



**GEOLOGICAL SURVEY & MINES BUREAU
SRI LANKA**



**ANNUAL
REPORT
2017**

ANNUAL REPORT 2017



GEOLOGICAL SURVEY & MINES BUREAU

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CORPORATE INFORMATION

GENERAL

The Geological Survey & Mines Bureau (GSMB) is a statutory body established under the Mines and Minerals Act.No.33 of 1992 and the Head office is situated at, No. 569, Epitamulla Road, Pitakotte. There are sixteen regional offices at Ampara, Anuradhapura, Badulla, Batticaloa, Colombo, Gampaha, Hambantota, Jaffna, Kalutara, Kandy, Kurunegala, Matara, Monaragala, Polonnaruwa, Ratnapura, Trincomalee and with two (2) sub-offices at Hasalaka and Kantale.

VISION AND MISSION

VISION

To be the premier national geosciences agency that generates and disseminates geoscientific information and regulates mining processing of Sri Lanka's mineral resources in the most sustainable manner.

MISSION

The mission of the GSMB is to provide geoscientific information, advice and services to the policymakers and the community and to promote and manage the mineral resources of the country for economic development while ensuring environmental sustainability. It regulates exploration, extraction, value addition, transportation and trading of minerals.

THE FUNCTIONS OF THE GSMB ARE

- To undertake systematic geological mapping of Sri Lanka and preparation of Geological Maps.
- To identify and assess the mineral resources of Sri Lanka.
- To evaluate the commercial viability of mining for, processing and export of such Minerals
- To regulate the exploration and mining for minerals and processing, trading in and Export of such minerals by the issue of licenses.
- To advise the Minister on measures to be adopted for the promotion of the extraction And the production of minerals on a commercial basis.
- To disseminate in appropriate media, information, and data acquired during the Exercise of functions under the Act. in particular, under paragraphs (a), (b) and (c) Of this section.
- To undertake projects in regard to engineering geology and provide advice and Remedial measures caused in respect of geological hazards and disaster

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CHAIRMAN'S MESSAGE

It is with great pleasure that I write this short message to the Annual Report of 2017 as the Chairman of Geological Survey and Mines Bureau. I take this opportunity to summarize the key activities and achievements of the Bureau during the year 2017.

Functions as mandated by the Mines and Minerals Act, 1992 are performed through two main Technical Divisions of the Geological Survey and Mines Bureau (GSMB). Mines Division which offers its services through Head Office and 14 regional offices is mainly responsible for regulatory functions of the Bureau. In view of diversity and complexity attached to regulation of exploration, mining, mineral transport and environmental monitoring, this Division is deemed to face an arduous challenge. During the year, the Mining Division has strived hard to minimize illegal mining and environmental damage caused by mining activities. With this objective, several awareness programs were conducted addressing mining communities and police officers.

Generating and disseminating important geo-data in the form of maps and other formats are the main functions of the Geology Division. During the year 2017, routine soil geochemical mapping, Quaternary mapping, and other activities progressed and a borehole was put down in the Aruwakkalu area to a depth of 102 m under the Quaternary mapping program. The purpose of this diamond core drilling exercise was to understand the stratigraphical relationship between red-earth deposits on the surface and Miocene limestone occurring below. The Geology Division also undertook a few contracts of diamond core drilling under the proposed Central Highway project. The total income from these contracts was Rs.33.3mn.

A major achievement of the Administrative Division was obtaining the approval for new Scheme of Recruitment (SOR) for cadres approved in 2013. Accordingly, follow-up action was taken to recruit new cadres.

Financially, Bureau has earned a total income of about Rs.5,569 million during the year 2017 from which Rs.1,500millions were transferred to the Government coffers. Despite the sound financial performance, on many occasions, the Bureau has been blamed and held responsible for adverse environmental and social impacts of mining activities. An analysis of the strengths and weaknesses of the Bureau indicates that post-licensing monitoring has to be significantly strengthened and an effective mechanism to minimize illegal mining and mineral transport has to be introduced. I am confident that this target will become achievable with the availability of new cadres approved by the Management Service Department.

Finally, I am glad to note that the Geological Survey and Mines Bureau has made satisfactory progress during the year 2017 in achieving its targets and I am confident that the initiatives taken during the year will bring more positive results in the years to come.

Mr.Nimal Bopage
Chairman

DIRECTOR GENERAL'S MESSAGE

I am very pleased to write this message to the Annual Report of 2017 as the Director General of the Geological Survey and Mines Bureau (GSMB), representing the management and the staff. This report embodies some of the more significant achievements of the Bureau in the year 2017.

We can justifiably look back with the certain amount of pride at the progress witnessed in the year 2017. Despite many changes, GSMB was able to achieve its highest recorded profit since its inception. Total profit of the bureau for the year was Rs. 4,752, 278,508 while implementing its functional activities and contributing Rs.1,500 million to the General Treasury. It was a significant achievement comparing the total profit of Rs. 1,564, 027,187 earned in the previous fiscal year.

Our mission is to provide geoscientific information, advice and services to the policy makers and the community and to promote and manage the mineral resources of the country for economic development while ensuring environmental sustainability. It regulates exploration, extraction, value addition, transportation and trading of minerals.

Geology Division of GSMB has carried out a construction raw material survey since February 2017. This survey was designed to cater the huge demand of construction raw materials generated due to on-going accelerated development projects in Sri Lanka and to fulfill their future requirements. This survey is carried out on the request of the Department of National Planning with their sponsorship of Rs. Sixty Million (Rs. 60 Million).

The first National Geochemical Atlas of Sri Lanka, (Vol. Env 1 Sheet 20: Rakwana-Tangalla) was published by the GSMB in 2017. The atlas was based on the island-wide geochemical mapping programme conducted by the GSMB that was initiated to study the geochemical characteristics of soil. These maps are useful in mineral exploration, environmental monitoring, and agricultural research and in geo-health hazard studies.

Conducting Provincial Mineral Surveys and compilation of Provincial Mineral Maps is another major function of GSMB. Thus the bureau has carried out a Rapid Provincial Mineral Survey covering Sabaragamuwa province to identify new locations of mineral in order to publish new provincial mineral map of Sabaragamuwa. The survey was completed in early 2017. IAEA Assisted Nuclear Raw Material Survey using car-borne gamma ray spectrometer was carried out in the Central highlands. This survey has already discovered three main anomalous radioactive zones which are being further explored. The nuclear raw material survey from coastal stretch from Talaimnna to Galle which was started in 2017 but had some setbacks as the officials assigned for other priority works. The survey will be continued in year 2018.

The total income of the Bureau for 2017 was approximately Rs.5188 million and bulk of the income was attributed by the Mines Division. The main tasks of the Mines Division include site inspection, test blasts, inquiring public complaints, issuing of licenses for mining, trading, exploration and transport and minimizing illegal mining. The increase in revenue that exceeds 150% compared to the previous year was mainly due to bureau's efforts to control and minimize the illegal activities.

I am delighted to note that the Geological Survey and Mines Bureau has made a substantial progress in 2017 in achieving its targets and the experience gained during the year will immensely helpful for planning future activities. The support of the Ministry of Mahaweli Development and Environment throughout our activities was very much beneficial particularly in the aspects of developing the mineral sector while protecting the environment and all lives in Sri Lanka.

I would like to express my sincere thanks to the Chairman, Board of Management, and the staff of GSMB for their devotion in achieving these successes to mark as a major contributor to the national development of Sri Lanka.

Director General



BOARD OF MANAGEMENT

Chairman	: Mr. N. Bopage
Members	: Mr. P.Algama
	: Mrs.J.M.R.R.Jayasundara
	: Mr.A.K. Basnayake
	: Mr.S.P.Kumara
	: Mr.Mapa Pathirana
Secretary to the Board /Legal Officer	: Mrs. M .S. K. Fernando



SENIOR MANAGEMENT

Chairman	: Mr. N.Bopage
Director General	: Prof. Rohan Fernando
General Manager	: Mr. M.W. Jayamanna
Deputy Director (Geology)	: Dr.C.H.E.R.Siriwardhane
Deputy Director (Mines)	: Eng. D.Sajjana de Silva

ABOUT THE BUREAU

We lead the Mineral Industries in Sri Lanka

The GSMB, established for the provision of services under the Mines and Minerals Act, No.33 of 1992, is the lead agency in mineral development underscores the Government's commitment to promoting mineral-based industries.

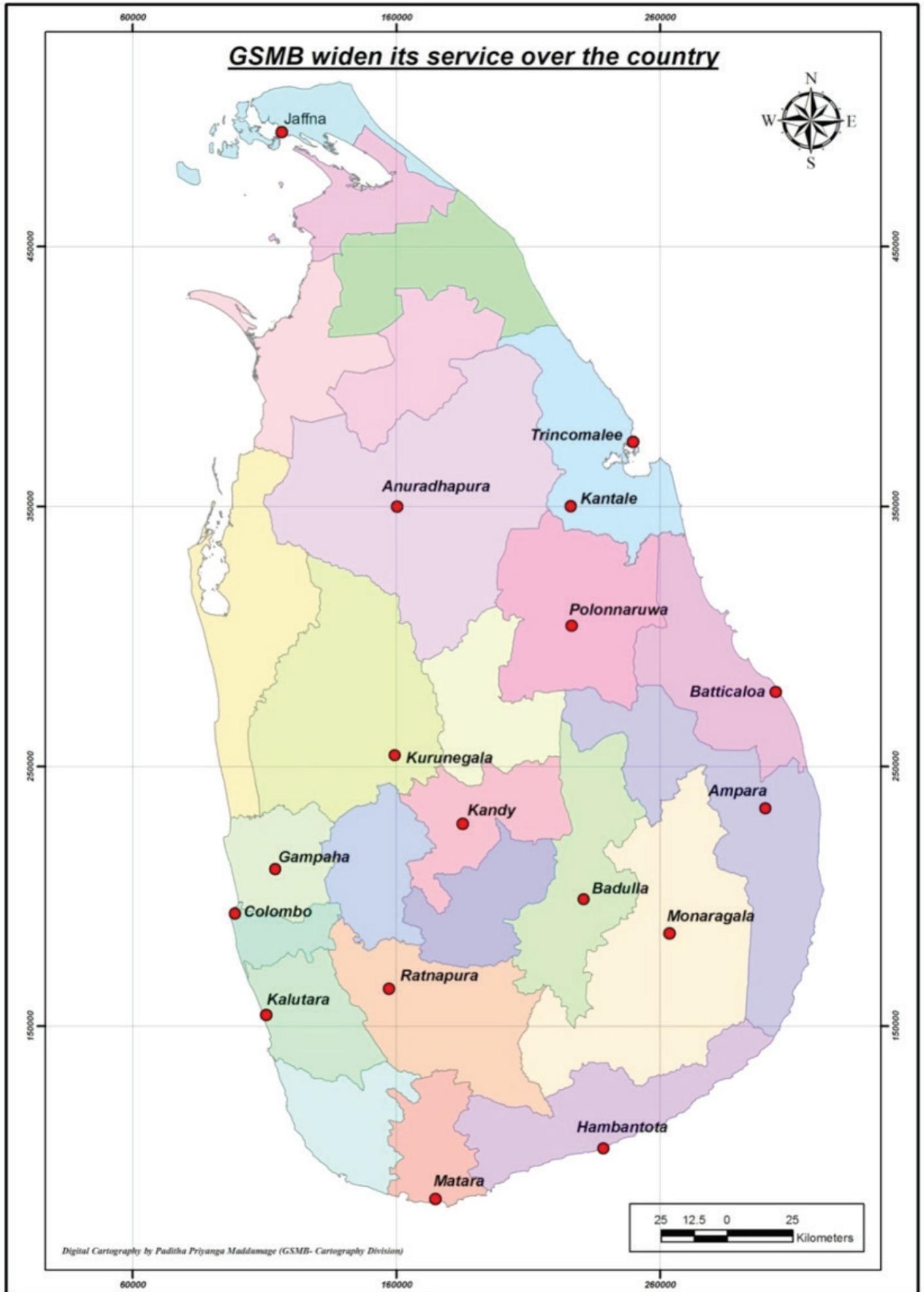
The Geological Survey and Mines Bureau (GSMB), being the authorized agency for the development of the mineral in Sri Lanka, is the organization for mineral investigations carried out to date and the accrued benefits to the country.

Sri Lanka being a small country, it's subsurface mineral wealth is also equally small. Therefore, the organization, whilst encouraging the establishment of mineral-based industries, emphasizes frugal use of minerals and warns against waste, as minerals are non-renewable commodities.

Being the nation's principal provider of the Geoscientific capability, GSMB advances the understanding about earth resources, related issues, and problems. The diversity of the scientific expertise enables us to carry out multi-disciplinary investigations and provide impartial scientific information including a series of Geoscientific maps to resource managers, planners, and other customers. The GSMB serves the nation to describe and understand the Earth; minimize loss of life and property from natural disasters; manage geological, energy, and mineral resources; and enhance and protect our quality of life.

The Bureau has four primary operations: geological mapping and mineral exploration, mining titles and mining regulation (core activity); client-responsive activities (mineral resource surveys, laboratory services, geophysical and drilling contracts) and geoscience information (access to published and unpublished reports, maps and other archives in its Library).

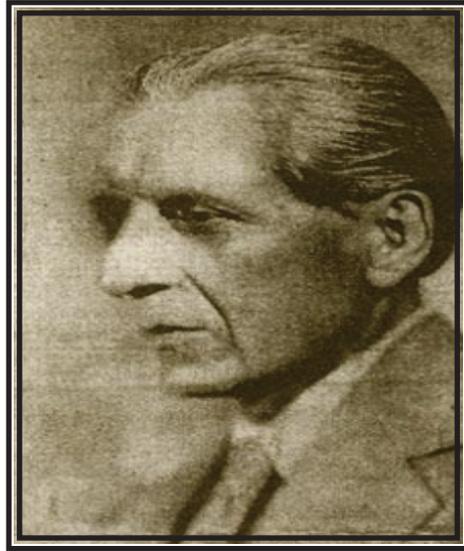
The Mines Division is presently functioning with 15 Regional Offices at Kandy, Matara, Kurunegala, Badulla, Ratnapura, Anuradhapura, Ampara, Monaragala, Hambantota, Trincomalee, Kalutara, Jaffna, Batticaloa, Gampaha, and Pollonnaruwa and with 2 sub-offices at Hasalaka and Kantale. The major activities of these Regional Offices are to cater to better services for the customers who are engaged in various Mining Industries in relevant provinces and control the illegal mining activities.



