

## **Land Survey Council - 2014**

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The audit of financial statements of the Land Survey Council for the year ended 31 December 2014, comprising the statement of financial position as at 31 December 2014 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, 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 Standards of Supreme Audit Institutions (ISSA1 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-sections (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.

#### **1.4. Basis for Qualified Opinion**

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My opinion is qualified based on the matters described in paragraph 2.2 of this report.

## **2 Financial Statements**

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### **2.1 Qualified Opinion**

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In my opinion, except for the effects of the matters described in paragraph 2.2 of this report, the financial statements give a true and fair view of the financial position of the Land Survey Council as at 31 December 2014 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 Sri Lanka Public Sector Accounting Standards**

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Even though according to the Paragraph 45 of Sri Lanka Public Sector Accounting Standard No.1, each material class of similar items shall be presented separately in the

financial statements , professional course fees income and the expenditure of Rs.1,038,648 thereon had been shown under other income of Rs.1,289,000 and other expenditure respectively .

#### **2.2.2 Accounting Deficiencies**

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The income had been overstated by Rs.10,000 due to a sum of Rs.10,000 overpaid by a Licensed Surveyor as a fine in the year under review had accounted as other income whereas a fine of Rs.10,000 paid by another Licensed Surveyor had been accounted as fines receivable.

#### **2.2.3 Unexplained Differences**

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The course fee recoverable amounting to Rs.1,282,000 according to the file on the conduct of Professional Development Courses had been brought to account as Rs. 1,289,000 and reasons for in difference of Rs. 7,000 had not been furnished.

#### **2.2.4 Suspense Accounts**

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As the revised financial statements did not balance, that had been balanced by posting a sum of Rs. 8,819 in a Suspense Account.

#### **2.3 Accounts Receivable**

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Action had not been taken to recover the loan balance of Rs.26,325 recoverable from an officer who had resigned from service.

#### **2.4 Non-compliance with Laws ,Rules ,Regulations, etc.**

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Even though bids should be called from minimum of 03 institutions for a procurement activity in terms of Section 2.14.1 of the Procurement Manual, an institution had selected for conducting courses and a sum of Rs.336,156 as course fees

and Rs.612,932 for food and beverages thereon had been paid in the year under review.

### **3 Financial Review**

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#### **3.1 Financial Results**

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The financial result of the Council for the year under review amounted to a surplus of Rs.467,510 as compared with the surplus of Rs.1,051,313 for the preceding year thus indicating a decrease of Rs.583,803 in the financial results. Increase of establishment and administration expenditure in the year under review as compared with the preceding year by Rs.916,198 had been the main 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 performing the functions as specified in the Survey Act.

- (a) Even though total number of complaints received by the Land Survey Council according to the Performance Report in terms of the Section 37 (a) to be resolved during the year under review had been 106 , while 81 complaints had been resolved during the year . Though 34 complaints out of that or 42 per cent had been rejected as the complaints relating to cases pending in Courts or those not relevant to the Land Survey Council or incomplete complaints but those had been reported as resolved complaints. However, the Land Survey Council had not followed a defined methodology to accept or reject complaints on which Court cases are pending.
- (b) Even though targets had been set in the Action Plan for the year 2014 to conduct of 6 professional development programmes in terms of Section 37 (d) and (f) of the Land Survey Act, only 03 programmes had been conducted during the year under review.

- (c) Even though, a list of names of all registered Licensed Surveyors should be published in the Gazette in terms of Section 43(1) and (2) of the Act, a list of 1,012 Licensed Surveyors only had been published in the Gazette No.1856 dated 28 March 2014 despite there being 1,070 Licensed Surveyors in the council during the year 2014.
  
- (d) Even though matters such as conduct qualifying examinations in land surveying, negotiate and administer reciprocal arrangements with the relevant authorities in foreign countries for the purpose of reciprocity in the education, training and recognition of persons engaged in land surveying had been made the objectives in terms of Section 37(f) and (g) of the Act, any measure had not been, introduced to achieve those objectives.
  
- (e) According to the Section 12 (1) of the Land Survey Act , copies of specific categories of original plans prepared by any registered Licensed Surveyor and certified by him shall be deposited with the Surveyor-General or an officer duly authorised by him for such purpose, for the establishment of a database ,within thirty days of such certification. Even though Orders in this connection had been published in the Gazette Extraordinary No.1420/20 dated 23November 2005 and the Circular No.LSC/Cir/02/2006 dated 20 April 2006 had been issued by the Survey Council, an adequate course of action had not been taken even as at 15 May 2015 in relation to that and it had been reported in audit reports continuously.

#### 4.2 **Management Inefficiencies**

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Out of 03 professional development courses conducted by the Survey Council in the year under review, 119 members had been participated for the first workshop and a sum of Rs.97,141 had been spent thereon and 352 members and 365 members had participated for the second and third workshops respectively and the expenditure incurred thereon amounted to Rs.423,459 and Rs.519,547 respectively.

Accordingly, the expenditure spent per a person had increased by 47 per cent for the second workshop and 74 per cent for the third workshop.

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

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### **5.1 Budgetary Control**

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- (a) Even though the actual income of conducting professional courses amounted to Rs.1,289,000 and actual expenditure amounted to Rs.1,038,648 ,whereas according to the budget of the year under review the income had been estimated as Rs.375,000 and the expenditure as Rs.140,000 thus representing a variance of 244 percent in the income and 642 per cent in the expenditure.

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

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According to the Section 13.3 of Chapter II 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 is 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 had at the meeting held on 05 July 2012, directed to recruit a Secretary on permanent basis 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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Survey plans prepared by the Licensed Surveyors after carrying out surveys are being kept in their custody and it is difficult for the general public to obtain copies of plans in the event of death of the Surveyor or proceeding abroad or when the officer is not on duty . However , action had not been taken to create a methodology for obtaining copies of plans prepared by the Licensed Surveyors by the Department.

**6      Systems and Controls**

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)    Financial Control