in the balance sheet.

1.2.3 Non- compliance with Laws, Rules and Regulations etc.

Instances of the following non – compliances with laws, rules and regulations were observed.

**Reference to Laws, Rules and Regulations
etc.**

Non – compliance

(i) Survey Act No.17 of 2002

Section 46(1) and Council Decision No.
67.9

Although the complaints should be produced in a specified format signed by a Justice of Peace, in certain instances the council had taken action on complaints not submitted in writing. Therefore, it was observed that the Council in this connection had not adopted a constant policy.

**(ii) The Establishments Code of the
Democratic Socialist Republic of Sri
Lanka.**

(a) Section 13.3 of Chapter II and the letter
No. DMS/E/35/4/391 dated 06 January
2009 of the Director General of the
Department of Management Services.

The post of Secretary to the Council had remained vacant from the month of January 2009 and the approval had been granted to appoint an officer possessing qualification as an Acting Secretary until the recruitment of an officer on permanent basis. But the vacancy had not been filled up to December 2010. The Chairman informed that further action will be taken in future for recruitment of a permanent officer.

(b) Section 10 of Chapter II

Medical reports by filling up form General 169 had not been submitted by the officers of the Council.

- (c) Sub – section 10.10 of Chapter II
- Copies of the educational certificates of the officers in the service of Council had not been certified by the relevant institutions as true copies and included in the personal files.
- (iii) Circulars
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- (a) Public Enterprises Circular No. PED 25(I) dated 10 August 2004 and Paragraph 11 of Finance Act No. 38 of 1971
- Even though the surplus fund of the Council amounting to Rs. 1,500,000 had been deposited in a fixed deposit account in the month of December 2010, the approval had not been obtained in this regard.
- (b) Public Administration Circular No. 09/2007/01 dated 11 May 2007
- (i) Section II
- Although the appointing authority should recommend to re-employ a retired officer, such action had not been taken in respect of officers recruited to the post of Clerk on contract basis.
- (ii) Section III
- Even though re-employment of a retired officer should be limited to the period of 12 months, deployment of Clerk in the service had been approved by the Secretary of the Ministry for 3 years that is up to the age of 62 years.

(iii) Section 2 (vi)

Although 50 percent of the salary received at the time of retirement by the relevant officer for the post in the secondary grade or Rs. 10,000 whichever is more should be paid as monthly allowance, a monthly allowance of Rs. 20,000 had been approved and payment made to the relevant officer by the Land Survey Council.

2. Financial and Operating Review

2.1 Financial Review

2.1.1 Financial Results

According to the income statement presented, the operations of the Land Survey Council for the year under review had resulted a deficit of Rs. 1,580,073 as against the surplus of Rs. 1,680,422 for the preceding year, thus indicating a decrease in the financial result by 206.35 percent being Rs. 3,260,495. License fees income for the year 2010 accounted as an income of the year 2009 had mainly affected for this.

2.2 Operating Review

The following matters were observed in respect of the progress of achievement of functions indicated in the Survey Act No. 17 of 2002.

(i) Section 37 (a)

Maintaining the professional discipline among the persons deployed in the land survey activities had been the purposes in terms of the Land Survey Act and the manner of action taken during the year under review in respect of complaints regarding the survey plans prepared by the unauthorized persons and the misconducts of the Surveyors were as follows.

No. of unsettled complaints as at 31 December 2009	41
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According to the Register of Complaints the number of complaints received for the year 2010	55
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Number of complaints to be settled	----- 96
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No. of complaints settled during the year 2010	56
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No. of complaints unsettled as at 31 December 2010	----- 40 =====
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- (ii)** Although according to the Section 37 (f) and (g) of the Survey Act, the matter such as creating willingness with the foreign authorities for creating equal positios at the matters that are conducting examination to obtain qualifications in respect of the surveyors profession, education, training and acceptance had been targeted, it was observed in audit that any work plan had not been introduced to achieve those targets. The Chairman informed me that no need of such requirement due to officers possessing survey license had obtained the departmental training and experience.

2.3 Corporate Plan and Action Plan

Following observations are made.

- (i) Registration of 60 surveyors had been targeted according to the Action Plan 2010 whereas 69 Surveyors had been registered during the year under review. Target for the year 2009 was 170 whereas the No. of surveyors registered was 60.

- (ii) Some matters which should be according the public Enterprises Circular No. 12 of 02 January 2003 had not been included while preparing the Corporate Plan by the Council.

Eg:- Information regarding operating results for the last 3 years had not been included.

- (iii) Action Plan had been revised at the end of the year for the purpose of showing the progress of achieving targets.

2.4 Operational and Management Inefficiencies

The following observations are made.

- (i) Although the approval for the payment of allowance for sub-committee meetings had been given only up to 31 December 2007 by the letter No. b/8/2/720/272/3 dated 19 July 2007 of the Department of Management Services Rs. 79,500 and Rs. 110,288 had been paid from January 2008 to December 2010 as sub - committee meeting allowance and transport allowance for 3 members respectively without proper approval.

- (ii) Although a Register of Registered Surveyors was being maintained by the council, information regarding the registered surveyors who professionally involved and not involved in the survey activities could not be obtained due to not – updating that register.

2.5 Audit and Management Committee

Although the Audit and Management Committee Meetings should be held at least once in 3 month according to the Public Enterprises Circular No. PED 31 dated 01 July 2005, only 02 meetings of the Audit and Management Committee were held by the Council for the year 2010.

2.6 Budgetary Control

As significant variances were observed between the budgeted figures furnished by the Council and the actual figures it was observed that the budget had not been made one of as an effective instrument of management control.

3. Systems and Control

Deficiencies in the system and controls observed during the course of audit were brought to notice of the Chairman from time to time and special attention is needed in respect of the following areas of controls.

- (i) Maintenance of Personal Files.
- (ii) Internal Audit.
- (iii) Maintenance Books of Accounts.
- (iv) Interest on investments.