CONTACT DETAILS OF THE BUREAU

Our Offices	Address	Office Leader	Tel/Fax
Head Office	No.569, Epitamulla Road, Pitakotte.	Director General	+94-11-2886289 +94-11-2886290
Ampara	No. 669, New Town, Ampara	Eng. MRM Fares	+94-63-2223385
Anuradhapura	No.596/69,BandaranaykeMawatha, Anuradhapura.	Eng.KNWK Wimalarathne	+94-25-2224388
Badulla	No. 52/A, Rathwattha Mawatha, Badulla	Eng. WKAS Rupawansha	055-2225210 +94-55-2222787
Baticaoa	No. 239, Bar Road, Baticaloa	Eng. HACKW Bandara	+94-65-2222266
Colombo	No.569, Epitamulla Road, Pitakotte.	Eng. U N Dilanthi	+94-11-2869478 +94-11-2869479
Hambantota	No. 21,Terrace Street, Hambantota.	Eng. UHT Priyantha	+94-47-2222477
Gampaha	No. 06, Werellawatta, Yakkala.	Eng. CP Lanka	+94-33-2231430
Jaffna	170, Kolomputhurei Road, Jaffna.	Eng. CK Karunananda	+94-21-2224595
Kalutara	No. 9A, Mosque Road, Wettumakada, Kalutara – South	Dr.Thilini Ilankoon	+94-34-2225580
Kandy	Janasawigama, Pallekele, Kandy.	Eng. SAIJ Rodrigo	+94-81-2421294 +94-81-2421474
Kurunegala	No. 15/B, Negombo Road, Malkaduwawa, Kurunegala	Eng. PD Prasad	+94-37-2230858 +94-37-2232542
Matara	No. 07, Jayasooriya Mawatha, Noope, Matara	Eng. KV Jagath	+94-41-2236765
Monaragala	No. 190/ 6, Wellawaya Road, Monaragala.	Eng. TMW Bandara	+94-055-2277392 +94-055-2276882
Ratnapura	No.66, Sri Saranankara Mawatha, Hidellana, Ratnapura.	Eng. AMHV Adhikari	+94-45-2228117
Trincomalee	Divisional Secretariat Office, 4th Mile Post,Kachcheriya, Trincomalee.	Eng. D Mayooran	+94-26-3202411
Polonnaruwa	Divisional Secretariat Office, New Town, Polonnaruwa.	Mr. PAS Kumarasinghe	027- 2226366

HISTORICAL BACKGROUND



The Geological Survey and Mines Bureau is the proud successor to a series of geoscientific departments that spans more than a century, starting as the Mineral Survey of Ceylon (MSC) in 1903 headed by Dr. Ananda Coomaraswamy. Throughout history, these departments had an exceptional record of discovering, promoting and acquiring data on the country's mineral resources, to which all currently operating mineral-based industries owe their existence.

By 1939, the MSC was known as the Department of Mineralogy and in 1962 renamed again as the Geological Survey Department. On 18th March 1993 the Bureau was established through the Mines and Minerals Act No.33 of 1992 to combine the functions of the Geological Survey with the new responsibilities of a modern Mines Department.

The establishment of the Bureau as the lead agency in mineral development underscores the Government's commitment to promoting mineral-based industries. Minerals, by providing substitutes for expensive imports; commodities for the building and construction industry and the raw materials for export industries, create employment and generate income for the country. The Bureau is also responsible for maintaining the national geoscience database, and ensuring that this information is made available to the public.

Future Plans of the Geological Survey and Mines Bureau

The following plans are outlined as future major activities to be carried out in the two main areas of Geology and Mining divisions,

1. Completing the Government Process Reengineering Activities based on the proposals submitted by PWC,
2. Establishment of a modern Engineering Geological Laboratory,
3. Enhancement of petrology laboratory infrastructure,
4. Enhancement of Analytical Laboratory facilities,
5. Development of state-of-art Geological infrastructure,
6. Development of Drilling equipment storage,
7. Establishment of an engineering design unit,
8. Enhancement of rehabilitation of mine closer activities,
9. Improvement of EIA/IEER activities,
10. Conducting market value surveys,
11. Establishment of new regional offices,
12. Acquire lands for regional offices,
13. Introducing a TPL tracking system,
14. Introducing a GPR,
15. Process standardization by obtaining 5S and ISO standards,
16. Quaternary mapping,
17. Soil geochemical mapping,
18. Publications of yearbooks,
19. Stream sediment surveys of river basins,
20. The nuclear raw material survey,
21. Quantifying of seismic,
22. Geo-engineering properties of subsurface layers of metropolitan areas, geophysical survey on possible extension of the Eppawala phosphate deposit,

DIVISIONAL PERFORMANCE

GEOLOGY DIVISION

Progress Report of the Geology Division

Within the year 2017, Geology Division has given its work priority to complete Islandwide Construction Raw Material Survey which was an uttermost important provisional requirement. This programmed was implemented in February 2017. Most of the action plan activities which were proposed at the beginning of the year 2017 were postponed to the year 2018 as all most all of the technical staff had to be assigned for the Island-wide Construction Raw Material Survey.

Construction Raw Material Survey

In order to cater to the huge demand for construction raw materials generated due to on-going accelerated development projects in Sri Lanka and to fulfill their future requirements, the Geology Division of GSMB started a qualitative and quantitative construction raw material survey for and demands, since the end of February 2017. This survey was carried out on the request of the Department of National Planning with their sponsorship of Rs. Sixty Million (Rs. 60 Million).

The aim of the survey was to identify suitable locations evaluating the quality and quantity to mine metal/rocks, gravel, soil and sand throughout the Island. Recommendations were g given for suitable sites with highly consideration of residential areas, water sources, and landslide-prone areas with the environmental concern. The priority was given for Kandy Express Way, proposed road at Kurunegala, extended Southern Express Way from Matara, extended Express Way towards Negombo and constructions at Colombo under the Ministry of Megapolis.

Progress of the Survey

	District	Progress during the Year 2017
1	Colombo	Field Work Completed
2	Trincomalee	Field Work Completed
3	Kalutara	Field Work Completed
4	Kegalle	Field Work Completed
5	Monaragala	Field Work Completed
6	Anuradhapura	Field Work Completed
7	Puttalam	Field Work Completed
8	Matara	Field Work Completed
9	Hambantota	Field Work Completed
10	Kurunagala	Field Work Completed
11	Gampaha	Field Work Completed
12	Galle	Field Work was Commenced at the end of the year

Quaternary Mapping (Coastal Zone) Program

The 'Quaternary' period of the geological time scale span from about two million years ago to the present. The quaternary formations of Sri Lanka are mainly restricted to coastal sediments, alluvial sediments in the flood plains and include soil formations. Yet, these formations are highly significant as they include economically important clay and sand deposits, coal deposits, the fertile soil cover, and groundwater bodies, The Geological Survey & Mines Bureau launched a project entitled "Quaternary Geological Mapping" in 2008.

Office work of Quaternary Mapping Program

About 90% of map compilation of Puttalam and Silawatturai Sheets was completed. Compilation of data on Kalpitiya, Hambantota-Tangalle and Tissamaharama sheets was also almost completed.

Detailed Drilling in Puttalam and Kalpitiya

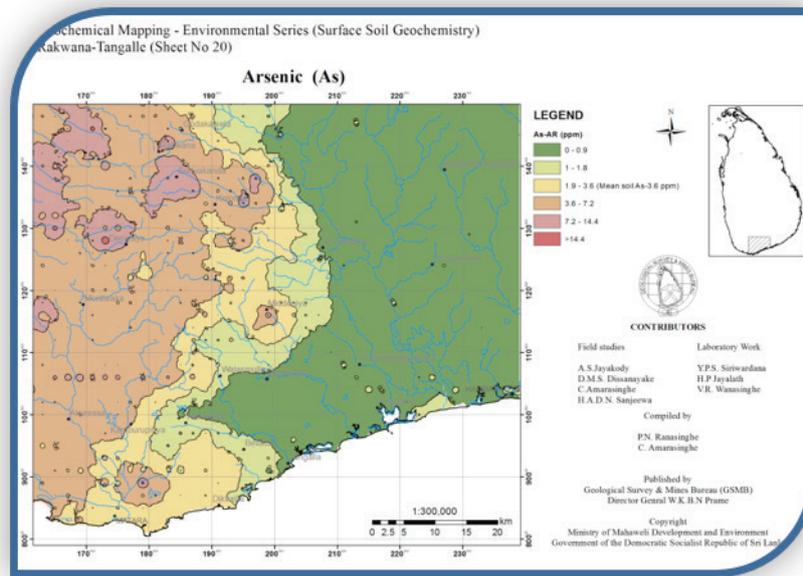
Detailed Drilling in both sheets were completed. Three drill holes were completed in Attavilluwa, Sirambiadiya and Vanathavilluwa areas around Puttalam. Due to the greater depth of the hole, it was not possible to drill the other two planned locations within the allocated time frame and budget. Therefore it is proposed to continue these holes along with next year program.

Soil Geochemical Mapping Programme

The soil geochemical mapping program was initiated in the year 2008 to study the geochemical characteristics of soil. These maps are useful in mineral exploration, environmental monitoring, and agricultural research and in geo-health hazard studies. Geochemical mapping work is being carried out on 1:50,000 scale base maps. Two soil samples are collected from the surface and 2m depth, for each 1 km² grid area at each 4km². The chemical properties are analyzed using the Atomic Absorption Spectrophotometer (AAS) and the Inductively Coupled Plasma Optical Emission Spectrometer (ICP-OES).

Compilation and Printing of Soil Geochemical Mapping Program

Printing of the Geochemical Atlas of Sheet No 20 (Rakwana- Tangalle) using analytical data of six 1, 50,000 sheets Thimbolketiya, Matara, Rakwana, Tangalle, Morawaka, and Hambantota has been completed and the Atlas is available for sale.



Laboratory work of Soil Geochemical Mapping Program

Analytical work Sheet No 08 (Anuradapura- Polonnaruwa) and sheet No 06 is in progress.

The fieldwork of Soil Geochemical Mapping Programme

The fieldwork of sheet no. : Kakirawa (1:500000) scale was completed by the second quarter of the year 2016 and landslide-prone fieldwork of the Vavuniya sheet was initiated in the second quarter of 2017 and still in progress.

Mineral Year Book 2015 and 2016

The Mineral Year 2015 was published within this year and the data collection and analyzing for Mineral Year Book 2016 have been almost completed.

Tsunami Alert Centre and Maintenance of the three Seismic Stations

Although, there were some temporary troubles, three seismic stations [Pallekelle (PALK), Hakmana (HALK) and Mahaknadarawa (MALK) installed by the GSMB together with other donor agencies. They are functioning smoothly and the data from these stations are transmitted to the Data Center at the Head Office, GSMB. The data availability of the three seismic stations was at a satisfactory level in 2017. The Data Center has successfully responded to public complaints on earth tremors, earth vibrations, and Indian Ocean earthquake events.

The troubleshooting activities were carried out at GFZ (MALK and HALK) seismic stations including data communication problems at both GFZ stations. In year 2017, problems arose with the VSAT communication links of the HALK and MALK as the VSAT service provider Telkomsel has switched the Telkom2 satellite to Telkom3S without prior notice to GFZ on April 8th, 2017. The footprint of the new satellite has show that it had not covered the Sri Lankan landmass. As a temporary

solution for this problem mobile connections (Mobitel) were established at two stations. Now the data is transmitted through MOBITEL connection. GFZ is in the process of transferring the VSAT communication link to the new satellite. For that purpose, existing VSAT antennas have to be replaced and GFZ will bear the cost.

In addition to the earthquake monitoring, the Seismic Data and Tsunami Alert Centre act as the receiving point of the public complaints on GSMB related mining activities. New hotline (1921) was introduced within this year and duty officers of the data center recorded the complaints and forwarded it to the Mines Division.

GSMB Library

Purchasing Text Book for the Year 2017 - Rs. 10 million was allocated to purchase books for the library in 2017. The lists of required books were finalized and planned to purchase in early 2018.

Museum Development - Documents were submitted to get the approval to purchase display cabinets and display holders for newly arrived museum items. Several members of the Museum Development Committee visited the National Museum and got their advice about how to create display cabinets, build a lightning system and others.

Journal Binding - GSMB library was prepared the 460 sets of Old magazines for binding.

Library Digitization Project - Geological Survey and Mines Bureau has started the Digital Library Project Phase iii in May 2017. Phase III included (1) Select documents (Documents types: Technical Reports and other reports, Newspaper Clipping) for scanning and 50000 number of pages selected to scan and (2) Create tag systems for above 50000 pages. It's still ongoing.

Part of these documents was scanned and entered to the D Space.

New Library Software (KOHA) 2017 - Geological Survey and Mines Bureau Library is currently using the "Automated online Library System" as a Library Software, since 2010, developed by the Sri Lanka Institute of Information Technology in Malabe. This software is commercial software (Software cost is 8,000,000/=) and the annual maintenance cost is Rs. 84,000/=. However, AOLS commercial software allowed only limited modifications and customized services.

