

## **Institute of Geology of Sri Lanka – 2017**

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The audit of financial statements of the Institute of Geology of Sri Lanka for the year ended 31 December 2017 comprising the statement of financial position as at 31 December 2017 and the comprehensive statement of income 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 10 of the Institute of Geology, Sri Lanka (Incorporation) Act, No. 3 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**

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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**

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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 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. Subsections (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**

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### **2.1 Opinion**

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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 2017 and its financial performance and cash flows for the year then ended in accordance with Sri Lanka Public Sector Accounting Standards.

### **2.2 Non-compliances with Laws, Rules, and Regulations**

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In terms of Section 11 (1) of the Institute of Geology, Sri Lanka (Incorporation) 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. It was observed that the said report for the accounting year ended 31 December 2015 had been submitted on 05 November 2017 by the institute.

## **3. Financial Review**

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### **3.1 Financial Result**

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According to the financial statements presented, the financial results of the Institute for the year ended 31 December 2017 had been a surplus of Rs. 835,423 as compared with the corresponding surplus of Rs. 419,289 for the preceding year, thus indicating an improvement of Rs. 416,134 in the financial result of the year under review. The said improvement had been attributed by the increase of income by a sum of Rs.742,063 even though administration expenses had increased by Rs. 326,523.

## **4. Operating Review**

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### **4.1 Performance**

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#### **4.1.1 Activity and Review**

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With regard to the achievement of the main objectives of the institute in terms of the Institute of Geology, Sri Lanka (Incorporation) Act, No. 03 of 2014, the following observations are made.

- (a) Action had been taken to promote and apprise the members on the website developed in respect of acquisition and dissemination of knowledge relating to Geology.

(b) Twenty Associate Members, one Chartered Geologists, sixteen members, and nine authorized members had been selected in the year under review through the Admission and Ethical Practices Committee, appointed for rating the members.

(c) Two professional development programmes had been conducted during the year under review to control the professional activities in the institute of Geology to maintain its normal activities on high standards, and to improve and promote the background the objectives and status of the Geologists.

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

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### **5.1 Presentation of Financial Statements**

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In terms of Section 6.5.1 of the Public Enterprises Circular, No. PED/12, dated 02 June 2003, the financial statements of the relevant year should be furnished to the Auditor General within a period of 60 days after the close of the year of accounts. The financial statements of the year 2017 had been furnished to the audit on 27 March 2018 and amended financial statements, after adjusting deficiencies mentioned by the audit, had been submitted on 25 September 2018.

### **5.2 Budgetary Controls**

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No budgets had been prepared for the year under review.

## **6. Systems and Controls**

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Deficiencies in systems and controls observed during the course of audit were brought to the notice of the Chairman of the Institute from time to time. Special attention is needed on the rectification of deficiencies relating to accounting the revenue from the membership fees.