

## Head 288 – Survey Department

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### 1. Financial Statements

#### 1.1 Qualified Opinion

The audit of the financial statements of the Survey Department for the year ended 31 December 2018 comprising the statement of financial position as at 31 December 2018 and the statement of financial performance and cash flow statement for the year then ended, 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. The summary report including my comments and observations on the financial statements of the Survey Department was issued to the Accounting officer on 31 May 2019 in terms of Section 11 (1) of the National Audit Act No. 19 of 2018. As per Section 11 (2) of the Audit Act, the Detailed Annual Management Audit Report related to the Survey Department was issued to the Accounting Officer on 31 May 2019. This report will be tabled in Parliament in pursuance of Provisions in Article 154 (6) of the Constitution of the Democratic Socialist Republic of Sri Lanka to be read in conjunction with Section 10 of the National Audit Act, No. 19 of 2018.

In my opinion, except for the effects of the matters described in Paragraph 1.6 this report, the accompanying financial statements give a true and fair view of the financial position of the Department as at 31 December 2018, and of its financial performance and its cash flows for the year then ended in accordance with Generally Accepted Accounting Principles.

#### 1.2 Basis for Qualified Opinion

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 Chief Accounting Officer and Accounting Officer for the Financial Statements

Accounting Officer is responsible for the preparation of financial statements that give a true and fair view in accordance with Generally Accepted Accounting Principles and provisions in Section 38 of the National Audit Act, No.19 of 2018 and for such internal control as Accounting Officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

As per Sub-section 16 (1) of the National Audit Act, No. 19 of 2018, the Department 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.

As per Section 38 (1) (c) of the National Audit Act, the Accounting Officer shall ensure that effective internal control system for the financial control of the Department exists and carry out periodic reviews to monitor the effectiveness of such systems and accordingly make any alterations as required for such systems to be effectively carried out.

#### **1.4 Auditor's Responsibility 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 misstatement, whether due to fraud or error, and to issue the summary report of the Auditor General 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, they could reasonably be expected to 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:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my 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.
- Obtain an understanding of internal control relevant to the audit 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- 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.

I communicate with the Accounting Officer regarding, among other matters, significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

## 1.5. Report on Other Legal Requirements

I express the following matters in accordance with Section 6 (d) and Section 38 of National Audit Act, No. 19 of 2018.

- (a) Since there was no need for the preparation of financial statements for the preceding year, it could not be stated that the financial statements presented for the year under review were consistent with the preceding year.
- (b) Since there was no requirement for the Survey Department to prepare financial statements for the preceding year, recommendations on the financial statements had not been made.

## 1.6 Comments on the Financial Statements

### 1.6.1 Financial Statements are not in Compliance with the Provisions of Circulars

Even though financial statements should be prepared in terms of the State Accounts Circular No. 267/2018 of 21 November 2018, instances of incompliance with the requirement are mentioned below.

<b>Audit Observation</b>	<b>Recommendation</b>	<b>Comments of Accounting Officer</b>
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(a) Non-financial assets have to be identified properly and brought to accounts at the cost or estimated value. Nevertheless, the Survey Office of Polonnaruwa District constructed at a cost of Rs. 13 million and hostel of the Head Office constructed at a cost of Rs. 15.15 million had been finalized in the years 2017 and 2018, the cost of the assets had not been disclosed by the financial statements.	As per the paragraph 8.5 of the Circular, the cost of buildings of which construction activities have been finalized has to be disclosed by the financial statements.	The full supervision was performed by the Buildings Department of Polonnaruwa District Survey Office and provisions amounting to Rs. 13 million related to it were provided to the Buildings Department. The full payment for the construction of the Hostel building bearing No. 150 had been made in the year 2014.
(b) Assets such as laptop computers, fitting of optical cables, scanning of survey plans provided at a cost of Rs. 37.83 million under the land bank project to the Survey Department from the Ministry of	In terms of paragraph 8.5 of the Circular, assets purchased from the provisions made by other institutions had not been properly brought to	These assets had been properly included in the inventory reports of our institution. However, action will be taken in the future to transfer these assets by using the CIGAS Programme.