Therefore, we have suggested a software called "KOHA" an integrated open-source software which is very popular among many Universities, Government Institution, Research Institution in Sri Lanka as well as worldwide. Also, this software agrees to International Library rules. (Z39.50, MARC, UNIMARC). The Library has been requested to buy KOHA software in this year. Purchasing work is in progress

Geophysical Surveys

	Project	Description	Status
01	Groundwater exploration in Trincomalee Kantale area	Over 20 potential locations for groundwater extraction were identified and a study was conducted on sand mining and possible impact on the GW table and the Kantale Irrigation Scheme	Report submitted April 2017 and presentation was made to the Board of Directors on March 2017
02	Vein Quartz Survey	Resistivity survey to assess the subsurface extension of the VQ at Kaikawala Estate	Report Submitted
03	Eppawala /Kariwila Survey on Phospate deposit	Geophysical investigation on the extent of apatite deposits at two locations including magnetic signatures	Partially completed and interim report can be produced
04	Passive seismic monitoring	Installation, data retrieval and recovery of 14 passive seismic monitoring stations along 810 E in parallel to a marine survey conducted in the Indian Ocean, south of Sri Lanka	Data processing needs to be carried out with the assistance of GFZ
05	Age dating Dolerite Dykes	As continuous studies of dolerite dikes, 14 samples were sent to the Netherlands for age dating (free-of-charge)	The interim report has been submitted and full report (paper) was published once results after the obtained.
06	Mineral Policy	Formulation of a mineral policy to address possible prevailing drawbacks of the system.	S&T component has been submitted

PETROLOGY LAB

1. Direct income from the testing done for the individual clients

Number of samples	Income (Rs.)
330	1,756,000.00

2. Income obtained from the sample analysis done for the projects of the geology division.

** This income is included in the relevant project income of the geology division.

Name of the project	Number of samples	Income (Rs.)
M.G.M.Mines & Minerals (Pvt) Ltd.	50	225,000.00

3. Other analysis done for projects and fieldworks on requests of the officers of GSMB

Analysis requested by	Sample nature	number of samples	Value of the analysis Rs.
Chamindi Wijerathna	sand	10	45,000.00
Mr.Tharanath (Authorized by Dr.C.H.E.R.Siriwardana)	Rock	12	42,000.00
Sri Lanka Custom	sand	3	35,000.00
Magistrate Courts	Sand	21	94,500.00
Total			216,500.00

ANALYTICAL LAB

CHEMICAL ANALYSES CARRIED OUT FOR OUTSIDE CLIENTS

Analyzed 244 samples consisting of limestone, quartz, dolomite, graphite, feldspar, soil, sand, cement, mica, mineral sand, clay, water, digested rocks, and other metal alloys and body mixtures of tiles and ceramic etc, were carried out by the laboratory on the requests made by various institutions and individuals. This brought Rs 1,682,000.00 (without taxes) as Analytical laboratory income.

CHEMICAL ANALYSES DONE FOR THE PROJECTS UNDERTAKEN BY GEOLOGY DIVISION.

** This income is included in the relevant project income of the geology division.

Name of the project	Number of samples	Income (Rs)
1. Tokyo Cement limestone project	83	581,000.00
2. M.G.M Mines & Minerals (pvt) Ltd/Sand	50	300,000.00
3. Tokyo Cement project/ Water)	08	72,000.00
4. Cement raw material Survey for Tokyo Cement Lanka (Pvt) Ltd	110	1,320,000.00
Total		2,273,000.00

CHEMICAL ANALYSES DONE ON THE REQUEST OF GSMB

Analysis requested by/ project	Sample nature/ Number of samples	Type of the analysis carried out	Value of the analysis
1. Mr.A.S.Jayakody, Geologist/ Health Department	Water/01 no	16 parameters to check the suitability for drinking	Rs 9000.00
2. Dr. O.K Dissanayake	Rock/01 No	Full analysis	Rs 12,000.00
3. Mr. Nalin De Silva, Geophysicists / "Morawawa, Trinco Drinking water Survey"	Water/11 Nos	16 parameters to check the suitability for drinking	Rs 99,000.00
4. Dr. W.I.S. Fernando	Clay/01 No	identification	Rs 12,000.00
5.Mrs. Chamindi Wijerathna, Geologist/ Bolgoda sand survey	Sand/04	Pb,Cd,As,Hg	Rs 9000.00

SAMPLES DONE FREE OF CHARGE FOR REGULATORY WORK

Analysis requested by/ project	Sample nature/ Number of samples	Type of analysis carried out	Value of the analysis
1. Petrology laboratory/ Courts samples	Sand/ 10 nos	Salinity	Rs 10,000.00
2. Sri Lanka Customs	Soil /5Nos	For Au	Rs 10,000.00

ACTION PLAN WORK- GEOCHEMICAL MAP PREPARATION.

Sheet No 20: Rakwana- Tangalle - Printing of the Geochemical Atlas of Sheet No 20 (Rakwana-Tangalle) using analytical data of six 1,50,000 sheets Thimbolketiya, Matara, Rakwana, Tangalle, Morawaka, and Hambantota has been completed and the Atlas is available for sale.

Sheet No 08: Anuradapura- Polonnaruwa. -Completed the chemical analysis of 250 samples collected from Kekirawa sheet for the preparation of Geochemical map of Sheet No 08: Anuradapura- Polonnaruwa

Sheet No 06: Vavuniya- Trincomalie -Completed the analysis of 500 samples collected from Madawachchiya & Horowpatana 1:50,000 Sheets for the preparation of Geochemical map of Sheet No 06.

LABORATORY ACCREDITATION – ISO 17025 - Prepared Quality manuals, Procedure manuals, Method manuals, work instruction manuals and filling systems required to apply ISO 17025 accreditation system for the laboratory.

Income Generation through Client Request Projects

Name of Project	Period		Client (Company)	Status at the end of the year 2017
	From	To		
Jaffna Kilinochchi CMEC	7/31/2017	8/5/2017	CMEC - BPPE JV	Finished
Glass Sand Survey Wallipuram	5/15/2017 5/15/2017 5/15/2017	7/28/2017 7/14/2017 7/28/2017	MGM Minerals (Pvt) Ltd.	Finished
Pathakada Drilling Project	3/9/2017	7/31/2017	Lankan Resources Pvt Ltd.	Finished
Highway Drilling Project at Meerigama	1/2/2017 1/3/2017	1/31/2017 2/2/2017	Neat Solution (Pvt) Ltd.	Finished
Poonarine Vallaipadu Project - 2016	9/5/2017 4/1/2017	10/29/2017 10/30/2017	Tokyo Cement	Finished
Deniyaya Project	6/15/2017	7/19/2017	Ministry of Law & Order	Finished
Dodangaslanda Drilling Project	9/1/2017	Continued..	RS Mines Pvt Ltd	Continued..
Doluwa Drilling Project	8/21/2017	8/27/2017		Finished

MINES DIVISION

MAJOR FUNCTIONS OF THE MINES DIVISION

The Mines Division is presently functioning with seventeen (16) Regional Offices. These offices have been established to provide our services for the customers engaged in various mining industries. With the recent amendments to the Mines and Minerals Act, # 33 of 1992 wider powers have been given to the Bureau to control illegal mining activities. The main work includes site inspection, test blasts, inquiring public complaints, issuing of licenses for mining, trading, exploration and transport and minimizing illegal mining activities. Major functions of the Mines Division include;

Evaluate commercial viability of mining for processing and export of minerals under the Mines & Minerals Act No.33 of 1992

Regulate the exploration and mining for minerals and the processing, trading in and export of such minerals by the issuance of licenses

Advise the Minister on measures to be adopted for the promotion of the extraction and production of minerals on a commercial basis

SERVICES AVAILABLE

Mine inspection (mobile service – issuing licenses, technical advice)

Expert services (blasting techniques, license upgrading, safety methods, test blasts, crack surveys)

Awareness Programs (Awareness Programs for public officers & license holders, Workshops for people engage in mining activities, Exhibitions)

Rehabilitation Programs (motivating mines to safeguard the environment and supervising the environment protection and rehabilitation activities carried out by mines).

INCOME GENERATED THROUGH ISSUING LICENSES

Under the Mines & Minerals Act No. 33 of 1992, the GSMB issues the following types of licenses.

- Exploration licenses
- Mining licenses (Artisanal, Industrial, and Reserved Minerals)
- Trading licenses
- Export licenses
- Transport licenses

Details of these licenses are as follows:

Exploration licenses (EL) – (Income)

An Exploration license grants the license-holder the exclusive right to explore for all mineral categories authorized by the license.

Mining Licenses

Artisanal Mining Licenses (AML) – (Income)

Grants the license-holder the exclusive right to mine, process and trade in all minerals specified in the license within an area not exceeding ten hectares or to a depth not exceeding twenty-five meters.

Category A - This shall include one or more of the under-mentioned conditions

The depth of borehole to be less than 1.5 meters

The production volume to be not less than 100 m³ and not more than 600 m³ per month

No machinery to be used

Category B - which shall include any one or more of the undermentioned conditions

The depth of the borehole to be less than 1.5 meters

Production volume to be not exceeding 100 m³ per month

No machinery to be used

Industrial Mining Licenses (IML) – (Income)

Grants exclusive right to explore for, mine, process, and trade in all minerals mined within the area specified in such license. There are three categories of Industrial Mining Licenses.

Category A (include one or more of following conditions)

Blasting method - multi-borehole using delay elements

The depth of the borehole - more than 3.0 meters

Production volume - more than 1500 m³ per month

Machinery to be used - track drills, jackhammers, rock breakers, front-end loaders, and other machinery

Category B (include one or more of the following conditions)

The blasting method - single borehole

The depth of boreholes - not less than 1.5 meters and not more than 3.0 meters

The production volume - between 1500 m³ and not more than 1500 m³ per month

Only jackhammers to be used

Category C (include one or more of the following conditions)

Blasting method - single shot-hole

Depth of the borehole - less than 1.5 m

Production volume - should less than 600 m³ per month

Only jackhammers to be used

Reserved Minerals (RML) – (Income)

License to explore, mine, process and trade in reserved minerals may be granted with the approval of the Minister.

Trading Licenses (TDL) – (Income)

A trading license shall grant the non-exclusive right to purchase, store, process, trade-in and, with the special authorization of the Director, to export minerals in respect of which the license is issued.

Category A - to trade in minerals for export

Category B - to trade in minerals locally

Category C - to trade in bricks and lime produced manually.

Transport Licenses – (Income)

License to transport mineral-bearing substances or minerals shall be issued for such quantity and period and for such minerals as may be specified in such license. All exploration, mining and trading licenses shall require a transport license to transport mineral-bearing substances or minerals.

Export of Minerals – (Income)

All exploration, mining and trading licensees shall obtain the special authorization of the Director of the GSMB to export minerals in respect of which the license is issued.

Royalty – (Income)

The following chart shows the royalty income collected by the GSMB. It clearly shows a general increase in royalty collection.

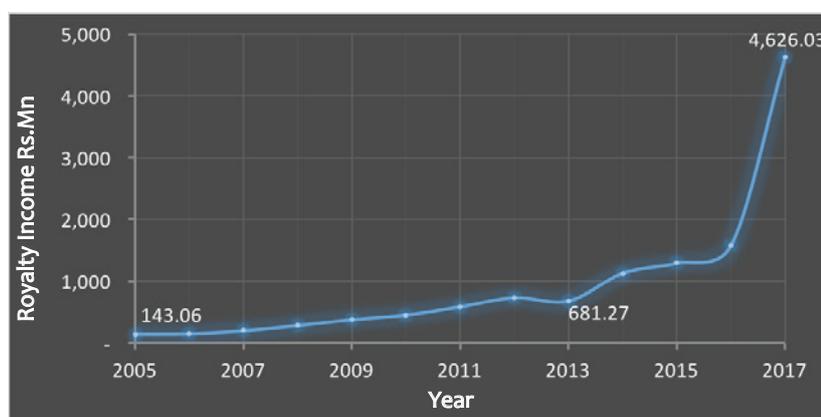


Fig.1: Royalty income during the period of 2005 to 2017

Year	Royalty Income (Rs. Mn.)	Year	Royalty Income (Rs. Mn.)
2005	143.06	2012	732.71
2006	150.26	2013	681.27
2007	199.66	2014	1,128.46
2008	284.05	2015	1,293.43
2009	378.29	2016	1,578.58
2010	453.85	2017	4,626.03
2011	586.89		

Income generated by Mines Inspections

Rapid increase of Income generated by Mines Inspections shows in following graph tells the rapid development of the Mineral Industry of the country.

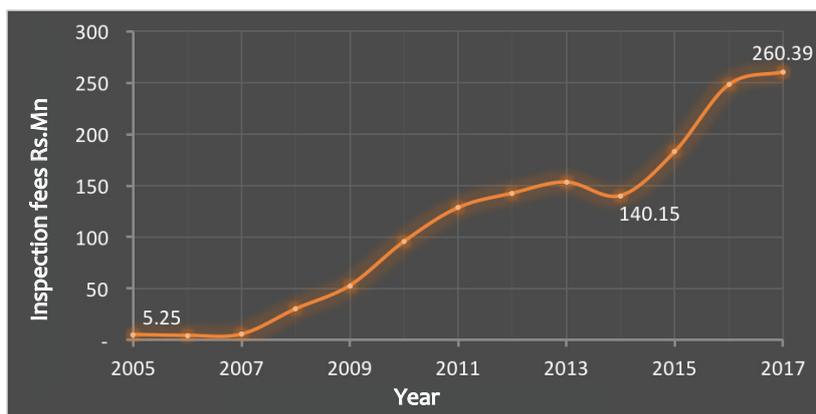


Fig. 2: Income generated by mines inspection during the period of 2005 to 2017

Year	Inspection Fees (Rs. Mn.)	Year	Inspection Fees (Rs. Mn.)
2005	5.25	2012	142.52
2006	4.43	2013	153.23
2007	5.61	2014	140.15
2008	30.07	2015	182.94
2009	52.76	2016	247.95
2010	95.45	2017	260.39
2011	128.42		

Income generated by issuing Licenses

Following chart shows the income generated by issuing licenses for exploration, mining, trading, transportation and export of minerals.

