

Institute of Geology of Sri Lanka - 2014

The audit of financial statements of the Institute of Geology of Sri Lanka for the year ended 31 December 2014 comprising the Income and Expenditure Account 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

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).

1.4 Establishment of the Institute and Objectives

The Institute of Geology of Sri Lanka had been incorporated under the Institute of Geology, Sri Lanka (Incorporation) Act, No. 3 of 2014 and its common objectives are as follows.

- (a) To promote the acquisition, dissemination and exchange of knowledge relating to Geology;
- (b) to encourage research activities into Geological matters;
- (c) to assess the eligibility of candidates for admission to various grades of membership;
- (d) to regulate its professional activities and to assist in maintaining high standards in the general conduct of its activities;
- (e) to promote, maintain and uphold professional and ethical principles and standards in all matters connected with the practice of Geology;
- (f) to enhance and promote the interests and status of the professionals of Geology;
- (g) to provide services to the public and private institutions in matters connected with the application of Geology to activities relating to the development and progress of the country; and
- (h) to foster co-ordination with similar professional Institutes in Sri Lanka and other countries in furthering the objects of the institution.

1.5 Basis for Disclaimer of Opinion

As a result of the matters described in paragraph 2.2 of this report. I am unable to determine whether any adjustments might have been found necessary in respect of recorded or unrecorded items and the elements making up the income statement.

2. Financial Statements

2.1 Disclaimer of Opinion

Because of the significance of the matters described in paragraph 2.2 of this report, I have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, I do not express an opinion on these financial statements.

2.2 Comments on Financial Statements

2.2.1 Sri Lanka Public Sector Accounting Standards

Out of the components comprising a set of financial statements that should be presented by a Public Sector Entity in terms of the Sri Lanka Public Sector Accounting Standard 01, the following components had not been presented with the set of financial statements for the year ended 31 December 2014 presented for audit by the Institute of Geology of Sri Lanka.

- (i) Statement of Financial Position
- (ii) Statement of Changes in Net Assets / Equity
- (iii) Cash Flow Statement
- (iv) Notes including a Summary of Significant Accounting Policies and other detailed Notes

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

Non-compliance with the following laws, rules and regulations were observed.

Reference to Laws, Rules and Regulations	Non-compliance
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Institute of Geology, Sri Lanka (Incorporation) Act, No 03 of 2014	
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(a) Section 7

Even though it was informed that the rules should be made by a majority of not less than two thirds of the members present and voting at a General Meeting of the Corporation and that the rules made should be published in the Government Gazette, the rules so made had not been published in the Government Gazette even by the end of the year under review.

(b) Section 8

A Register of Members containing the names, addresses and other essential information of the members had not been maintained.

3. Financial Review

3.1 Financial Results

According to the financial statements presented, the surplus as at the end of the year under review amounted to Rs.253,113.

4. Operating Review

4.1 Performance

Even though the main objectives of the Institute included contributing to the national development and foster co-ordination with similar professional institutes in other countries in terms of the Institute of Geology Sri Lanka (Incorporation) Act, No. 3 of 2014, no action had been taken for the achievement of those objectives. Out of the overall expenditure for the year, 92 per cent or Rs.239,700 had been spent on the conduct of the Annual General Meeting.