

Land Survey Council – 2016

The audit of financial statements of the Land Survey Council for the year ended 31 December 2016 comprising the statement of financial position as at 31 December 2016, 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 Land 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 (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 judgement, including the assessment of the risks of material misstatement of the financial statements whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Council’s preparation and fair presentation of 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 2016 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 Sri Lanka Public Sector Accounting Standards

Accounting software amounted to Rs.45,854 had not been shown under the intangible assets in accordance with the paragraph 45 of Sri Lanka Public Sector Accounting Standard 1.

2.2.2 Accounting Policies

An accounting policy had not been introduced with regard to the employees' gratuity and the provisions thereon had not been made for the employees' gratuity.

2.2.3 Lack of Evidence for Audit

The Schedules relevant to the machinery, furniture, computer accessories and office equipment totalling Rs.547,944 had not been furnished to audit.

2.2.4 Suspense Account

Even though the balance of the suspense account amounted to Rs. 8,820 which had lapsed more than 03 years included in the current liabilities according to the financial statements, action had not been taken to rectify.

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

The following non-compliances were observed.

Reference to Laws, Rules and Non-compliance Regulations

Land Survey Act No.17 of 2002

(a) 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 at Surveyor General, action had not been taken accordingly.

(b) 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, only 943 names of them had been published in the Gazette No.1960/29 dated 30 March 2016 despite there being 1031 registered licensed surveyors in the year under review.

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.834,430 as compared with the corresponding deficit of Rs.732,669 for the preceding year thus indicating a deterioration of Rs.101,761 in the financial result for the year under review as compared with the preceding year. Even though the total income of the year under review had increased by a sum of Rs. 414,573 the increase of other allowances by Rs. 328,892 , expenses for postal and communication by Rs. 103,526 and other expenses by Rs.114,665 had mainly attributed to the above deterioration.

In analyzing the financial results of 04 preceding years and the year under review, even though it was indicated that a financial surplus with a fluctuation from the year 2011 to the year 2014, it had been a deficit of Rs.834,430 in the year 2016. However, when taking into consideration of employees' remuneration and the depreciations for non-current assets, the contribution amounted to Rs.2,471,638 in the year 2011, had been a sum of Rs.2,791,615 in the year 2016 with fluctuations.

4. Operating Review

4.1 Performance

The 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 functions according to the Action Plan.

- (a) Even though the total number of complaints were 136 which should be resolved during the year under review, only 91 complaints or 67 per cent had been resolved within the year.
- (b) Even though it was targeted to conduct of 6 professional development programmes by the Council for 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 as such stipulation.
- (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

After the year 2005 when the activities of the Council was commenced a sum of Rs.3,500 charged at the instance of being registered of a surveyor in the Council and the fee of Rs. 2,500 charged from a surveyor for the annual license after the year 2010 had not been revised up to the 31 December in the year under review.

4.3 Transactions of Contentious Nature

An overpayment amounting to Rs.138,582 had been made for the contract relating to the partition of rooms for the enlargement of the office area facilities in the year under review. This activity had been done in contrary to the Procurement Guideline Procedures and a bogus date as 20 August 2016 (Saturday) had been mentioned as the bid opening date.

5. Accountability and Good Governance

5.1 Budgetary Control

A variance ranging from 21 per cent to 247 per cent was observed in 03 revenue items and 07 objects while comparing the budgeted income and expenditure with the actual income and expenditure and it was observed that the budget had not been made use of as an effective instrument of management control.

5.2 Unresolved Audit Paragraphs

The post of Secretary of the Council remains vacant since January of the year 2009 and even though it had been given a Directive by the Committee on Public Enterprises on 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 2017.

5.3 Achievement of Social Responsibilities

Even though the 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.

Area of Systems and Control -----	Observations -----
(a) Accounting	Existence of a suspense balance in the accounts due to non-maintenance of proper ledger accounts.
(b) Procurement Administration	Non- execution of procurement activities in a transparency manner.
(c) Control of Income	Non-revision of Fees .