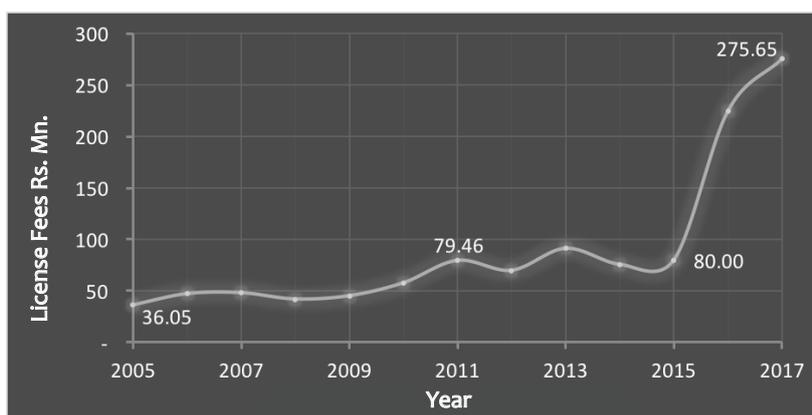


Fig.3: Income generated by issuing licenses during the period of 2005 to 2017

Year	License Fees (Rs. Mn.)	Year	License Fees (Rs. Mn.)
2005	36.05	2012	69.82
2006	47.04	2013	91.15
2007	48.04	2014	75.60
2008	41.90	2015	80.00
2009	45.07	2016	224.80
2010	57.64	2017	275.65
2011	79.46		

Summary Performance (Financial and Physical) Year 2017

Components/Activity	* F P	Type of Funds	Unit	Annual Allocation & Target	Financial and Physical Progress
Issuing licences as per the Mines & Minerals Act No.33 of 1992					
Artisanal Mining Licences (AML)					
AML - A	F	Income	Rs. Mn.	5.000	4.203
AML - B	P	Income	No.	1728	1401
	F		Rs. Mn.	3.000	2.539
	P		No.	2333	2031
Industrial Mining Licences (IML)					
IML - A	F	Income	Rs. Mn.	5.000	11.160
	P		No.	247	304
IML - B	F	Income	Rs. Mn.	12.000	14.512
	P		No.	1550	1791
IML - C	F	Income	Rs. Mn.	3.000	2.352
	P		No.	730	588
Trading Licences (TDL)					
TDL - A	F	Income	Rs. Mn.	0.100	0.082
	P		No.	15	11
TDL - B	F	Income	Rs. Mn.	7.000	13.890
	P		No.	1306	2778
TDL - C	F	Income	Rs. Mn.	-	0.005
Transport Licences (TPL)	F	Income	Rs. Mn.	46.000	75.245
	P		No.	510297	836061
Export Permits	F	Income	Rs. Mn.	2.000	2.910
	P		No.	497	582
Exploration Licences (EL)	F	Income	Rs. Mn.	15.000	5.837
	P		No.	-	47
Collection of Royalty	F	Income	Rs. Mn.	1661.000	4626.028
Inspection Charges of Mining	F	Income	Rs. Mn.	228.000	260.395
Conducting of Test Blast	F	Income	Rs. Mn.	10.000	5.502
Off. Charg. on refund on licence	F	Income	Rs. Mn.	0.050	0.146
Off. Charg. on Bank Guarantee	F	Income	Rs. Mn.	3.000	0.302
Sundry Income - Mining	F	Income	Rs. Mn.	30.000	41.567
Service charge on TPL	F	Income	Rs. Mn.	5.000	2.756
Export of Samples	F	Income	Rs. Mn.	1.000	0.076
Communication fee on EL	F	Income	Rs. Mn.	2.000	0.345
Conduct Educational Programmes on Blasting	F		Rs. Mn.	0.500 2	1.218 2
Total				2038.650	5071.070

Regional Offices:

The Mines Division is presently functioning with sixteen (16) Regional Offices at Ampara, Anuradhapura, Badulla, Batticaloa, Colombo, Gampaha, Hambantota, Jaffna, Kalutara, Kandy, Kurunegala, Matara, Monaragala, Polonnaruwa, Ratnapura, Trincomalee and with two (2) sub-offices at Hasalaka and Kantale. The major activities of these Regional Offices are to cater to better services for the customers who are engaged in various Mining Industries in relevant provinces and control the illegal mining activities.

The Regional Mining Engineers attached to the Regional Offices in Year 2017 are as follows:

Ampara	Eng. M.R.M. Farees, Eng. H.A.C.K.W. Bandara
Anuradhapura	Eng. K.N.W.K. Wimalarathna, Eng. H.P. Siriwardana
Badulla	Eng. W.A.S. Rupawansa
Batticaloa	Eng. H.A.C.K.W. Bandara, Eng. M.R.M. Fares
Colombo	Eng. (Mrs.) U.N. Dilanthi, Eng. H.K.M. Gunasekara, Eng. N.W.C.P. Lanka
Gampaha	Eng. N.W.C.P. Lanka, Eng. (Dr.) I.M.T.N. Ilankoon, Eng. H.K.M. Gunasekara
Hambantota	Eng. U.H.T. Priyantha
Jaffna	Eng. C.K. Karunananda, Eng. D. Mayooran
Kalutara	Eng. (Dr.) I.M.T.N. Ilankoon, Eng. N.W.C.P. Lanka, Eng. T.S. Kumara
Kandy	Eng. S.A.I.J. Rodrigo, Eng. A.P. Wimalasena, Eng. C.K. Karunananda
Kurunegala	Eng. Dammika Prasad, Eng. K.N.W.K. Wimalarathna
Matara	Eng. K.V. Jagath, Eng. W.A.A.C. Wanniarachchi
Monaragala	Eng. T.M.W. Bandara
Polonnaruwa	Eng. P.A.S. Kumarasinghe
Ratnapura	Eng. A.M.H.V. Adhikari, Eng. T.S. Kumara, Eng. N.W.C.P. Lanka
Trincomalee	Eng. R.M.D. Rathnayaka

Special activities are done by Mines Division and contribution to the national economy

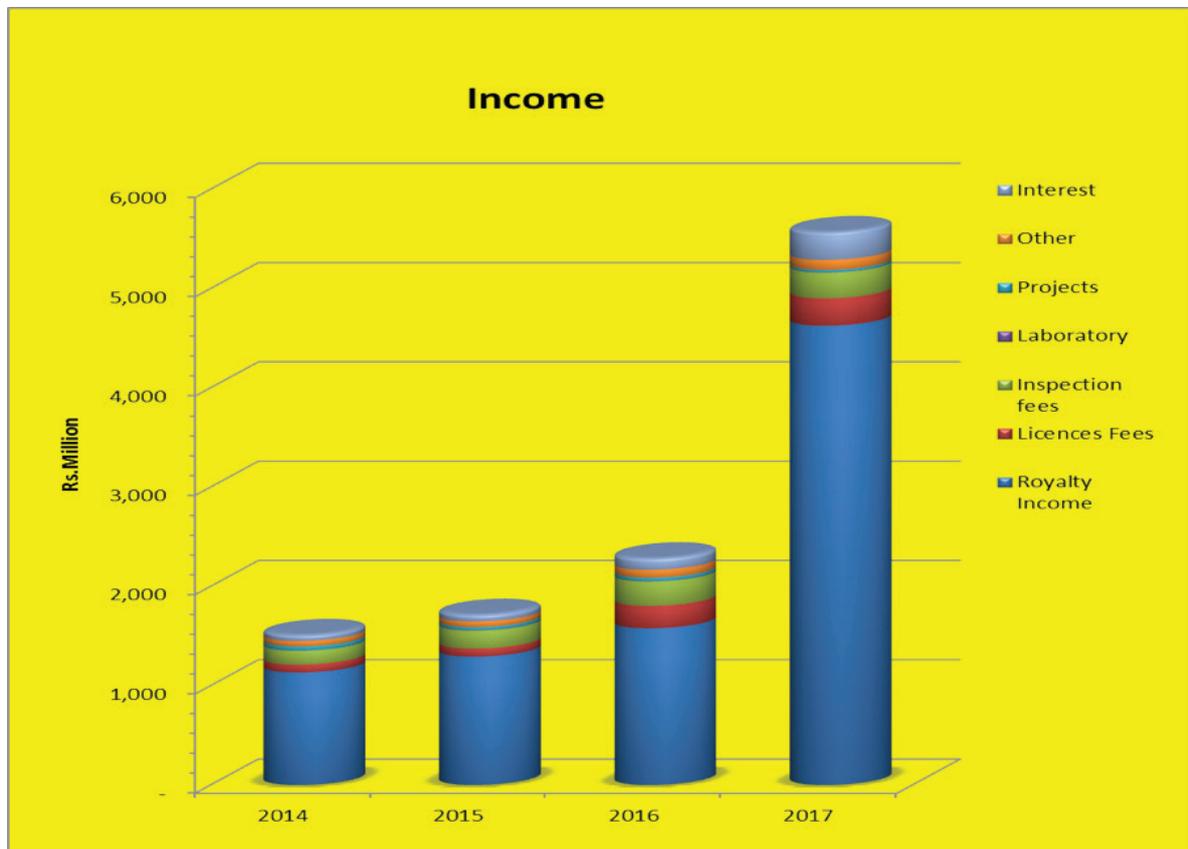
As an effective movement of capacity building and awareness of particularly blasting foramen & blasting responsible individuals the mines division of GSMB was able to continue the Blasting and blast-related training course, successfully. In addition to the above, awareness programs have been conducted under regional level to aware of the mining license holders in order to enhance the knowledge and understanding in blasting, mine safety, mine management, environment and sociological aspects. In the exercise of eradication of illicit mining activities, series of raids were conducted all over the country by the mines division with the direct involvement of Special Task Force and respective police stations. Periodic field monitoring has been further strengthened in order to facilitate the mining activities to be operated in a more regulated, sustainable and organized manner. Gravel mining was able to direct into more effective and well-organized avenue with the introduction of a district committee mechanism into the mining license issuing system. In the exercise of strengthening the regularities in the mineral transport issuing mechanism, the mines division is planning to introduce an effective automated transport licensing system with the collaboration of the department of police. Steps were successfully taken in order to proceed the mining coupling with effective site rehabilitation activities and post-mining investigations.

Financial Review

The Geological Survey and Mines Bureau achieved a huge growth in its profits and income in the year under review in comparison with the year 2017. The Bureau was able to achieve a net profit of Rs.4752 mn in the year ended as at 31st December 2017. (2016 : Rs.1564 mn) The income of the Bureau increased by 144% in the year under review. (2016 :Rs.2283.5mn) The income received by the Bureau is as follows.

Royalty Income (2017 : Rs.4626 mn , 2016 : Rs.1578mn) Licence Fees (2017 : Rs.275.6 mn , 2016 : Rs.224.7 mn) Inspection Fees (2017: Rs.260 mn ,2016 : Rs.248 mn) Laboratory Income (2017 : Rs.2.3 mn , 2016 : Rs.3.2 mn) Project Income (2017 : Rs.24 mn , 2016 : Rs.33 mn) Interest Income (2017 : Rs.281 mn ,2016 : Rs.116 mn) The Royalty Income increased by 193% in comparison with the previous year due to the amount of Rs.2221 mn received from the Colombo Harbour Development Project .

The profit of the Bureau has increased by 203.8% , i.e. Rs.4752 mn in comparison with the previous year. (2016 : Rs.1564 mn)



Legal Division

The functions of the Legal Division include representing the Bureau in cases filed by and against the Bureau. The actions filed by the Bureau based on unauthorized mining activities carried out in some areas and the non-rehabilitation of mined sites.

There were 39 Cases Pending in Courts. (Supreme Court, Court of appeal, District Court, High Court, Human Rights Commission) 06 Cases were filed against those who were engaged in unauthorized mining activities and carried out in sand stores.

Fourteen Consultations were held with Attorney General's Department to discuss the issues of the above cases.

Three awareness programs have been held for Police Officers, Special Task Forces Officers and other Government Officers and National Police Academy at Katana, Colombo Police Academy at Maradana, in order to aware them of the amended Mines and Minerals Act and legal issues of Mines and Minerals Act.

As directed by Supreme Court Case No.81/2004 Legal Division coordinated the discussions held at Geological Survey & Mines Bureau with stakeholders to conduct the surveys on sand availability in river MaOya. Legal Division has also coordinated the Central Environment Authority, Irrigation Department, Environmental Foundation Ltd, Divisional Secretaries Offices, Police station on the relevant issues.

Many discussions have been held at Geological Survey & Mines Bureau Head Office, further actions have been taken for implementation for Environment Protection Area and to find out the Land use pattern along river MaOya and proposed no mining area within the distance of 100 m from MaOya, and also to gazette the above area under the Environment Act.

Legal Section coordinated to establish an Enforcement Unit to stop unauthorized Mining /Transport and attend to public complaints and offense under the Mines and Minerals Act No. 33 of 1992. Accordingly, many discussions were held at Geological Survey & Mines Bureau with Special Task Forces officers of Enforcement Unit.

The meetings of the Board of Management have been conducted and Minutes were prepared and followed up actions have also been taken. According to the discussions taken at the Board of Management.

The minutes of the Committee of Audit & Management Meeting was prepared and followed up actions have also been taken .according to the discussions taken at the Committee of Audit & Management and Board of Management.

2205 Letters and 898 Licenses Files were given legal advice on various matters relevant to implementing the Mines & Minerals Act, other laws and land title issues.

Legal Actions were taken on Royalty Arrears, Rehabilitated lands and Projects debtors scrutinized, prepared and followed up each file.

Follow up actions were taken to obtain the ownership for the reserved lands for Katharagama Circuit Bungalow, Ampara Regional Office, Ratnapura Regional Office, Polonnaruwa Regional Office files.

The titles of Regional Office properties have been checked and necessary arrangement was made to execute the fifteen (15) Lease Agreements for Regional Offices.

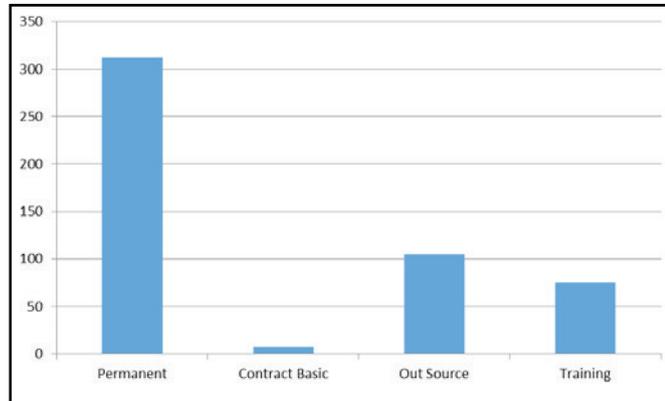
Seven Agreements have been prepared for Drilling Projects undertaken by Geology Division.

