

Land Survey Council - 2021

1. Financial Statements

1.1 Qualified Opinion

The audit of the financial statements of the Land Survey Council for the year ended 31 December 2021 comprising the statement of financial position as at 31 December 2021 and the 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 the Financial Act No. 38 of 1971 . My comments and observations which I consider should be report to Parliament appear in this report.

In my opinion, except for the effects of the matters described in Paragraph 1.5 of this report, the accompanying financial statements give a true and fair view of the financial position of the Council as at 31 December 2021 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 Qualified Opinion

My opinion is qualified based on the matters described in Paragraph 1.5 of this report.

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 qualified 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 fund 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 Sub 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 Scope of Audit (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 misstatements, whether due to fraud or error, and to issue an auditor's summary 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 and its materiality depends on the 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;

- Appropriate audit procedures were designed and performed identify and assess the risks of material misstatement in financial statements whether due to fraud or errors in providing a basis for the expressed audit 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.
- An understanding of internal control relevant to the audit was obtained 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.
- 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 Council'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 Council 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 it has performed according to its powers, functions and duties; and
- Whether the resources had been procured and utilized economically, efficiently and effectively within the time frames and in compliance with the applicable laws.,

1.5.1 Audit Observations on the Preparation of Financial Statements

1.5.1 Accounting Deficiencies

Audit Observation	Comment of the Management	Recommendation
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<p>Without being followed a method to identify and account for the correct revenue relevant to the year out of the licence revenue, which is the main source of income of the Council, the Council had stated Rs. 5,111,652 as the revenue of this year in the financial statements based on the money deposited by the licensed surveyors in the Council's bank account. Nevertheless, individual accounts relating to these receipts of Rs. 5,111,652 shown as the unidentified revenue in the financial statements as at 31 December of the year under review had not been identified and revenue had also not been reconciled. Accordingly, the audit could not satisfy on the accuracy of the revenue indicated in the financial statements.</p>	<p>There had been no method to identify the particulars pertaining to the payments made to the Land Survey Council and account for them from the inception of the Council. Accordingly, a sum of Rs.5,111,652 has been stated as unidentified revenue in the financial statements for the year 2021. However, action has been taken to account for the licence revenue under the individual accounts and correctly recognize such revenue from the year 2022. Accordingly, this issue will not arise in the future.</p>	<p>A methodology should be prepared and implemented to identify and account for the correct income applicable to the year out of the licence revenue.</p>

1.6 Non-compliance with Laws, Rules, Regulations and Management Decisions.

Reference to laws, rules, regulations etc.	Non-compliance	Comment of the Management	Recommendation
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(a) Paragraph 6.5.3 of the Public Enterprises Circular	Even though the annual report including audited final	The audit opinion regarding the annual reports for the years 2018,2019 and 2020 is	Annual reports for the years 2018,2019 and 2020 Should be

No.PED/12 dated 02 June 2003	accounts and audit report should be presented to Parliament in three languages within 150 days from the end of the financial year, annual reports of the Council for the years 2018,2019 and 2020 had not been presented even by the end of the year under review.	accepted.	presented to Parliament expeditiously.
(b) Section 23 (1) (a) of the Right to Information Act, No.12 of 2016.	An Information Officer had not been appointed.	An Information Officer or nominated officer had not been appointed under the Right to Information Act. When a request is received for information, it will be issued on the decision of the Council.	An Information Officer should be appointed in terms of regulations of the Act.
(c) Survey Act No.17 of 2002 dated 04 October 2002			
(i) 37 (g)	The task of negotiating and administering reciprocal arrangements with the relevant authorities in foreign countries for the purpose of securing uniformity and reciprocity in the education, training and recognition of persons engaged in land surveying had not been properly carried out.	As an initial arrangement in establishing uniformity and reciprocity in the education, training and recognition of persons engaged in land surveying, the need of implementing programmes in the Land Survey Council as an independent body, the Survey Department and the Institute of Surveying and Mapping, Diyathalawa has been identified.	According to the Act, concurrence with the foreign countries should be reached for reciprocity arrangements relating to the matters on education, training and recognition of persons engaged in land surveying.
(ii)) 38 (c)	Officers and servants as may be necessary for carrying out the work of the Council had not been appointed.	The scheme of recruitment of 04 Management Service Officers approved for the Land Survey Council has been submitted on 08 October 2021. Approval of the Department of Management Services has not been granted therefor. Immediately after the receipt	Action should be taken to appoint officers and servants as may be necessary for carrying out the work of the Council.

		of approval, the relevant recruitment can be made.	
(iii) 38 (g)	Rules had not been made in respect of the administration of the affairs of the Council.	Rules in respect of the administration of the affairs of the Council have not been made and administration affairs are carried out in accordance with the provisions of the Survey Act No.17 of 2002.	Rules in respect of the administration of the affairs of the Council should be made.
(iv) 46	Out of 113 complaints received in the year 2020 on professional misconduct of the surveyor, 80 complaints had not been solved and 104 out of 143 complaints received in the year 2021 had not been solved.	Due to shutting down of the country on adverse health reasons, restricting the conduct of council meetings and sub-committee meetings, failure to conduct planned investigations and failure of the relevant parties to participate in the callings, 80 of the total complaints received in the year 2020 and 104 of the complaints received in the year 2021 could not be solved.	Action should be taken to expedite the trial on the professional misconduct of the surveyor.
(v) 32 (1)	The Council had failed to appoint a permanent secretary from the year 2002 to the year 2021.	Although efforts were made on several occasions, it was not possible to appoint a secretary. Necessary steps have already been taken to publish newspaper advertisements and gazette notifications to call for applications to appoint a permanent secretary.	Action should be taken to appoint a permanent secretary to the Council.

1.7 Non-compliance with the tax regulations

----- Audit Observation -----	----- Comment of the Management -----	----- Recommendation -----
Only the institutions referred to in third schedule in Section 9 (I) of the Inland Revenue Act No.24 of 2017 had been exempted from the payment of tax. Although the Land Survey Council is not an institution stated therein, action had not been taken to pay tax, and if it has been exempted from the payment of tax, evidence regarding the receipt of approval was not observed in audit.	Although the Land Survey Council had referred a letter to the Inland Revenue Department on 22 March 2022 seeking exemption from the payment of tax, no reply has so far been received to the letter.	If there are reasons to exempt or pay the tax as per the Act, action should be taken accordingly.

2. Financial Review

2.1 Financial Results

The operating result for the year under review was a surplus of Rs. 958,915 as compared with the corresponding surplus of Rs. 3,868,355 for the preceding year. Accordingly, a deterioration of Rs. 2,909,440 was observed in the financial result. This deterioration was mainly due to decrease in the other income and the workshops net income by Rs.2,123,610.

2.2 Trend analysis of main income and expenditure items.

Since workshops were not conducted, workshop income had not been received and other income had decreased by 64 per cent as compared with the preceding year.

2.3 Ratio Analysis

According to the statement of financial position presented, the current ratio of the Council was 1 : 0.38 and 1 : 0.40 and the quick assets ratio was 1 : 0.39 and 1 : 0.40 during the year 2021 and 2020 respectively.