

Institute of Geology of Sri Lanka – 2015

The audit of financial statements of the Institute of Geology of Sri Lanka for the year ended 31 December 2015 comprising the statement of financial position as at 31 December 2015 and the Statement of Income and Expenditure ,statement of changes in equity and cash flow statement and other explanatory information for the year then ended and a summary of significant accounting policies 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 10 of the Institute of Geology, Sri Lanka (Incorporation) Act, No. 03 of 2014. My comments and observations which I consider should be published with the Annual Report of the Institute in terms of Section 14(2)(c) of the Finance Act 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 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. 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 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 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 qualified 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 Geology of Sri Lanka as at 31 December 2015 and its financial performance and cash flows for the year then ended in accordance with the Sri Lanka Public Sector Accounting Standards.

2.2 Comments on Financial Statements

2.2.1 Accounting Deficiencies

The following observations are made.

- (a) Action had not been taken to adjust the depreciations on non-current assets amounted to Rs.20,941 acquired by the Institute in the year under review.
- (b) The salaries payable amounting to Rs.30,000 relevant to the year under review had not been brought to account.

2.3 Non-compliance with Laws, Rules, Regulations and Management Decisions

In terms of Section 11(1) of the Institute of Geology of Sri Lanka Act, No. 03 of 2014, the Council shall prepare a report of the activities of the Corporation for each financial year and submit such report together with the audited statement of accounts to the Secretary of the Ministry of the Minister assigned the subject of Environment and to the Registrar of Voluntary Social Services Organizations appointed under the Voluntary Social Services Organization (Registration and Supervision) Act, No. 31 of 1980 before the expiration of six months of the year succeeding the year to which such report relates. However, the Council had not prepared such a report.

3. Financial Review

3.1 Financial Results

According to the financial statements presented, the operating result of the Institute for the year ended 31 December 2015 amounted to a surplus of Rs.371,363 as compared with the corresponding surplus of Rs.331,113 for the preceding year, thus indicating an improvement of Rs.40,250 in the financial results of the year under review. Even though the expenditure of the year under review had been increased by Rs.135,676 as compared with the preceding year, increase of the income by Rs.175,926 had been the major reasons for the above improvement.

4. Operating Review

4.1 Performance

The main objectives of the Institute as per the Act, No. 03 of 2014 of the establishment of the Institute of Geology of Sri Lanka are as follows.

- (a) To promote the acquisition, dissemination and exchange of knowledge relating to Geology;
- (b) to encourage research activities into Geological matters;
- (c) to assess the eligibility of candidates for admission to various grades of membership;
- (d) to regulate its professional activities and to assist in maintaining high standards in the general conduct of its activities;
- (e) to promote, maintain and uphold professional and ethical principles and standards in all matters connected with the practice of Geology;
- (f) to enhance and promote the interests and status of the professionals of Geology;
- (g) to provide services to the public and private institutions in matters connected with the application of Geology to activities relating to the development and progress of the country; and
- (h) to foster co-ordination with similar professional Institutes in Sri Lanka and other countries in furthering the objects of the institution.

The following observations are made in respect of the achievement of the above objectives.

- (i) The Admissions and Ethical Practices Committee relevant to the grading of the members had been appointed and 70 corporate members, 17 associate members and 21 chartered Geologists had been selected during the year under review through it.
- (ii) The Code of Conduct of Geologists had been compiled and disciplinary actions had been taken only for one officer.
- (iii) Resource persons of the Institute of Engineers Sri Lanka had been participated for the lectures of the Institute of Geology of Sri Lanka.

5. Accountability and Good Governance

5.1 Presentation of Financial Statements

In terms of Section 6.5.1 of the Public Enterprises Circular No. PED/12 of 02 June 2003, the financial statements should be presented to the Auditor General within 60 days after the closure of the year of accounts. However, the financial statements for the year under review had been presented to the Auditor General only on 03 July 2017.

5.2 Action Plan

An Action Plan in terms of the Public Finance Circular No.01/2014 dated 17 February 2014 had not been prepared for the year under review.

5.3 Budgetary Control

A budget in terms of the Public Enterprises Circular No.PED/12 dated 02 June 2003 had not been prepared for the year under review.