Non Notarial Agreements of Geological Survey & Mines Bureau relevant to the GSMB projects, Mineral Investigation Unit, Janitorial Servicers, Security Servicers, Vehicle Agreements were prepared to execute and provide the necessary advice.

Review on Human Resources

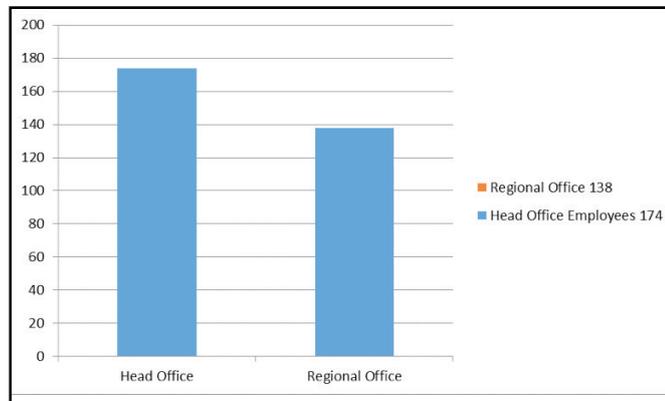
All Employees

Permanent	312
Contract Basic	08
Out Source	105
Training	75

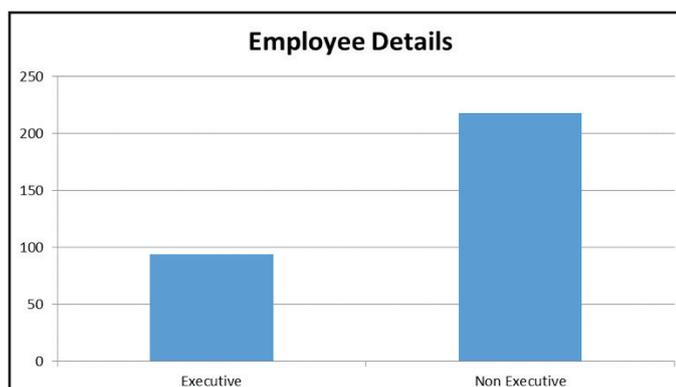


Employees List – Head Office & Regional

Head Office	174
Regional Office	134



Executive/Non-Executive



Corporate Governance

Good corporate governance is globally accepted as being fundamental to an organization's competitiveness, growth and sustainability. There is great attention on Board of Management to discharge their duties with high ethical values and accountability in their commitment to good governance practices.

For our Bureau to be successful over the long term and create value of customers, it must create value for society. Our approach to Creating Value is built upon a set of strong principles and values set by the Board of Directors. We regularly review our governance against legal requirements and best practices.

The Board is the custodian of the Bureau's values and of its long-term vision, and provides strategies direction and guidance to the Bureau. The Board receives regular updates, including between meetings if necessary, on a range of matters including core activities, financial, legal and customer affairs.

The GSMB is governed by the Board of Management. The members of the Board of Management (BOM) are appointed by the Hon. Minister in charge of the subject as per the requirements of the Mines and Mineral Act. The Board of Management is consisted of 7 members and they are as follows. The Legal Officer of GSMB serves as the Secretary to the BOM.

- The Secretary to the Ministry of the Minister in charge of the subject of industries or his representative
- The Secretary to the Ministry of the Minister in charge of the subject of environment or his representative
- Three members who appear to the Minister to have demonstrated practical experience and possess knowledge in the field of Geology, Mining, Business Management, Finance and Law
- One member appointed by the Minister in consultation with the Minister in charge of the subject of Finance
- The Director General of Geological Survey and Mines Bureau

Board Meetings

The Board of Management meets monthly and holds additional meetings as and when the Board thinks appropriate.

Seven (07) Board meetings were held during FY2017. The Agenda and draft minutes for Board meetings are prepared by the Board Secretary with details of decisions reached, any concerns raised and dissenting views expressed and are circulated to all members for comments before each meeting with Board papers within three business days before the intended date of the Board of Management. At each regular Board meeting, Head of the divisions of the Bureau made presentations to the Board on various aspects, including the Bureau performances, financial performances etc.

The Board of Management of the Bureau plays an active role in participating the Bureau's meeting through contribution of their professional opinions and active participation in discussion.



FINANCIAL REPORTS

GEOLOGICAL SURVEY & MINES BUREAU

ACCOUNTING POLICIES - 31ST DECEMBER 2017

1. COPERATE INFORMATION

1.1 General

The Geological Survey & Mines Bureau (GSMB) is a statutory body established by Act No. 33 of 1992 and the principal place of business is situated at No. 569, Epitamulla Road, Pitakotte. GSMB is presently functioning with 16 Regional Offices at Kandy, Matara, Kurunegala, Badulla, Ratnapura, Anuradhapura, Ampara, Monaragala, Hambantota, Trincomalee, Kalutara, Jaffna, Batticaloa, Gampaha, Polonnaruwa, and Colombo and with 2 sub-offices at Hasalaka and Kantale. The Regional Offices details are Fellows:

Regional Office	Address	E-Mail	Tel/Fax
Ampara	No. 669, New Town, Ampara	ampara@g smb.gov.lk	+94-63-2223385
Anuradhapura	No.596/69, Bandaranayake Mawatha, Anuradhapura	anuradhapura@g smb.gov.lk	+94-25-2224388
Badulla	No.52/A, Rathwatta Mawatha, Badulla	badulla@g smb.gov.lk	+55-2225210 +94-55-2222787
Batticaloa	No.239, Bar Road, Batticaloa	batticaloa@g smb.gov.lk	+94-65-2222266
Colombo	No.569, Epitamulla Road, Pitakotte	info@g smb.gov.lk	+94-11-2869478 +94-11-2869479
Hambantota	No.21, Terrace Street, Hambantota	hambantota@g smb.gov.lk	+94-47-2222477
Gampaha	No.06, Werellawatta, Yakkala	gampaha@g smb.gov.lk	+94-33-2231430
Jaffna	170, Kolomputhurei Road, Jaffna	jaffna@g smb.gov.lk	+94-21-2224595
Kalutara	No.9A, Mosque Road, Wettumakada, Kalutara-South	kalutara@g smb.gov.lk	+94-34-2225580
Kandy	Janasawigama, Pallekele, Kandy	kandy@g smb.gov.lk	+94-81-2421294 +94-81-2421474
Kurunegala	No.15/B, Negombo Road, Malkaduwwa, Kurunegala	kurunegala@g smb.gov.lk	+94-37-2230858 +94-37-2232542
Matara	No.07, jayasooriya Mawatha, Noope, Matara	matara@g smb.gov.lk	+94-41-2236765
Monaragala	No.190/6, Wellawaya Road, Monaragala	monaragala@g smb.gov.lk	+94-055-2277392 +94-055-227-6882
Rathnapura	No.66, Sri Saranankara Mawatha, Hidellana, Rathnapura	rathnapura@g smb.gov.lk	+94-45-2228117
Trincomalee	Divisional Secretariat Office, 4th Mile Post, Kachcheriya, Trincomalee	trinco@g smb.gov.lk	+94-26-3202411
Polonnaruwa	Divisional Secretariat Office, New Town, Polonnaruwa	polonnaruwa@g smb.gov.lk	027-2226366

1.2 Principal Activities

- To undertake systematic geological mapping of Sri Lanka and preparation of geological Maps.
- To identify and assess the mineral resources of Sri Lanka.
- To evaluate the commercial viability of mining for, processing and export of such Minerals.
- To regulate the exploration and mining for minerals and processing, trading in and export of such minerals by the issue of licenses.
- To advise the Minister on measures to be adopted for the promotion of the extraction and the production of minerals on a commercial basis.
- To disseminate in appropriate media, information, and data acquired during the exercise of functions under the Act. in particular, under paragraphs (a), (b) and (c) of this section.
- To undertake projects in regard to engineering geology and provide advice and remedial measures caused in respect of geological hazards and disaster

1.3 Number of Employees

The number of permanent employees at the end of the year was 303.

2. GENERAL ACCOUNTING POLICIES

2.1 General

Statement of compliance

The financial statements of the Bureau have been prepared in accordance with the requirement of the Sri Lanka Public Sector Accounting Standards laid down by the Institute of Chartered Accountants of Sri Lanka.

Basis of preparation

Financial Statements have been prepared under the historical cost convention. No adjustment has been made for inflationary factors affecting the accounts. Wherever there are exceptions and wherever appropriate, the accounting policies followed have been disclosed in the notes.

2.2 Going Concern

The Directors confirm that the Bureau has adequate resources to continue in operations to justify applying the going concern basis in preparing these financial statements.

2.3 Comparative Information

Comparative Information has where necessary been reclassified to conform with the current year's presentation.

3. ASSETS AND BASES OF THEIR VALUATIONS

3.1 Accounts Receivable

Accounts receivable are stated at the amounts they are estimated to be realized.

3.2 Inventories

Inventories have been valued at cost. Bureau has considered a minimum value of fixed assets as Rs.5,000/=. Bureau is using first in first out method for stock Issues.

3.3 Investments

Investments are stated at cost.

3.3.1 GSMB Technical Services (Pvt) Ltd

GSMB has invested Rs 4,000,000 in GSMB Technical Services (Pvt) Ltd. This company has been incorporated by the companies Act. Rules & regulations are relevant to the companies Act.

During the year 2016 GSMB Technical has declared dividends. This has been shown in the Financial Statements of GSMB. As the company's year-end 31/3/2017, dividend receivable cannot be shown in the Financial Statements of GSMB.

3.4 Property Plant and Equipment

Property Plant and Equipment are stated at a cost or valuation less aggregate depreciation. The cost of an item of property plant & equipment comprises its purchase price and any directly attributable cost of bringing the assets to working condition for it intended use.

Depreciation of property, plant, and equipment of the Bureau is provided on straight-line basis, over the period appropriate to the estimated useful life of the assets as follows.

	Useful life	Rate Per
Building	20	5%
Plant & Machinery	8	12.5%
Lab Equipment	5	20.0%
Motor Vehicles	5	20.0%
Furniture & Fittings	10	10%
Office Equipment	5	20.0%
Field Equipment	5	20.0%
Mapping Equipment	5	20.0%
Communication	8	12.5%
Library Books / Maps	20	5%

No depreciation has been provided on land. Full depreciation is provided on Property, Plant & Equipment purchased during the month.

3.5 Leasing of Property Plant & Equipment

Finance leases are leases that transfer substantially all the risks and benefits incidental to ownership of the leased item to the Bureau. Assets obtained under such finance leases are depreciated on the same rate, as applicable to other Property, Plant & Equipment.

Operating leases are leases that do not transfer substantially all the risk and benefits incidental to ownership of the leased item to the Bureau.

3.6 Cash & Cash Equivalents

Cash and cash equivalents comprise cash in hand, deposits in banks & call deposits.

For the purpose of cash flow statement, cash and cash equivalents include cash in hand and call deposits in banks, net of outstanding bank Balances.

4 LIABILITIES & PROVISIONS

4.1 Provisions

Provisions are made for all obligations existing as at the balance sheet date when it is probable that such an obligation will result in an outflow of resources and a reliable estimate can be made of the quantum of the outflow.

4.2 Defined Benefit Plan –Gratuity

Provision has been made for retiring gratuity Payable under gratuity Act No. 12 of 1983. The liability to an employee arises only on completion of 5 years of continued service.

4.3 Defined Contribution Plans Employees' Provident fund & Employees' Trust fund

Employees are eligible for Employees' Provident fund contribution and Employees' Trust Fund Contributions in line with the respective statutes and regulations. Bureau contributes 12% and 3% of gross emoluments of the employees to Employees' Provident Fund and Employees' Trust fund respectively.

5. COMPREHENSIVE INCOME STATEMENTS

5.1 Revenue Recognition

5.2 Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Bureau and the revenue and associated costs incurred or to be incurred can be reliably measured. Revenue is measured at the fair value of the consideration receivable. The following specific criteria are used for the purpose of recognizing revenue.

a) Rendering of Services

Revenue from rendering of services is recognized in the accounting period in which the services are rendered or performed.

b) Interest

Interest Income is recognized on an accruals basis.

c) Others

It is the policy that net gains and losses of a revenue nature on the disposal of Property, Plant & Equipment and other non-current assets including investment are been accounted for in the income Statement, having deducted from proceeds on disposal, the carrying amount of the assets and related selling expenses.

d) Royalty income

Income received under royalty has been accounted on a cash basis.

The mines & Mineral Act allows royalty of a particular year to be paid in the following year up to 20th April of the year. As the Royalty cannot be ascertained until the declaration is made a provision cannot be made in this regard. A change to the regulations in the year 2006

allowed GSMB to collect an advance on Royalty. This could be set off any unpaid Royalty at the end of the licensing period or will have to be refunded in full to the license's holder.

5.3 Expenses

All expenses incurred in the running of the business maintaining the capital assets in a state of efficiency has been charged to revenue in arriving at the profit for the year.

6. CASH FLOW

The cash flow of the Bureau has been presented using the indirect method in accordance with the Sri Lanka Public Sector accounting standard No.2 – Cash flow statement.

7. TAXATION

As per section 07(b) of Inland Revenue Act No 10 of 2006 GSMB is liable to pay Income Tax.

8. POST BALANCE SHEET EVENTS

All material events occurring after the Balance sheet date and where necessary we make adjustments or disclosure to these financial statements.

