

Land Survey Council – 2019

1.1 Opinion

The audit of the financial statements of the Land Survey Council for the year ended 31 December 2019 comprising the statement of financial position as at 31 December 2019 and statement of financial performance, statement of changes in equity and cash flow statement for the year then ended, and notes to the financial statements, including 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 provisions of the National Audit Act No. 19 of 2018 and Finance Act No. 38 of 1971. My comments and observations which I consider should be reported to Parliament appear in this report.

In my opinion, the accompanying financial statements give a true and fair view of the financial position of the Council as at 31 December 2019, and of its financial performance and its cash flows for the year then ended in accordance with Sri Lanka Public Sector Accounting Standards.

1.2 Basis for Opinion

I conducted my audit in accordance with Sri Lanka Auditing Standards (SLAuSs).

My responsibilities, under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

1.3 Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with Sri Lanka Public Sector Accounting Standards, and for such internal control as management determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Council's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intend to liquidate the Council or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Council's financial reporting process.

As per Section 16 (1) of the National Audit Act No. 19 of 2018, the Council is required to maintain proper books and records of all its income, expenditure, assets and liabilities, to enable annual and periodic financial statements to be prepared of the Council.

1.4 Auditor's Responsibilities for the audit of the financial statements

My objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Sri Lanka Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Sri Lanka Auditing Standards, I exercise professional judgment and maintain professional scepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of the management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

The scope of the audit also extended to examine as far as possible, and as far as necessary the following;

- Whether the organization, systems, procedures, books, records and other documents have been properly and adequately designed from the point of view of the presentation of information to enable a continuous evaluation of the activities of the Council, and whether such systems, procedures, books, records and other documents are in effective operation;
- Whether the Council has complied with applicable written law, or other general or special directions issued by the governing body of the Council;
- Whether the Council has performed according to its powers, functions and duties; and
- Whether the resources of the Council had been procured and utilized economically, efficiently and effectively within the time frames and in compliance with the applicable laws.

1.5 Non-Compliance with Laws, Rules, Regulations and Management Decisions

Reference to Laws, Rules, Regulations etc.	Non-Compliance	Comment of Management	Recommendation
(a) Sections 43 (1) and (2) of the Land Survey Act No. 17 of 04 October 2002.	The list of all the registered licensed surveyors' names should be published in the Gazette on or before 31 March in every year by the Council. Nevertheless, only the names of 858 registered licensed surveyors had been published in the Gazette No. 2117 of 29 March 2019 although the number of registered licensed surveyors in the year under review was 1041.	The reason for the number of licensed surveyors being 858 at the time of the list being sent to the gazette was due to the number of applications received without shortcomings by that time was the same number.	As per the Act, the list of all the annually registered licensed surveyors' names should be published in the Gazette

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| (b) Decision of the 221th meeting of the Council dated 26 March 2018. | Even though a decision had been taken to make the Inspector General of Police informed to probe into persons who are not qualified and engaged in surveying activities without registering with the Council, action had not been taken accordingly. | Advertisements had been published in the newspapers such as Dinamina, Thinakaran and Daily Mirror and the Council had not kept copies of this advertisement. Arrangements will be taken in the future to avoid the occurrence of such shortcomings. | Action should be taken to identify persons who are engaged in survey activities without registering with the Council. |
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2. Financial Review

2.1 Financial Results

The operating result of the year under review amounted to a surplus of Rs.1,188,879 and the corresponding deficit in the preceding year amounted to a deficit of Rs. 751,184. Accordingly, an improvement of the financial result amounting to Rs. 1,940,063 was observed. The major reasons for the improvement is the rise in the income by Rs.1,172,274 earned from license fees, Registration fees and workshops.

2.2 Ratio Analysis

As per the statement of financial position submitted, current ratio of the Council was 1:0.5 and 1: 0,2 in the years 2019 and 2018 respectively. Accordingly, current ratio was prevailed in a lower level in the year under review as compared with the preceding year. It was observed that the major reason for this was the amount of Rs 5,748,520 earned from license fees and registration fees, received for the ensuing years, being accounted as current liabilities.

3. Operational Review

3.1 Management Inefficiencies

Audit Observation	Comments of Management	Recommendation
(a) Even though the Committee on Public Enterprises had issued an instruction dated 05 July 2012 to make arrangements to recruit officers for the Post of Secretary which remained vacant, action had not been taken even up to 31 December, 2020 to fill the vacancy.	The officer recruited through the interview conducted on 29.11.2017 had later avoided accepting the appointment and arrangements will be made to recruit a suitable officer for the post of secretary of the Council after resubmitting facts to the Survey Council and discussing with it the conditions of recruitment.	The Directives of the Committee on Public Enterprises should be adhered and action should be taken to recruit the required officers and employees for the conduct of the functions of the Council.

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| (b) | Although it had been decided at the 239th meeting of the Council to recruit two Management Assistant Officers as soon as possible to carry out functions such as resolution of complaints, updating files, accounting and maintaining public relations, no recruitments had been made till 31 st December 2020 due to which the execution of these duties had been obstructed. | Approval has not yet been granted by the Department of Management Services to recruit staff. | Action should be taken to recruit the relevant officers after obtaining approval for the posts from the Department of Management Services. |
| (c) | Even though the annual Performance Report should be tabled in the Parliament by the Council within 150 days after the closing of the financial year in terms of chapter 6.5.3 of the Public Enterprises Circular No. PED 12 dated 02.June 2003; the annual performance reports related to 2017 and 2018 had not been tabled in the Parliament even by 31 December 2020. | Processing of the Report has been completed and action is being taken to submit. | Action should be taken to table the Performance Report in the Parliament as per the Circular. |
| (d) | Evan though a total of Rs. 495,000. had been provisioned in the budget for purchasing furniture and office equipment and as training allowance and training expenses, such expenses had not been incurred and the difference between budgeted income and actual income of the income sources of registration fee and investigation fee had ranged from 167 per cent to 200 per cent. | A photocopy machine valued Rs.126,500 and a wifi router valued Rs.5,955 had been purchased in the year 2019. The staff of the Council had not participated in any training programme for claiming training allowance and training expenses. The license and registration fee had been revised in the year and this has not been taken into consideration when preparing the budget. | A pragmatic budget should be prepared. |
| (e) | A balance of R.338,225, for which the source of income could not be correctly identified due to the reason that the documents or books had not been properly maintained by the Council, had been added to the balance mentioned as Income Received in Advanced under Current Liabilities in the statement of financial position. | Rs 290,245 of which the exact source could not be identified in relation to preceding years had been credited to the Accumulated Fund. | The balance should be correctly identified and accounted properly. |

3.2 Operational Inefficiencies

Audit Observation	Comments of Management	Recommendation
----- Although the total number of complaints received from the general public regarding professional misconduct of surveyors in the year under review was 103, only 54 complaints or 52 per cent had been settled in the year. The number of complaints remains to be settled increases every year and the Council had not initiated a special programme to make the process of settling complaints efficient in the year under review.	----- The number of complaints received by the Land Survey Council is increasing day by day. Although the Council informs the complainants and the defendants in writing to submit documents required at the hearing of complaints, delay is caused for settling some complaints owing to the non-submission of such documents on time,. The dearth of staff too had contributed to the delay as there is insufficient staff to prepare reports in time.	----- Action should be taken to immediately settle the received complaints.