

Institute of Valuers of Sri Lanka - 2015

The audit of financial statements of the Institute of Valuers of Sri Lanka (“the Institute”) for the year ended 31 December 2015 comprising the statement of financial position as at 31 December 2015, statement of comprehensive income, statement of changes in member's funds and cash flow statement for the year then ended and a summary of significant accounting policies and other explanatory information, was carried out under my direction in pursuance of provisions in Article 154(1) of the Constitution of the Democratic Socialist Republic of Sri Lanka read in conjunction with Section 13(1) of the Finance Act, No. 38 of 1971 and Section 31 of the Institute of Valuers of Sri Lanka Law, No.33 of 1975 of the National State Assembly .

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 Accounting Standards and for such internal control 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 Auditing 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 are selected depend on the auditor’s judgement, 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 Institute’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 Institute’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 the financial statements. Sub-sections (3) and (4) of Section 13 of the Finance Act, No.38 of 1971 give discretionary powers to the Auditor General to determine the scope and extent of the audit.

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 Institute of Valuers of Sri Lanka as at 31 December 2015 and its financial performance and cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

3. Financial Review

3.1 Financial Results

According to the financial statements presented, the operations of the Institute for the year under review had resulted in a net surplus of Rs.957,662 as compared with the corresponding net surplus of Rs. 561,874 for the preceding year thus, indicating an improvement of Rs.395,788 or 70 per cent in the financial results as compared with the preceding year. The significant decrease in operating expenditure was the main reason attributed for this improvement in the financial results.

4. Operating Review

4.1 Performance

As pointed out in my previous audit reports, the Institute had failed to take necessary actions to achieve the following objectives even in the year under review which mentioned in Section 04 of the Institute of Valuers of Sri Lanka Law, No.33 of 1975 of the National State Assembly.

- a) Promote the acquisition, dissemination and interchange of knowledge relating to or connected with the Science of Valuation by establishing and maintaining libraries.
- b) Conduct or provide for the conduct of qualifying examinations for membership of the Institute, and to provide or approve course of study for such examinations and to engage and remunerate lectures and exams.

In this regard the President of the Institute had informed me that “a sub-committee has been appointed to explore this matter and currently they are recognizing four university programs for admission to the Institute”

4.2 Uneconomic Transactions

Although a sum of Rs.77,000 had been paid to a person to design a website for the Institute during the year 2015, this task had not been performed successfully. Hence, the above amount paid was become a fruitless expenditure.

5. Accountability and Good Governance

5.1 Presentation of Financial Statements

In contrary to requirements of the Public Enterprises Circular No.PED/12 of 02 June 2003, the financial statements of the Institute for the year 2015 had been submitted to audit only on 04 November 2016 after delaying 08 months and it had been amended and re-submitted on 15 November 2017.

5.2 Corporate Plan, Action Plan and Budget

The Corporate Plan, Action Plan and Budget will help to forecast the future activities and give the directions to achieve the expected targets effectively. Nevertheless, these were not prepared by the Institute by targeting the year 2015.

6. Systems and Controls

Deficiencies observed in systems and controls during the course of audit were brought to the notice of the President of the Institute in time to time. Special attention is needed in respect of control over achievement of expected objectives.