STATEMENT OF FINANCIAL POSITION

GEOLOGICAL SURVEY AND MINES BUREAU
STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2017

	Note	2017 ACTUAL Rs.	2016 ACTUAL Rs.
ASSETS			
Non Current Assets			
Property, Plant & Equipments	1	456,925,091.72	525,923,902.73
Working Progress	2	2,102,992.40	2,102,992.40
Total Non - Current Assets		<u>459,028,084.12</u>	<u>528,026,895.13</u>
Investment	3	4,000,000.00	4,000,000.00
Current Assets			
Inventory	4	29,674,914.65	17,703,073.21
Trade & Other Receivables	5	163,322,976.28	157,752,554.57
Fixed Deposits	6	2,615,685,616.82	1,762,682,571.27
Cash & Cash Equivalents	7	63,869,201.18	10,345,805.68
Total Current Assets		<u>2,872,552,708.93</u>	<u>1,948,484,004.73</u>
Total Assets		<u>3,335,580,793.05</u>	<u>2,480,510,899.86</u>
EQUITY & LIABILITIES			
Equity			
Consolidated Fund	8	27,652,883.05	27,652,883.05
Departmental Fund	9	1,746,725.68	1,746,725.68
Capital Fund	10	68,916,655.00	68,916,655.00
Revaluation Reserves		129,978,094.46	129,978,094.46
Retained earnings	11	2,331,388,487.40	1,648,805,133.54
Total Equity		<u>2,559,682,845.59</u>	<u>1,877,099,491.73</u>
Foreign Fund	12	13,691,615.02	16,968,107.86
Local Grants	13	-	10,399.80
Distress Fund	14	28,109,799.00	8,592,291.67
Non Current Liabilities			
Provision on Gratuity	15	118,775,502.50	131,042,055.66
Current Liabilities			
Creditors and Payables	16	277,708,812.67	213,514,014.21
Other Payables	17	337,612,218.27	233,284,538.93
		<u>615,321,030.94</u>	<u>446,798,553.14</u>
Total Equity & Liabilities		<u>3,335,580,793.05</u>	<u>2,480,510,899.86</u>

STATEMENT OF FINANCIAL PERFORMANCE

GEOLOGICAL SURVEY AND MINES BUREAU
STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 31ST DECEMBER 2017

	Note	2017 ACTUAL Rs.	2016 ACTUAL Rs.
Income	18	5,188,535,575.16	2,087,912,668.07
Other Income	19	100,148,439.17	79,632,423.60
Operating Expenses	20	(325,780,790.51)	(306,977,448.55)
Administration Expenses	21	(415,920,677.96)	(385,188,483.01)
Operating Profit		4,546,982,545.86	1,475,379,160.11
Net Finance Income	22	281,010,362.65	115,963,666.35
Profit Before Tax		4,827,992,908.51	1,591,342,826.46
Income Tax Expenses	23	75,714,400.00	27,315,639.00
Profit for the Year		4,752,278,508.51	1,564,027,187.46

An aerial photograph of a city, likely Dubai, featuring a large, ornate fountain in the foreground, a multi-lane road with traffic, and a dense skyline of skyscrapers in the background. The image is overlaid with a semi-transparent white geometric shape that frames the text.

NOTES TO THE FINANCIAL STATEMENTS

Note 01
Property, Plant & Equipments

	Balance as at 01.01.2017 Rs.	Additions during the Year Rs	Disposal Items Rs	Balance as at 31.12.2017 Rs.
At Cost				
Land Fencing	639,713.50			639,713.50
Land	215,395,508.75			215,395,508.75
Building	77,116,363.10	607,995.68		77,724,358.78
Buildnig Partioning	15,108,847.72	3,991,465.84		19,100,313.56
Plant & Machinery	90,300,944.01	275,444.57	67,936.68	90,508,451.90
Motor Vehicles	237,465,299.00			237,465,299.00
Mapping Equipment	9,396,268.44		34,300.00	9,361,968.44
Drilling Spares	26,505,310.98	1,033,253.62	29,300.00	27,509,264.60
Lab Equipment	204,062,536.30	3,479,500.00		207,542,036.30
Field Equipment	14,472,665.66	29,577.50	1,080,000.00	13,422,243.16
Office Equipment	140,936,336.48	6,862,613.23	73,740.62	147,725,209.09
Communication Equipmnet	7,174,184.79	624,400.00		7,798,584.79
Furniture & Fittings	19,481,579.50	4,000,008.72	280,581.00	23,201,007.22
Maps	475,824.75			475,824.75
Library Books	29,073,250.90	80,325.00		29,153,575.90
Museum Items	812,055.87			812,055.87
	1,088,416,689.75	20,984,584.16	1,565,858.30	1,107,835,415.61

Depreciation	Balance as at 01.01.2017 Rs.	Charge for the year Year Rs	Disposal Items Rs	Balance as at 31.12.2017 Rs.
Land Fencing	586,564.69	37,515.96		624,080.65
Building	49,989,839.72	2,232,798.24		52,222,637.96
Building Partioning	7,896,695.75	3,351,649.01		11,248,344.76
Plant & Machinery	49,996,280.59	7,659,427.33	47,086.48	57,608,621.44
Motor Vehicles	169,224,145.57	26,390,986.62		195,615,132.19
Mapping Equipment	8,414,583.50	419,390.57	34,300.00	8,799,674.07
Drilling Spares	13,999,702.91	2,671,004.11	9,766.72	16,660,940.30
Lab Equipment	112,053,882.55	31,315,613.55		143,369,496.10
Field Equipment	11,842,235.32	1,051,372.02	1,079,999.00	11,813,608.34
Office Equipment	113,446,669.69	10,610,511.46	73,582.18	123,983,598.97
Communication Equipment	3,717,399.82	762,237.03		4,479,636.85
Furniture & Fittings	8,244,320.13	1,979,057.85	246,997.20	9,976,380.78
Maps	264,798.35	23,791.20		288,589.55
Library Books	12,815,668.43	1,403,913.50		14,219,581.93
	562,492,787.02	89,909,268.45	1,491,731.58	650,910,323.89
Net Book Value	525,923,902.73			456,925,091.72

Note 02
Working Progress

	2017 ACTUAL Rs.	2016 ACTUAL Rs.
Proposed GPR/ERP System	1,505,000.00	1,505,000.00
Proposed Building For Lab	143,145.00	143,145.00
Proposed Building -Rathnapura	454,847.40	454,847.40
Proposed Stores Complex at Werrellawatta	-	0
	2,102,992.40	2,102,992.40

Note 03
Investments

Investment	4,000,000.00	4,000,000.00
Construction of Sesmic Station at Hakmana & Mahakanadarawa		
	4,000,000.00	4,000,000.00

Note 04	2017	2016
Inventory	ACTUAL	ACTUAL
	Rs.	Rs.
Stock Stationary	2,564,773.25	2,088,803.05
Stock - Hardwear	17,694,287.50	12,329,004.96
Stock Library Books / Maps	668,527.30	668,527.30
Stock - Licence	8,747,326.60	2,616,737.90
	<u>29,674,914.65</u>	<u>17,703,073.21</u>

Note 5
Trade & Other Receivables

Debtors - Project	3,324,590.56	5,005,990.56
Debtors - Others 05B	3,073,467.72	1,706,000.11
Debtors - Return Cheques	140,314.48	87,760.75
Prepayments	6,399,827.51	4,811,743.04
Staff Loans	58,627,459.42	77,331,044.34
Tsunami Loan	132,330.68	-
Festival Advance	65,250.00	72,600.00
Special Advance	7,100.00	7,200.00
Advance - Field Officers	2,168,590.88	862,455.88
Advance - Other Officers	2,289,300.00	3,092,656.25
Advance Foreign Journals	14,850.00	-
Advance - Purchases	1,296,515.57	2,647,820.33
Advance & Advance B loan	208,775.26	208,775.26
Building Deposit	141,000.00	141,000.00
Refundable Deposits	1,183,000.00	343,000.00
Rent Advance	2,310,500.00	2,572,437.50
Treasury Bills - Interest Account	3,169,063.31	3,048,655.01
Peoples Bank - Interest Account	78,771,040.89	55,813,415.54
	<u>163,322,976.28</u>	<u>157,752,554.57</u>

Note 05B - Debtors

Chemical Analysis	149,917.50	149,917.50
Sundry Debtors	1,745,878.07	378,410.46
Inland Revenue GST Receivable	973,143.00	973,143.00
H & S Insurance	113,732.35	113,732.35
Debit Notes	90,796.80	90,796.80
	<u>3,073,467.72</u>	<u>1,706,000.11</u>

Note 6
Fixed Deposits

Deposit - Peoples Bank (Critical Fund)	28,108,930.84	8,587,556.16
Deposit - Peoples Bank (GSN Station)	7,631,551.92	6,890,389.20
Deposit- Peoples Bank (Gratuity Fund)	141,389,772.03	128,033,799.53
Deposit - Peoples Bank (Galle Rd)	2,155,670,528.08	1,362,072,134.83
State Surplus Fund	7,478,142.37	6,826,756.58
Treasury Bills	275,406,691.58	250,271,934.97
	<u>2,615,685,616.82</u>	<u>1,762,682,571.27</u>

Note 7	2017	2016
Cash & Cash Equivalents	ACTUAL	ACTUAL
	Rs.	Rs.
Bank Of Ceylon - Current Account	5,604,511.35	520,611.20
Commercial Bank - Current Account	4,427,628.67	293,757.56
Sampath Bank - Current Account	3,997,372.21	4,217,634.45
Sampath Bank GSN - Current Account	1,505,627.47	931,590.15
Peoples Bank - Matara	2,981,718.68	147,652.84
Peoples Bank - Wellawatta	677,353.24	177,387.39
Peoples Bank -Galle Rd	43,097,941.40	2,659,636.58
Peoples Bank -Pitakotte	10,868.16	14,735.51
Stamp Imprest	54,180.00	5,800.00
Petty Cash Imprest - Regional Offices	1,500,000.00	1,365,000.00
Petty Cash Imprest - Head office	12,000.00	12,000.00
	63,869,201.18	10,345,805.68

Note 08
Consolidated Fund

This represent the total net value of Assets transferred from Geological Dept (GSD) to GSMB in 1993

Note 09
Departmental Fund

GSMB had to use funds allocated for GSD at the initial stage
This represen such funds use by GSMB

Note 10
Capital Fund

This represent the capital grants received by the GSMB from 1993 to 2001

Note 11
Retained Earning

	2017	2016
Retained Earnings 31-12-2016	3,120,592,391.49	1,095,013,758.08
Add. Income Over Expenditure	4,752,278,508.51	1,564,027,187.46
Less. Grant given to Trea	5,541,482,412.60	1,010,235,812.00
	2,331,388,487.40	1,648,805,133.54

Note 11 A

	2017	2016
Treasury Transferred up to 31-12-2016	1,010,235,812.00	
Treasury Grants given from Port City Income -2017	3,031,246,600.60	110,235,812.00
Treasury Grants given by Cheque - 2017	1,500,000,000.00	900,000,000.00
	5,541,482,412.60	1,010,235,812.00

Note 12
Foreign Fund

GSMB received AUSAID from the GOVt Of Australia to purchase Computers in the year 2001 and below grants received from United States of America and International Atomic Energy Agency in Vienna during the year.
This represent the value of such grants.

Item	Donated by
DC Power Monitor / CISCO 890 Router	United States Of America
XRF Spectrometer	International Atomic Energy Agency (IAEA) in Vienna
Mobile Radiation System	International Atomic Energy Agency (IAEA) in Vienna

Note 13
Local Grants

GSMB received a copmputer from Sri Lanka Telecom in the year 2013 (SLT MEGA TWENTY 20 AWARD)

Note 14
Distress Fund

This is funded by welfare Activities and the amount recovered from incentive payment to staff.

Note 15
Gratuity

Provision has been made for retiring gratuity Payable under gratuity Act No. 12 of 1983. The liability to an employee arises only on completion of 5 years of continued service.

Note 16 Creditors and Payables	2017	2016
	ACTUAL	ACTUAL
	Rs.	Rs.
Creditors	1,155,027.30	(114,493.40)
Creditors on Purchasing	4,295,403.27	10,377,550.46
Gratuity Payable (Over 55 Years Age)	22,614,270.00	
E.P.F/E.T.F Payable	3,171,054.10	2,765,920.10
Stamp Duty Payable	4,395,522.43	1,082,959.48
Payee tax	126,808.07	954,591.66
VAT Payable	37,611,381.33	32,540,445.93
ESC Payable	3,460,034.00	3,032,637.00
NBT Payable	8,545,430.09	7,831,390.25
Income Tax Payable	34,125,230.00	15,377,490.00
Accruals Expenses	158,208,652.08	139,665,522.73
	<u>277,708,812.67</u>	<u>213,514,014.21</u>

Note 17
Other Payables

Advance On G.S.N Station 17A	9,137,179.39	7,821,979.35
Advance on I.E.E.R	137,685.00	137,685.00
Advance On Project	1,614,811.30	2,749,532.07
Advance On Chemical Analysis	806,500.00	200,300.00
Advance on MIA	0.00	0.00
Rehabilitation Deposit	32,500.00	0.00
Advance On Royalty	149,403,876.03	90,052,365.07
Advance On Mining Licence 17B	106,580,991.55	80,308,677.44
Bank Guarantee	69,898,675.00	52,014,000.00
	<u>337,612,218.27</u>	<u>233,284,538.93</u>

Note 17A
Advance On G.S.N Station

GSMB Received funds from university of California to maintain the activities at Pallekelle G.S.N. Station .

This Represent such money received.

Note 17B
Advance On Mining Licence

This is the Money Held for Processing of Licences Applications.

Once the Licences is Granted this is taken for income.

If the Licence is rejected the money held is paid back to Client.

