

## **Title Insurance Fund - 2014**

---

The audit of financial statements of the Title Insurance Fund for the year ended 31 December 2014 comprising the balance sheet as at 31 December 2014 and the income and expenditure account 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 41 of the Orders made in terms of Section 67 of the Title Registration Act No.21 of 1998. My comments and observations on the above financial statements 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 Standards of Supreme Audit Institutions (ISSAI 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 judgement, including the assessment of the risks of material misstatements of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Fund'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 Fund'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 financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

**2. Financial Statements**

---

**2.1 Opinion**

---

In my opinion, the financial statements give a true and fair view of the financial position of the Title Insurance Fund 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.

**3. Financial Review**

---

**3.1 Financial Results**

---

According to the financial statements presented, the financial result of the Fund for the year under review had been a surplus of Rs. 5,284,088 as compared with the corresponding surplus of Rs. 4,054,626 for the preceding year thus indicating an improvement of Rs. 1,229,462 in the financial result. Increase of income from title registration by Rs. 1,051,652 and interest income from investments by Rs. 177,423 during the year under review as compared with the preceding year had mainly attributed to the improvement.

#### **4. Operating Review**

-----

##### **4.1 Performance**

-----

##### **4.1.1 Operation of the Fund**

-----

- (a) Even though this Fund was operated since the year 2010 for the payment of compensation for the damages caused in the process of land registration in terms of the Title Registration Act, No.21 of 1998, no compensation whatsoever had been paid up to the year under review due to the public unawareness in this connection.
  
- (b) Due to the non-operation of the Fund during the preceding years, only the transaction of transferring 40 per cent of the income from registration fees monthly to the Fund had taken place. As six officers were engaged in this activity, only the payment of their remuneration and Management Committee Allowances had been made. It was observed that, engaging six officers including the Chief Accountant on the said activities on the allowance of 1/6 of the basic salary without considering the possibility of executing the limited functions of the Fund through assignment of duties as in the case of other functions appears ineffective.

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

-----

##### **5.1 Budgetary Control**

-----

Variations ranging from 14 per cent to 100 per cent between the budgeted amounts and the actual amounts were observed, thus indicating that the budget had not been made use of as an effective instrument of control.