- Lands and Parliamentary Reforms in the year 2017 had not been disclosed in financial statements.
- accounts and disclosed in financial statements.
- (c) An Imprest Adjustment Account had not been prepared for adjusting the balance amounting to Rs. 255,080,143 in the Statement of Financial Performance at the end of the year and the balance had been disclosed as a current liability in the statement of financial position.
- An Imprest Adjustment account has to be prepared for the identification of the balance that should be settled to the General Treasury as per the Guidelines mentioned for the preparation of financial statements stated under paragraph 7 of the Circular.
- The Imprest balance of Rs. 255,080,143 as at 31 December 2018 had been mentioned under current liabilities in the statement of financial position. The amount had also been mentioned under financial assets in balancing the account. Since the final accounts had been prepared at the beginning of this year in accordance with these formats of financial statements, this has been noted down to avoid the occurrence of such a shortcoming in the future.
- (d) Damages amounting to Rs. 66,819 occurred due to two accidents faced by two vehicles in the year under review had not been disclosed in the financial statements.
- Damages occurred to assets of the Department as per the State Accounts Circular No. 267/2018 of 21 November 2018 have to be disclosed by financial statements.
- It could not be disclosed due to the delay in receiving preliminary reports of one vehicle and a portion of the damage caused due to the accident occurred to the vehicle bearing No. 250-0424 is being recovered.
- (e) Even though the construction of the dormitory for the Head Office of the Department had been finalized for an amount of Rs. 14.26 million and handed over to the Department, the cost of the dormitory had not been brought to accounts.
- The cost of buildings of which construction activities have been finalized should be brought to accounts.
- It is hereby mentioned that it was not possible to include the cost in the financial statements prepared as at 31 December 2018 since it was not possible to obtain the total value of the works of the building as the contractor had not given the final bill.
- (f) Land in extent of 1.3139 hectares owned by the Department, Official residence of Senior Superintendent of Surveys in Badulla, Precast Camp in Anuradhapura and 02 other buildings in the Southern Province had not been estimated and brought to accounts.
- Assets owned by the Institution should be estimated and brought to accounts.
- The Department of Valuation had provided valuation reports after data related to the lands and buildings provided by each Office regionally were referred to the Department of Valuation. Action is being taken to estimate the other lands and buildings in the future.

## 1.6.2 Statement of Financial Position

The following observations are made.

<b>Audit Observation</b>	<b>Recommendation</b>	<b>Comments of the Accounting Officer</b>
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(a) The balance of Rs. 34,898,068 in the Imprest account as at 31 December 2018 as per the Format ACA – 3 submitted along with the financial statements had not been disclosed in the statement of financial position.	The balance of the Imprest Account as at the end of the year should be accurately indicated in the financial statements.	Such a change could not be seen in Imprest accounts prior to updating the CIGAs Programme in the year 2016 and this a change taken place as per the new methodology introduced for accounting under the new CIGAs Programme (New Version) introduced after the year 2016. In compliance to that, any effect would not be caused to the accounts from this balance shown.
(b) In accordance with the reports of Assessors, the values of lands, buildings and vehicles as at 31 December 2018 had been Rs. 5,682,713,500, Rs. 1,020,873,500 and Rs. 561,905,000 respectively. Nevertheless, the values of lands, buildings and vehicles had been disclosed in the financial statements as Rs. 5,684,129,500, Rs. 1,008,987,793 and Rs. 601,745,000 respectively.	The estimated values of the relevant assets should be disclosed by the financial statements.	Since many non-financial assets had been double counted within the CIGAs Programme in the year 2018, those values were made zero and those information were re-included according to the instructions of the General Treasury. These changes had occurred due to the errors in the inclusion of the information. Insurance estimated value had been stated in the financial statements by mistake in accounting the value of vehicles.
(c) A double cab owned by the Ministry of Lands and Parliamentary Reforms had been estimated at Rs. 1.3 million and stated in the financial statements of the Department in the year under review.	Assets owned by the other institutions should not be disclosed in the financial statements as assets of the entity.	Another 13 cabs including this vehicle had been provided to our Department from the Ministry of Lands and Parliamentary Reforms and even though all the documents required for the transfer of the ownership of the vehicles had been handed over, the Certificate of Registration of the vehicle had been misplaced. Therefore, the

ownership of the vehicle can be transferred after getting the certificate of registration of the vehicle.

(d) An amount of Rs. 75.29 million had been provided in the year under review to the Buildings Department for the construction of 07 buildings including Survey offices and even though these buildings were being constructed, the amount had not been disclosed by the financial statements.

Work-in-progress should be disclosed in financial statements.

Provisions of Rs. 162 million had been allocated for our Department for the construction of new buildings proposed to be built in the year 2018. However, provisions in this head of expenditure had been saved as at 31 December 2018 as it was not possible to obtain the amount of imprest that suits the amount of provisions made from the General Treasury. These data had not been included in the closing balance of unfinished work as at 31 December 2018 as reports related to obtaining the imprest for provisions had been provided by the Buildings Department during the year 2019.