	2017	2016
	Rs.	Rs.
Advance Received on Exploration Licence	17,794,232.83	15,527,732.83
Advance Received on IML . A.	25,884,875.63	15,371,275.63
Advance Received On I.M.L. - B	31,648,207.86	26,315,455.05
Advance Received on I.M.L. - C	6,937,839.91	6,755,297.75
Advance Received on A.M.L. - A	11,594,497.45	8,353,189.23
Advance Received on A.M.L. - B	6,879,246.45	4,155,149.81
Advance Received on T.D.L. - A	175,150.36	158,650.36
Advance Received b on T.D.L. - B	5,606,923.48	3,615,793.50
Advance Received on T. D. L. - C	18,696.55	19,796.55
Excess Money On Mining Licence	41,321.03	26,336.73
	<u>106,580,991.55</u>	<u>80,298,677.44</u>

18E Project Details	2017 ACTUAL Rs.	2016 ACTUAL Rs.
Cement Raw Material Survey - Poonarine -2015- Tokyo Cement Company Lanka PLC	1,990,142.60	1,545,057.40
Resistivity Survey - Ragala ,Maliboda, Nawalapitiya - Ceylon Electricity Board	637,000.00	636,750.29
Drilling ,Rock testing Survey - Kaluganga/Moragahakanda - Mahaweli Water Security Investment Program	1,142,850.00	3,206,533.08
Drilling-Habarana - Huruluwewa- Mahaweli Consultancy Bureau	2,082,815.00	15,120,487.50
Drilling Investigation - Poonarine/ Valleypadu - Tokyo Cement Company Lanka PLC	4,289,400.00	3,617,895.83
Drilling Investigation - Colombo Expressway - Mirigama - Neat Solution (pvt) Ltd	2,454,803.03	4,762,905.79
Soil Investigation - Deniyaya - Dep. Of Health Services Southern Province	241,691.75	337,618.24
Drilling - Padukka - Access Engineering PLC	440,030.54	327,556.97
Rock Conservation -Sigiriya 01A and 01 - CCF	-	2,009,651.83
Mineral Sand Sur.-Chilaw/Waikkala- VVML	-	364,036.80
Geophy. Inv. Of Metal Quarry -Koslanda, Getamanna, Beliatta - Maga Engineering (pvt)Ltd	-	500,000.00
Drilling - Jaffna /Sengupitiya - Ceylon Electricity Board	-	900,000.00
Jaffna- Silica Sand Exploration Project - M.G.M. Minerals (PVT) Ltd	1,704,361.46	
Drilling Investigations for Graphite Survey - Pathakada - Lankan Resources & Mining (Private) Limited.	5,042,855.00	
Geotechnical Soil Investigation - Deniyaya - Ministry of Law & Order and Southern Development	945,500.00	
Drilling Investigations for Graphite Survey - Dodangaslanda - RS Mines (Pvt) Ltd	2,409,000.00	
Sand Survey for Jaffna Kiliochchi Water Supply & Sanitation Project - Jaffna Kilinochchi - National Water Supply and Drainage Board	516,684.38	
	23,897,133.76	33,328,493.73

Note 19**Other Income**

	2017 ACTUAL Rs.	2016 ACTUAL Rs.
Test Blast Income	5,487,000.00	4,737,000.00
Sale Of Publication	236,921.00	226,091.78
Field Supervision	584,236.69	468,397.24
Export Sample Income - Mining	73,140.00	80,250.00
Export Sample Income - Geology	650,750.00	480,459.50
Supplier Registration	255,000.00	112,000.00
Int On Distress loan	2,863,733.77	2,789,876.18
Sundry Income - Mining	431,083.63	407,082.25
Dividend Income 19A	2,880,000.00	720,000.00
Transfer Fee - Mining	11,000.00	11,000.00
Penalty On Not Providing Previous Licence	40,202,937.19	37,466,681.32
Training Course Fee	1,217,644.00	454,000.00
Sale Of Maps/Mineral Boxes/Posters	335,182.20	190,434.29
Office Chargers On Refund on Licence	146,125.00	37,750.00
Office Chargers On Bank Guarantee	302,250.00	107,812.50
Photocopy chargers	4,009.00	4,065.00
Communication Fee On EL	345,000.00	95,000.00
Sundry Income - Geo	96,246.53	51,091.42
Rental Income	0.00	0.00
Service Charge on TPL - SLLRDC	2,756,478.50	1,824,100.00
Inspection charges on Export of Samples	33,500.00	8,250.00
Income from DS offices	36,125,251.05	28,140,870.38
Mine Site Monitoring	869,340.00	0.00
Differed Income	3,286,892.64	0.00
Sundry Income	954,717.97	1,220,211.74
	<u>100,148,439.17</u>	<u>79,632,423.60</u>

Note 19A**Dividend Income**

Rs.2,880,000.00 net dividend has been received after deducting withholding tax from the GSMB Technical Services pvt Ltd.

Note 20E - Mining

ACCOUNT TYPE	2017 TOTAL RS	2016 TOTAL RS
Salaries	14,154,007.57	11,028,115.65
Allowances	8,107,112.59	10,104,433.11
Wages	6,386,053.53	4,379,156.22
Overtime	1,308,925.89	872,048.88
E.P.F	2,285,116.20	1,895,186.99
E.T.F	571,279.09	473,796.79
Travelling	218,792.50	235,779.00
Fuel	151,170.00	337,890.00
Awariness	214,539.23	926,029.65
Stationary	2,435,510.72	1,835,614.66
Other	1,825,506.84	1,088,490.95
	<u>37,658,014.16</u>	<u>33,176,541.90</u>

Note 21 - Administration

TYPE OF ACCOUNT	2017 TOTAL RS	2016 TOTAL RS
Salaries	22,537,102.96	19,423,013.77
Allowances	15,144,339.55	18,300,115.44
Wages	26,303,605.01	10,844,601.29
Overtime	4,588,769.60	4,062,501.59
E.P.F	3,669,450.54	3,421,978.87
E.T.F	917,362.43	855,494.45
Travelling	877,749.28	827,436.39
Travelling - Foreign	1,674,135.11	5,084,127.90
Uniforms	1,302,514.39	938,473.29
Medical	9,475,664.00	9,827,942.00
Incentive	110,000,000.00	100,000,000.00
Bonus	4,185,472.43	3,705,974.18
Welfare	7,686,696.49	7,433,298.26
Staff Training	304,500.00	497,647.38
Membership Fee	350,840.14	201,482.06
Rent	0.00	0.00
Security	3,081,250.31	3,335,026.19
Cleaning	4,093,062.48	4,461,800.00
Electricity	7,598,344.65	6,522,346.00
Water	467,728.23	543,071.57
Telephone	5,431,477.36	4,177,818.99
Fuel	6,701,799.45	6,501,976.03
Gratuity	14,518,042.80	13,284,441.88
Vehicle Loan Interest Reim.	79,688.20	146,644.49
Housing Loan Interest Reim	9,118,847.69	7,083,343.62
MV - Repair	6,311,973.42	6,235,178.79
MV - Service Chargers	3,139,296.82	2,611,852.24
MV - Hiring Chargers	548,957.00	140,240.00
MV - Other	798,346.65	594,716.74
Insurance - Personel Accident	515,285.01	460,811.73
Insurance - Other	3,268,173.59	2,232,963.49
Insurance - H&S	3,262,895.06	3,264,477.23
Insurance - MV	3,328,185.00	3,892,001.26
Insurance - Bulding	321,471.88	497,070.12
Maintenance - Bulding	1,238,170.93	3,831,300.04
Maintenance - Plant & Machinery	100,587.00	772,240.50
Maintenance - Elevator	488,715.25	263,303.59
Maintenance - Office Equ.	2,029,407.38	2,657,647.34
Maintenance - Software	469,380.00	536,065.61
Maintenance - Generator	256,551.66	312,225.76
Board Exp.	405,232.00	390,204.00
Legal Fee	849,600.00	785,953.00

	2017 TOTAL Rs.	2016 TOTAL Rs.
Audit Fee	1,154,717.00	1,096,225.46
Bank chargers	12,691.87	23,852.23
Postage	837,809.00	853,884.99
Stamp Fee	437,800.00	277,725.00
Stationary	2,640,939.65	3,377,280.46
Advertisement	1,631,367.50	1,991,600.00
Trade Promotion	535,107.23	398,120.00
Depreciation	89,909,268.45	92,658,195.18
V.A.T/N.B.T/E.S.C	17,696,162.00	13,192,691.20
Donetion	536,062.50	348,187.50
Rehabilitation	0.00	9,951.00
Other Exp - Note 21A	13,088,081.01	10,001,962.91
	<u>415,920,677.96</u>	<u>385,188,483.01</u>

Note 21A Other Expenses	2017 TOTAL Rs.	2016 TOTAL Rs.
Interview Board	-	101,304.00
Enviornmnetal Day / CSR	2,601,033.85	2,049,743.16
Municipal Council Tax	591,855.66	591,855.60
Tender Board	124,750.00	87,000.00
Yakkala Lease Exp	2,251,757.85	1,801,407.47
Staff Transport	1,350.00	0.00
Inventory - Below than 5000	598,291.16	600,740.25
Member Ship Fees - Office	191,942.40	0.00
Consultancy Fee	-	2,500.00
Donetion - Scholorsip Exam	60,000.00	45,000.00
Damage Consumable Item Exp.	964,950.99	0.00
Stationery & Other - Gov.Audit Section	10,313.67	0.00
Other Office Exp.	5,340,401.43	4,628,102.43
Enforcement Unit Exp.	351,434.00	94,310.00
	<u>13,088,081.01</u>	<u>10,001,962.91</u>

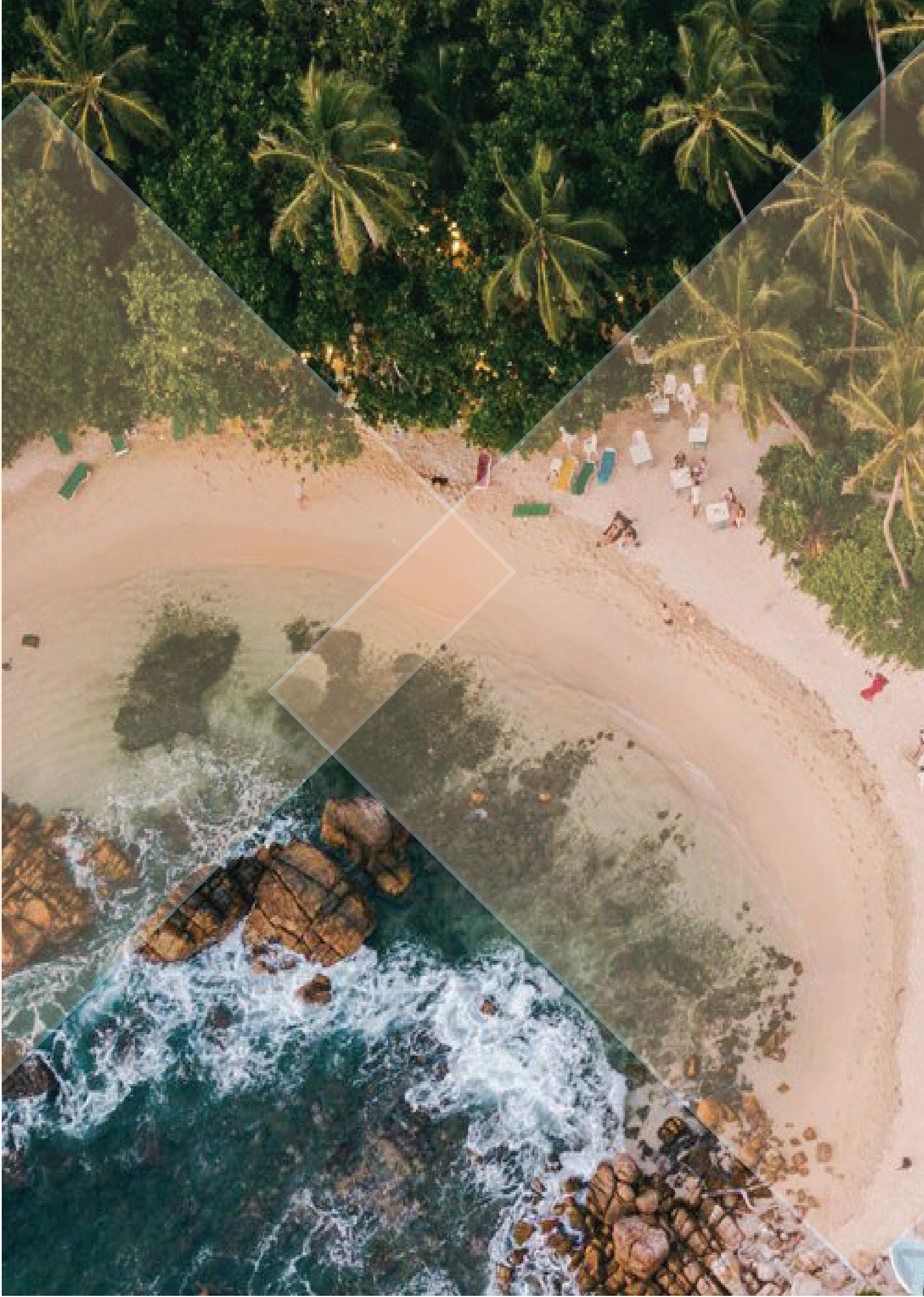
Note 22 - Finance Income	2017 TOTAL Rs.	2016 TOTAL Rs.
Peoples Bank - Galle Rd	240,817,905.37	92,722,607.60
Peoples Bank (Gratuity Fund)	11,407,401.58	2,953,149.09
Int On Treasury bills	28,061,293.91	19,710,515.92
Int On Surplus Fund	723,761.79	577,393.74
	<u>281,010,362.65</u>	<u>115,963,666.35</u>

