

## **Land Survey Council - 2015**

-----

The audit of financial statements of the Land Survey Council for the year ended 31 December 2015, comprising the statement of financial position as at 31 December 2015 and the statement of financial performance, statement of changes in equity 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 57 (2) of the Survey Act, No.17 of 2002. My comments and observations which I consider should be published with the Annual Report of the Council 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 consistent with International Auditing Standards of Supreme Audit Institutions (ISSA1 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 judgement, including the assessment of the risks of material misstatements of the financial statements, whether due to fraud or error. In making those assessments, the auditor considers internal control relevant to the Council'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 Council'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.

### **1.4. Basis for Qualified Opinion**

-----

My opinion is qualified based on the matters described in paragraph 2.2 of this report.

## **2 Financial Statements**

---

### **2.1 Qualified Opinion**

---

In my opinion, except for the effects of the matters described in paragraph 2.2 of this report, the financial statements give a true and fair view of the financial position of the Land Survey Council as at 31 December 2015 and its financial performance and cash flows for the year then ended in accordance with Sri Lanka Public Sector Accounting Standards.

### **2.2 Comments on Financial Statements**

---

#### **2.2.1 Accounting Policies**

---

An accounting policy had not been identified by the Council in respect of employee gratuity and a provision had not been made for employee gratuity.

#### **2.2.2 Accounting Deficiencies**

---

Direct credit to the bank totalling Rs.53,650 had not been identified and brought to account as at 31 December of the year under review.

#### **2.2.3 Suspense Accounts**

---

Action had not been taken to rectify the balance of the suspense account including in the non-current liabilities amounting to Rs.8,820 which had lapsed over 02 years.

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

---

The following non- compliances were observed.

#### **Reference to Laws, Rules and Regulations**

---

#### **Non- compliance**

---

(a) Survey Act No.17 of 2002

(i) Section 12(1)

Even though specific categories of original plans or copies of maps prepared and certified by a registered licensed surveyor should be deposited for the establishment of a database, action had not been taken accordingly.

(ii) Sections 43(1) and (2)

Even though a list of names of all registered licensed surveyors should be published in the Gazette by the Council, names of only 992 accredited surveyors registered in the Gazette No.1908 of 27 March 2015 had been published despite there being 1047 registered licensed

surveyors in the year under review.

- (b) Paragraph 1.3.2 of Government Procurement Guidelines Sums of Rs.209,540 and Rs.574,350 had been spent for hall fees and lunch respectively at 02 Seminars held in the Bandaranaike Memorial International Conference Hall contrary to procurement provisions.

### **3 Financial Review**

-----

#### **3.1 Financial Results**

-----

According to the financial statements presented, the financial result of the Council for the year under review had been a deficit of Rs.732,669 as compared with the corresponding surplus of Rs.467,508 for the preceding year thus indicating a deterioration of Rs.1,200,177 in the financial result as compared with the preceding year. Even though the income from Seminars had increased by a sum of Rs.1,105,500, the decrease of other income by a sum of Rs.1,353,306 and increased of personal emoluments by Rs. 609,714 had been the main reason for this deterioration.

In analyzing the financial results of 04 preceding years and in the year under review, even though it indicated a financial surplus with a fluctuation from the year 2011 to the year 2014, it had been a deficit of Rs.732,669 in the year 2015. However, in considering personnel emoluments and depreciations for non- current assets, the contribution with a fluctuation being a sum of Rs.2,471,638 in the year 2011, had been a sum of Rs.2,546,395 in the year 2015.

#### **3.2 Analytical Financial Review**

-----

According to the statement of financial position presented, the current ratio of the Council in the year 2015 and in the year 2014 had been 0.83 and 2.6 respectively. As such, the current ratio existed at a low level in the year under review as compared with the preceding year. The decrease of cash and cash equivalents by a sum of Rs.5,195,006 in the year under review as compared with the preceding year had mainly caused in this connection. 93 per cent in the year 2015 and 95 per cent in the year 2014 in current assets had represented as cash and cash equivalents and a large amount of assets had been tied up with liquid assets.

### **4. Operating review**

-----

#### **4.1 Performance**

-----

Objectives of the Council in terms of the Survey Act No.17 of 2002 are ensuring that the profession of surveying and its usages are systematically maintained, a training or an education that comply with technical norms and ethical standards is offered to persons who enter into the profession and as such, highest standards of professional existence are maintained by the persons deployed in the profession.

The following observations are made in respect of the progress of achieving the work in terms of the Action Plan.

- (a) Even though the total number of complaints amounted to 105 that should be resolved within the year under review, only 64 complaints or 61 per cent had been resolved within the year.
- (b) Even though it was targeted to conduct of 6 professional development programmes in terms of the Action Plan of the year under review, only 03 programmes had been conducted.
- (c) Even though a Social Security Scheme should be established for its officers and employees and welfare and sports facilities should be provided, action had not been taken accordingly.
- (d) Even though necessary rules should be prepared in respect of administration of activities of the Council, action had not been taken accordingly.
- (e) Even though it had been stated that all surveyors who are entitled to issue annual licenses should be registered under the Survey Act, laws and rules had not been introduced by the Council either to identify persons deployed in professional surveying activities without obtaining annual licenses or to prohibit such activities.

#### 4.2 **Management Activities**

-----

The registration fee amounting to Rs.3,500 charged from a surveyor in registering in the Council after the year 2005 in which the Council commenced its activities and fees amounting to Rs.2,500 chargeable from a surveyor for annual licenses after the year 2010 had not been revised up to 31 December of the year under review.

#### 4.3 **Personnel Administration**

-----

Even though it had been stated that sufficient officers and employees should be appointed to carry out the functions of the Council in terms of Paragraph 38(c) of the Survey Act, one Clerk and one Office Assistant had only been recruited to the Council even by 30 April 2016. As such, the dearth of officers had been a fetter to activities of resolving complaints and updating documents.

### 5. **Accountability and Good Governance**

-----

#### 5.1 **Audit Committees**

-----

Even though it had been stated that the Audit Committee meeting should be conducted every 03 months in terms of Paragraph 7.4.1 of Public Finance Circular No.PED.12 of 02 June 2003, any meeting had not been held in the first half year of the year under review and all four meetings had been held in the second half- year.

## 5.2 Budgetary Control

-----

A variance ranging from 11 per cent to 19 per cent between the budgeted income and the actual income and the budgeted expenditure and the actual expenditure was observed, thus indicating that the budget had not been made use of as an effective instrument of management control.

## 5.3 Unresolved Audit Paragraphs

-----

The post of Secretary of the Council remains vacant since January of the year 2009 and even though it had been ordered by the Committee on Public Enterprises of 05 July 2012 to take action to recruit an officer to that post, action had not been taken to fill that post even up to the date of audit on 31 March 2016.

## 5.4 Tabling of Annual Reports

-----

The Annual Report of the Council of the year 2014 had not been tabled in Parliament even as at 30 April 2016.

## 5.5 Achievement of Social Responsibilities

-----

Even though copies of the plans should be sent to the Survey Council so that plan prepared by surveying by Licensed Surveyors could be obtained by the public, action had not been taken accordingly.

## 6. Systems and Controls

-----

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

### Areas of Systems and Controls

-----

### Observations

-----

(a) Accounting

Existence of a suspense balance in the accounts due to non-maintenance of proper ledger accounts.

(b) Control of Income

Fees not revised.