**1.6.3 Statement of Reconciliation on the Advance to Public Officers' Account**

The following observation is made.

<b>Audit Observation</b>	<b>Recommendation</b>	<b>Comments of the Accounting Officer</b>
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<p>The Department had failed up to this moment to recover loan balances of Rs. 6.59 million that should be charged from officers, who had been retired, deceased, vacated posts and interdicted during the period of 01 year to 35 years.</p>	<p>Action should be taken in compliance with the Provisions stipulated in the Establishments Code.</p>	<p>An amount of Rs. 601,250.64 has already been recovered and action is being taken to recover the remaining balance.</p> <p>Information had been sent to recover the loan balance of Rs. 68,457 out of the loan balance of Rs. 124,433 using the pension gratuity.</p>

#### **1.6.4 Documentary Evidences not made available for Audit**

The following observation is made.

<b>Audit Observation</b>	<b>Recommendation</b>	<b>Comments of the Accounting Officer</b>
----- Deeds and approved building plans related to the substantiation of the ownership of lands and buildings worth Rs. 6,693 million had not been submitted to the Audit.	----- Documents related to the substantiation of the legal ownership of the assets should be submitted to the audit.	----- Action will be taken to provide these documents in the future.

#### **1.6.5 Non-compliance with Laws, Rules, Regulations**

The following shortcomings are observed.

<b>Reference to Laws, Rules and Regulations</b>	<b>Non-Compliance</b>	<b>Recommendation</b>	<b>Comments of the Accounting Officer</b>
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(a) Financial Regulations of the Democratic Socialist Republic of Sri Lanka			
(i) FR 880	Thirty Seven (37) officers in charge of finance in the Department had not given securities.	Action should be taken to obtain securities as per Financial Regulations.	Since officers in charge of money at present are officers of the other services, action is being taken to obtain securities from those officers in the future.
(ii) FR 891 (1)	A security register including the information of officers and employees who should give securities had not been prepared.	A security register should be maintained.	Action has been taken to maintain a security register.
(iii) FR 1646	Daily running charts for 59 vehicles of the Department had not	Daily running charts should be presented to the audit.	Daily running charts had been sent from all the Provincial Offices in the

been presented to the audit.

year 2018.

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| (b) | Paragraph 02 of the Public Administration Circular No. 30/2008 of 31 December 2008. | Although the maximum limit of distress loan that can be provided to an officer is Rs. 250,000, an amount totalling to Rs. 1,034,945 had been provided to three officers. | Loans should not be provided exceeding the maximum limit of loans. | Letters had been sent to the relevant officers informing on the recovery of loans. |
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## 2. Financial Review

### 2.1 Management of Income

The following observations are made.

<b>Audit Observation</b>	<b>Recommendation</b>	<b>Comments of Accounting Officer</b>
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(a) Even though the attention should be paid on the past trends and their special characters in forecasting and estimating income as per Paragraph 5 of the Public Fiscal Policy and Economic Affairs Circular No. 01/2002 of 17 of July 2002, an income estimate which is lower by 24 per cent had been prepared since the actual income was Rs. 433 million though an income of Rs. 350 million had been estimated in the year under review.	Action should be taken to prepare income estimates accurately in the best possible level.	The Department does not charge fees for statutory surveys and charges fees when surveys are done on the requests made by public institutions such as Corporations and Boards. Therefore, it is not possible to exactly forecast the income as the income changes in each year according to the nature of the development projects of the Government.
(b) Reasons such as not making General Public aware on the information regarding lands provided by the Department and not updating most of the maps and not executing sales promotional activities had decreased the income earned from selling maps by Rs. 2.75 million and income earned from selling specific maps by Rs. 1.27 million and the income earned	Action should be taken to increase income sources.	Separate provisions had not been allocated to present programmes through media or to publish newspaper advertisements or television advertisements for the sale promotion of the maps of the Department. However, all the maps and all the innovations and the prices of those maps and innovations have been



from selling 1:10,000 numbered data by Rs. 8.51 million. However, it could be observed that necessary action had not been taken to increase the income.

published in the Website of the Department.

## 2.2 Expenditure Management

The following observation is made.

### **Audit Observation**

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Provisions totalling to Rs. 180.44 million had been saved comprised of Rs. 144.87 million in relation to 12 capital objects in the range of 7 per cent to 73 per cent and Rs. 35.57 million in relation to 15 recurrent objects in the range of 8 per cent to 70 per cent.

