

## **Land Survey Council -2013**

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The audit of financial statements of the Land Survey Council for the year ended 31 December 2013, comprising the statement of financial position as at 31 December 2013 and 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, No. 38 of 1971 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 those 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 in consistent with International Standards of Supreme Audit Institutions (ISS A1 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 judgment, including the assessment of the risks of material misstatements of the financial statements, whether due to fraud or error. In making those assessments, the auditor considers internal control relevant to the Council'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 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-section (3) and (4) of Section 13 of the Financial 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 Land Survey Council as at 31 December 2013 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**

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#### **2.2.1 Accounts Receivable and Payable**

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A sum of Rs.117,600 due from an officer who had been recruited in the year 2012 and left the service in the year under review had not been recovered.

### **3. Financial Review**

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#### **3.1 Financial Results**

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According to the income statement presented, the operation of the Council for the year under review had resulted in a surplus of Rs.1, 051,313 as compared with the surplus of Rs.1,429,573 for the preceding year thus indicating a decrease of Rs.378,260 in the financial results. Decrease of annual License fee income by Rs.678,380 in the year under review as compared with the preceding year had been the direct reason for the decrease.

### **4. Operating Review**

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#### **4.1 Performance**

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The following observations are made in respect of the progress of fulfilling the functions stated in the Survey Act, No. 17 of 2002.

- (a) Out of the total complaints of 88 to be resolved during the previous year 70 complaints or 80 percent had been resolved. Out of the 74 complaints to be resolved during the year under review, including the unresolved complaints in the previous year, only 50 complaints or 68 percent had been resolved. It was observed that even a single complaint had not been resolved in certain months.
- (b) The promotion of professional development programmes for the improvement of surveying profession is a key function of the Council. According to the action plan it was targeted to conduct 5 development programs but only 3 programs had been conducted during the year under review. However, it was stated in the performance report that 11 programs had been conducted including the programs conducted by other institutions. Although a sum of Rs.696,570 had been collected from the licensed surveyors during the year under review for the professional development programs , only a some of Rs.266,510 or 38 percent had been utilized during the year under review. Utilization of money during the

years 2011 and 2012 had been 49 percent and 41 percent respectively. Accordingly, it was observed that due attention had not been paid in this connection.

#### **4.2 Uneconomic Transactions**

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As 2 fixed deposits valued at Rs. 1.5 million had been encashed before the maturity, the Council had deprived of an interest of Rs. 44,712.

#### **4.3 Operating Inefficiencies**

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Although a complaint had been lodged in the year 2008, action had not been taken to resolve it even after a lapse of over 5 years up to 30 May 2014.

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

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#### **5.1 Budgetary Control**

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Due to the following matters, it was observed that the budget had not been made use of as an efficient instrument of management control.

- (a) Even though it was estimated at Rs.355,000 for other expenses, the actual expenditure was Rs. 1,130,893 thus representing 318 percent increase over the estimated expenses.
- (b) Earnings of 1,393 percent from the estimated revenue through the professional development programs had been generated. Action had not been taken to make appropriate adjustments at the time of presenting the budget estimates to the Council by paying attention to such matters come under the primary objectives.

## **5.2 Observations on the Unresolved Audit Paragraphs**

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According to the Section 13.3 of Chapter 11 of the Establishments Code of the Democratic Socialist Republic of Sri Lanka and the letter No. DMS/E/35/4/391 dated 06 January 2009 of the Director General of the Department of Management Services the post of the Secretary to the Council had been vacant since January 2009 and the approval had been given to recruit an officer who has the required qualifications as an Acting Secretary until an officer was recruited on permanent basis. Accordingly, an officer in the Survey Department had been appointed to act in the post of Secretary to the Council. Although the Committee on Public Enterprises held on 05 July 2012 had directed to recruit a permanent Secretary it was observed that action had not been taken to fill that vacancy even up to 30 May 2014.

## **5.3 Fulfillment of Environmental and Social Responsibility**

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The following observations are made.

- (a) An audit examination revealed that a surveyor who had registered in the Council had prepared copies of plans by using 2 names and as a result it was also observed in audit that the complaints lodged in the name stated in the plan were being rejected.
- (b) According to the Section 12 (1) of the Survey Act, No. 17 of 2002 and the circular No. LSE/CIR/02/2006 dated 02 April 2006, a certified copy of a plan or a map prepared for the transfer of the ownership of a plot of land or to change the boundaries should be deposited in the relevant District Survey Offices within 30 days from the date of certification of these plans by all licensed surveyors. However, action had not been taken accordingly up to the date of audit on 15 May 2014.

**6. Systems and Controls**

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Weaknesses in systems and controls observed during the course of audit were brought to the notice of the Chairman from time to time. Special attention is needed in respect of the following areas of control.

- (a) Accounting
- (b) Cash handling and Banking
- (c) Resolution of complaints about misconduct