### **Recommendation**

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Expenditure estimates have to be prepared accurately in terms of FR50.

### **Comments of Accounting Officer**

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Provisions allocated for 12 capital objects and 15 recurrent objects had been saved within the mentioned range.

### 2.3 Entering in to Liabilities and Commitment

The following observation is made.

<b>Audit Observation</b>	<b>Recommendation</b>	<b>Comments of Accounting Officer</b>
----- Liabilities of Rs. 4,430,025 entered in to by the Department in the year under review had not been disclosed in the financial statements. Operational Review	----- Value of liabilities has to be disclosed by the financial statements.	----- Only the liabilities identified exactly had been stated.

### 3. Operational Review

#### 3.1 Vision and Mission

The following observation is made.

<b>Audit Observation</b>	<b>Recommendation</b>	<b>Comments of Accounting Officer</b>
----- The Vision of the Department is to be the leader of land information right through and the main Mission is to provide high quality land information products and services. Accordingly, the National Topographic Maps had not been updated and published after the year 2008 though the Department should publish the maps in which the topographical changes in Sri Lanka are updated.	----- The Department should function practically in order to highlight the Vision and the Mission of the Department.	----- The priority had not been given to update the National Topographic Maps as there is no higher demand for the maps. Even though plans were made to publish the second edition of the 1:50,000 maps in the years 2016 and 2017, it was impeded up a certain extent due to the difficulties taken place in investigations done in the field. However, 98 per cent of these maps could be finalized and published at the end of the year 2018.

### 3.2 Planning

The following observation is made.

<b>Audit Observation</b>	<b>Recommendation</b>	<b>Comments of Accounting Officer</b>
-----  Only 08 major functions had been included in the Action plan out of the 13 major functions of the Department and the amount anticipated to be incurred for components under each activity and targets related to the collection of income and time periods related to that had not been included in the Action Plan.	-----  The Action Plan should be prepared in the way that the major functions of the Department are highlighted and targets and time period pertaining to the collection of income should be included in the Action Plan.	-----  Replies had not been provided.

### 3.3 Not obtaining the anticipated level of Output

The following observation is made.

<b>Audit Observation</b>	<b>Recommendation</b>	<b>Comments of Accounting Officer</b>
-----  Even though 1834 maps in the scale of 1:10,000 should be designed at the end of the year under review, only 700 maps had been designed.	-----  Action should be taken to accomplish the anticipated targets.	-----  Not replied.

### 3.4 Annual Performance Report

The following observation is made.

<b>Audit Observation</b>	<b>Recommendation</b>	<b>Comments of Accounting Officer</b>
-----  In terms of the Public Finance Circular No. 402 of 12 September 2002, The performance Report related to the year under review should be tabled in the Parliament within 150 days after the closure of the Financial year. Nevertheless, the Performance Report related to the year under review had not been tabled in the Parliament by the Department even by 31 May 2019.	-----  The performance Report should be tabled in the Parliament in terms of the Circular.	-----  Not replied.

### 3.5 Procurements

The following observations are made.

<b>Audit Observation</b>	<b>Recommendation</b>	<b>Comments of Accounting Officer</b>
-----  The substantially responded bidder who had submitted the lowest price had been offered marks lower than the marks that should be awarded to him in accordance with the criteria in the procurement conducted for obtaining security services for 08 months in the year under review. As a result, bidder with a higher price had to be selected and thereby, the aforesaid service had to be obtained by paying an excess of Rs. 1.17 million.	-----  In procurement activities, arrangements should be made to derive more benefits to the Government.	-----  The Bidder, who had submitted lowest price in the 08 <sup>th</sup> position, had mentioned that he would make arrangements to provide fire arms training by a trained officer and therefore, he had been given the priority.

### 3.6 Assets Management

The following observations are made.

<b>Audit Observation</b>	<b>Recommendation</b>	<b>Comments of Accounting Officer</b>
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<p>(a) <b><u>Idle Assets</u></b></p> <p>Twenty one (21) official residences of the Institute of Surveying and Mapping in Diyathalawa, official residences of Technical Officers in the Uva Provincial Surveyor General’s Office and 13 motor vehicles were remained idle for the period of 02 years to 08 years. However, action had not been taken to repair and use the assets or to dispose of the assets.</p>	<p>Action should be taken in relation to the idle assets in terms of FR 771.</p>	<p>Condemnation of 06 vehicles had been finalized and the Procurement Committee had decided to invite quotations for 06 vehicles. The Condemnation for one vehicle had become problematic due to the crack in the Chassis Number.</p>
<p>(b) <b><u>Non-formal usage of Assets owned by other institutions</u></b></p> <p>Various capital assets including Surveying equipment purchased by incurring Rs. 312 million by “Bim Saviya” Provisions of the Ministry of Lands and buildings constructed by incurring a sum of Rs. 82 million had been utilized without vesting them.</p>	<p>Action should be taken to immediately vest assets provided on provisions of other institutions.</p>	<p>Action is being taken to vest this asset in the future.</p>

### 3.7 Losses and Damages

The following observation is made.

<b>Audit Observation</b>	<b>Recommendation</b>	<b>Comments of Accounting Officer</b>
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<p>Action had not been taken to recover losses and damages amounting to Rs. 6.5 million occurred to vehicles and other assets in 47 instances within a range of 01 year to more than 29 years.</p>	<p>Action should be taken in compliance with losses and damages as per FR 103.</p>	<p>These 47 accidents had occurred to 32 vehicles and action is being taken to recover losses in the future.</p>

### 3.8 Management Weaknesses

The following observations are made.

Audit Observation	Recommendation	Comments of Accounting Officer
(a) Even though the total survey orders that should be finalized from the year 2009 up to the end of the year 2018 by the Department was 33,443 along with 14,845 survey orders received in the year 2018, the Department was unable to finalize 22,039 survey orders or 66 per cent during the year under review.	Action should be taken to expeditiously complete the number of survey orders that are in arrears along with the survey orders issued by courts.	Not replied.
(b) Surveying of 20 land parcels per month by one surveyor of the Survey Department was the norm established even before 36 years and this norm has not been reviewed to benefit the current context along with the technological advancements that took place in survey techniques and surveying equipment.	The minimum number of land parcels that should be surveyed per month should be reviewed to benefit the current context taking into consideration the technological advancements that have taken place in survey techniques and surveying equipment.	-Do-
(c) Even though the 327 vehicles and the stock of machinery estimated to a value of Rs. 9,622 million in the year under review should be estimated by obtaining the service of Government Assessors, the officers in the Department had carried out the relevant estimations.	Action should be taken to obtain the service of professional Government Assessors in the estimation of assets.	-Do-

- (d) One thousand nine hundred sixty three (1963) copies of the Manual on Sri Lanka maps worth Rs. 4.64 million printed in the year 2013 and drawing papers and litho papers worth Rs. 1.13 million purchased in the year 2015 without accurately identifying the requirement had been stored in the warehouse even at the end of the year under review.
- (e) As per Paragraph 08 of the Survey Act No. 17 of 2002, the Surveyor General shall maintain in digital or any other form a Geographic Data Base and a Cadastral Data Base progressively to cover the entirety of Sri Lanka. Nevertheless, general public had missed the opportunity of getting updated data as data for 20,760 square kilometres included in to the Geographical Information System were old data collected during the period of 1982 to 2007.

Printing and purchasing activities should be carried out after identifying the requirements.

Action was taken to minimize the cost for the printer in printing the Manual of National Maps and stocks are remaining due to the low demand. Litho papers had been in excess due to limiting of the printing process of the Manual of National Maps as the expected sale of maps had been decreased.

Action should be taken to provide updated data and information to the general public.

Maintaining in digital or any other form a Geographic Data Base and a Cadastral Data Base progressively to cover the entirety of Sri Lanka is one of the major roles of the Survey Department. Accordingly, two Geographical Information Systems in the scale of 1:50,000 and 1:10,000 are being maintained. The Geographical Information Systems in the scale of 1:50,000 has been completed and established as a new edition by the end of the year 2018. It has been planned to update the Geographical Information Systems in the scale of 1:10,000 during the period of 2019 to 2023.

### 3.9 Human Resources Management

The following observations are made.

Audit Observation	Recommendation	Comments of Accounting Officer
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(a) <b><u>Training of Staffs</u></b> Trainings had not been provided to 4,073 officers and employees in the Survey Department.	Officers should be provided with opportunities for training in order to develop their performance.	It is informed that training had been provided for 2,050 employees and officers using the provisions allocated for the year 2018 and action will be taken to provide training for the rest of the officers and employees according

to the provisions allocated for the year 2019.

(b) **Employment in the service extraneous to the assigned duty**

Even though Technical and Administrative Officers should supervise the Map Technological Officers, the officers in the Survey Service had supervised 61 map Technological Officers.

Supervision should be done by the Officers related to the field.

Not replied.