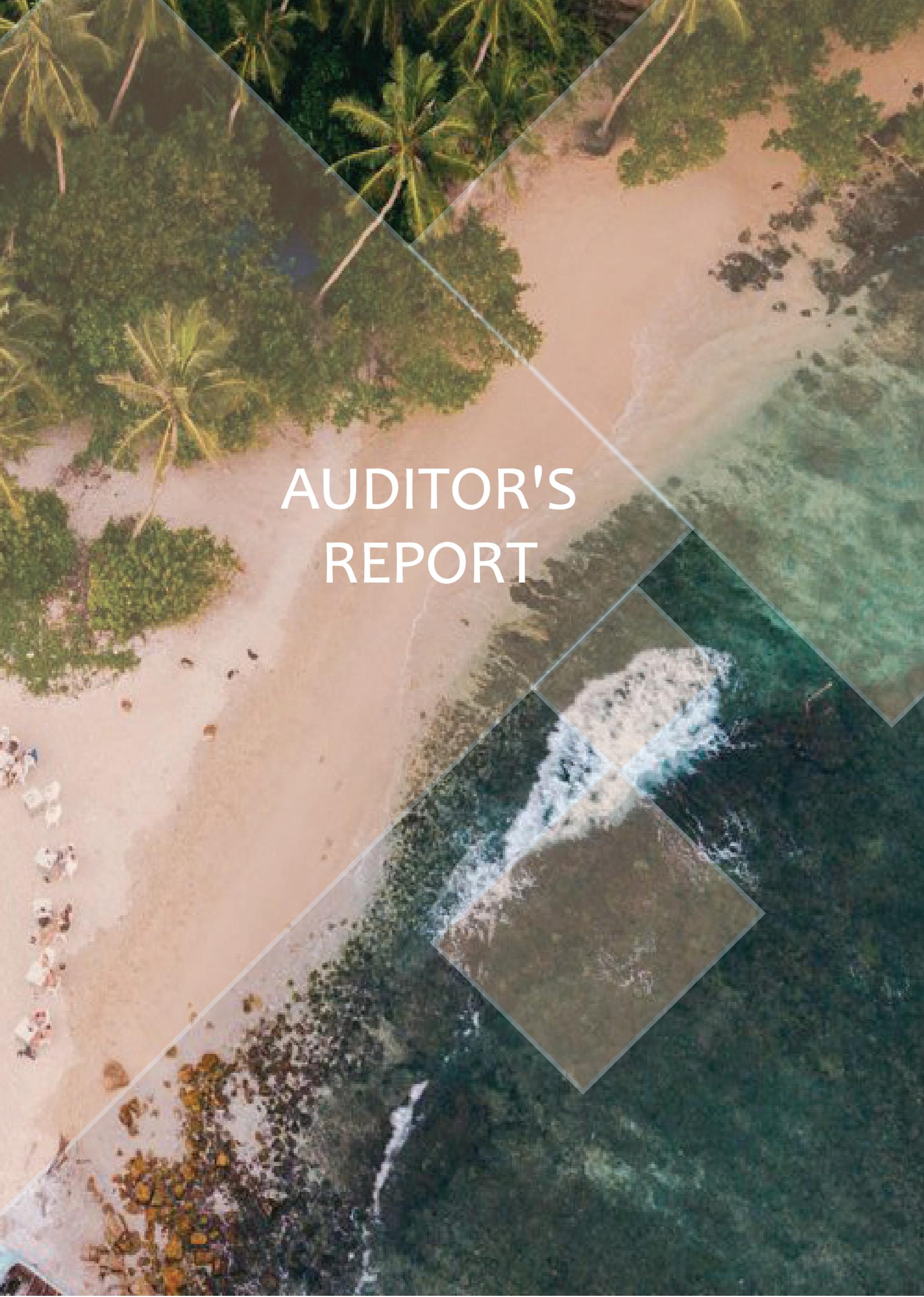
Note 23 - Income Tax

As per the section 07 (b) of Inland Revenue Act No 2006 GSMB is liable to pay Income Tax Accordingly. Rs. 75,714,400.00 Have been paid for the year 2017.

Note 24 - Disclose the transactions with related parties

The payment of Rs. 43,441,235.05 made for obtaining employeess on hired basis from GSMB Technical Services (pvt) Ltd during the year under review.



An aerial photograph of a tropical beach. The top half shows a dense line of palm trees and other greenery. Below the trees is a wide, sandy beach with some people and umbrellas. The bottom half shows the ocean with clear turquoise water near the shore and deeper blue water further out. The image is overlaid with several semi-transparent, diamond-shaped geometric shapes in shades of blue and green. The text 'AUDITOR'S REPORT' is centered in the middle of the image.

AUDITOR'S REPORT

The Chairman,
Geological Survey and Mines Bureau

Report of the Auditor General on the Financial Statements of the Geological Survey and Mines Bureau for the year ended 31 December 2017 in terms of the Section 14(2)(c) of the Finance Act, No: 38 of 1971.

The audit of financial statements of the Geological Survey and Mines Bureau for the year ended 31 December 2017 comprising the Statement of Financial Position as at 31 December 2017 and the Statement of Financial Performance, Statement of Changes in Equity, Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information, was carried out under my discretion in pursuance of provision 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 18(3) of Mines and Minerals Act No: 33 of 1992. My comments and observations which I consider should be published with the Annual Report of the Authority in terms of Section 14(2)(c) of the Finance Act appear in this report. A detailed report in terms of Section 13(7) (a) of the Finance Act was furnished to the Chairman of the Bureau on 27 September 2018.

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). 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 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 Bureau's preparation and fair presentation of the financial statements in order to design audit procedures, but not for the purpose of expressing an opinion on the effectiveness of the Bureau'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. 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 audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

1.4 Basis for Qualified Opinion

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

2. Financial Statements

2.1 Qualified Opinion

In my opinion, except for the effects of the matters described in paragraph 2.2 of the report, the financial statements give a true and fair view of the financial position of the Geological Survey and Mines Bureau as at 31 December 2017 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

2.2.1 Consolidated Financial Statements

Even though the Bureau has 66 per cent ownership out of total share capital of GSMB Technical Services Company affiliated to the Bureau with net assets of Rs. 229,934,178 as at 31 December of the year under review, the consolidated financial statements had not been furnished by consolidating the financial statements of that Company along with the financial statements of the Bureau.

2.2.2 Non-disclosure of Transactions with Related Parties

The following relationships and transactions had in between the Bureau and the GSMB Technical Services Company had not been disclosed in the financial statements.

- (a) The Chairman of the Bureau was the Chairman of ^GGSMB Technical Services Company officially ₁₀
- (b) Expenditure incurred on behalf of the Bureau by the relevant Company
- (c) The recruitment of employees for the Bureau on contract basis through the Company.

- (d) Deployment of employees of the Company for the duties of the Bureau and Execution of Company's duties by the employees of the Bureau.

2.2.3 Sri Lanka Public Sector Accounting Standards

The following non-compliances are observed.

(a) Sri Lanka Public Sector Accounting Standard 02

- (i) An amount of Rs. 2,102,992 that stated under Work In Progress in the previous year had been remained without change in the year under review as per Statement of Financial Position. However, a cash outflow of Rs. 597,479 had been stated for Work In Progress under investing activities when preparing the Cash Flow Statement.
- (ii) Deferred income of Rs. 3,286,893 that should be adjusted to operating income under non cash movements in the Cash Flow Statement had been stated as cash outflow under financing activities.
- (iii) Instead of adjusting Rs. 20,562,846 that credited to the distress fund, Rs. 292,528 of interest received to that fund and Rs. 1,337,867 of payments from fund separately in the Cash Flow Statement, Rs. 19,517,507 of that net balance had been stated as cash outflow under financing activities.

(b) Sri Lanka Public Sector Accounting Standard 03

Although an amount of Rs. 3,276,493 out of the foreign grant of Rs. 16,968,108 that received to the Bureau 2016 was stated in the Statement of Financial Performance as amortization in the year under review, an accounting policy related to account the foreign grant accounts had not been disclosed in the financial statements.

(c) **Sri Lanka Public Sector Accounting Standard 07**

Even though the depreciation of an asset was commenced from the date on which that asset was available for use in terms of Section 69 of the Standard, property, plant and equipment valued at Rs. 456,925,092 had been depreciated on the value existed as at the end of the month in which those were purchased.

(d) **Sri Lanka Public Sector Accounting Standard 08**

The following observations are made.

- (i) The provision for the amount of Rs. 1,136,348 that estimated by the legal officer that had to be paid due to the lawsuit that filed against the Bureau by the owner of the building that carried out the Badulla Regional Office had not been made in the financial statements as per Paragraph 22 of the Standard.
- (ii) 18 lawsuits had been filed against the Bureau by the external parties and 04 lawsuits had been filed against the external parties by the Bureau as at the end of the year under review and it had not been disclosed about this in the notes of the financial statements as per Section 100 of the Standard.

2.2.4 Accounting Policies

Loan balances of Rs. 3,941,549 that exceeding 05 years as at the end of the year under review had been prevailed and an accounting policy for the provision of bad debts had not been identified.

2.2.5 Accounting Deficiencies

Following observations are made.

- (a) Expenditure on the staff, renovating of offices and projects amounting to Rs. 14,832,994, Rs. 777,059 and Rs. 1,618,283 incurred from the year 2011 to the year 2017 by the GSMB Technical Services Company on behalf of the Bureau had not been stated in the accounts of the Bureau.
- (b) Even though lands valued at Rs. 199,962,533 owned by the Bureau had been vested to the other Government institutions in the year 2015, those had been included further in the accounts as fixed assets.
- (c) The cash surplus of Rs. 9,137,179 that should be non-refunded though received from a foreign university for maintenance activities of the Tsunami Communication Centre, Pallekele, had been stated in the accounts as a current liability.
- (d) 157 chemical bottles that owned to 23 varieties remained in the laboratory as at the end of the year under review had not been stated as closing stock by counting.

2.2.6 Lack of Evidence for Audit

Following accounts objects that stated in front of the evidences had not been presented to the audit.

Accounts Object	Amount	Evidences not Presented
-----	-----	-----
	Rs.	
(a) Stock (Books and Maps)	668,527	Not verifying the physical existence
(b) 395 journal vouchers	222,226,636	Approval for the journal vouchers

2.3 Accounts Receivable and Payable

Although the Goods and Services Tax was cancelled in the year 2002, a balance receivable had been stated in the financial statements continuously as not settling a sum of Rs. 973,143 paid in excess in the relevant years.

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

The following incidents of non-compliances are observed.

Reference to Laws, Rules and Regulations	Non-compliance
(a) Section 26(1) and 44(b) of Mines and Minerals Act No. 33 of 1992.	Even though the royalties recovered by the Bureau for the Government should be sent to the Treasury, royalties of Rs. 428,601,622, Rs. 438,810,229, Rs. 568,348,602 and Rs. 94,780,968 received in the years 2014, 2015, 2016 and 2017 respectively had been retained without remitting to the Treasury.
(b) Finance Act No. 38 of 1971	
(i) Section 9(2)(f)	A sum of Rs. 4,531,246,600 remitted to the Treasury in the year under review had been accounted as a decrease of retained earnings instead of accounting as expenditures.
(ii) Section 11	Even though sums of Rs. 275,406,692 and Rs. 2,332,800,273 had been invested in Treasury Bills and fixed deposits respectively as at the end of the year under review, the relevant approval of it had not been obtained.

- (iii) Section 13(8) Replies for the report of Auditor General had not been given for the year 2016 as per Section 13(7)(a) of Finance Act.
- (c) Paragraph 6(2)(a) of Part II of the Payment of Gratuity Act, No.12 of 1983 Though gratuity should be calculated based on the ½ month salary as per Act, a sum of Rs. 6,317,415 had been overpaid to 16 officers as it had been computed based on the monthly salary since the year 2015 and Rs. 59,387,751 had been overprovisioned.
- (d) Financial Regulations of the Democratic Socialist Republic of Sri Lanka
- (i) Financial Regulation 104 Action in terms of Financial Regulations had not been taken in respect of 23 motor vehicle accidents in the year under review.
- (ii) Financial Regulation 371(5) Balances of Sub-Imprest of Rs. 4,457,890 unsettled as at the end of the year under review had been brought to account as the balances of trade and other receivables without settling them.
- (e) Section 4.2.6 of the Public Enterprises Circular No. PED/12 of 02 June 2003 The quarter, semi-annual and annual progress reports for all divisions in the Bureau had not been presented to the Board of Directors by preparing.
- (f) Public Administration Circular No. EST/TPORT/05/35/5 on 29 December 2016 The reports of qualified mechanical engineer had not been taken before accepting prices of garage for the internal repairs done for 06 vehicles within the year and after repairing.

2.5 Transactions not supported by appropriate authority

Consumable items valued at Rs. 964,950 had been removed from the stock without obtaining the approval of Board of Directors and action had not been taken as per Public Finance Circular No. 438 on 13 November 2009 in this regard.

3. Financial Review

3.1 Financial Results

According to the financial statements presented, the profit of the Bureau for the year under review was Rs. 4,752,278,508 and as the corresponding profit was Rs. 1,564,027,187 for the preceding year; a rise of Rs. 3,188,251,321 had been occurred in the financial results for the year under review as compared with the preceding year. Although the operating expenditure of the Bureau by Rs. 18,803,342, administration expenses by Rs. 30,732,195 and income tax by Rs. 48,398,761 had been increased, royalty income by Rs. 3,047,443,154, license fees by Rs. 50,851,306, the increase of finance income by Rs. 165,046,696 and other income by Rs. 20,516,016 had been the reasons for above rise.

When analyzing the financial result for the year under review with 04 preceding years, a growth in the profit had been observed continuously from 2013 to 2017. However, the contribution of the Bureau after adjusting employee remunerations, government taxes and depreciation for non-current assets was Rs. 910,344,782 in the year 2013 and it was increased continuously upto Rs. 5,182,846,496 in the year 2017.

4. Operating Review

4.1 Performance

4.1.1 Planning

Following observations are made.

- (a) The Corporate Plan prepared for the period of 2015- 2017 by the Bureau had not been updated in the year under review.
- (b) An Action Plan had not been prepared for the fulfillment of the objectives mentioned in the Corporate Plan by including the functions of 11 divisions and 16 regional offices in the Bureau and giving physical and financial performance targets and responsibilities for each division.

4.1.2 Activities and Review

Following observations are made in respect of the fulfillment of objectives.

- (a) Out of the functions of the Bureau, the progress of the preparation of geological maps, identification and assessment of mineral resources had been at a slow pace and any activity such as evaluation of commercial viability of mining, processing of minerals, transportation, storing and trade, advising the Minister on the measures to be adopted for the extraction of minerals, value addition and exportation of production on a commercial basis had not been carried out.
- (b) Although the powers of enforcing the Act had been vested to the Bureau, the Bureau had failed to take legal actions for the violations of the Act as there was no a unit of enforcement.
- (c) The progress stated in the drafted Annual Report that presented to the audit could not been examined due to not preparing annual, semi-annual and quarterly performance reports for each divisions of the Bureau or not maintaining required documents for each tasks.

4.2 Management Activities

The following observations are made.

- (a) Even though the employers' contribution and employees' contribution for the Employees' Provident Fund should be to the ratio of 3:2, the employers' contribution and employees' contribution of the Bureau had been 12 per cent and 10 per cent respectively. As such, the employers' contribution had been under paid by 3 per cent. No information whatsoever had been disclosed in notes of accounts as well on the employers' contribution for the Employees' Provident Fund.
- (b) When deploying officers in field inspection, only two Field Assistants had been deployed to cover 32 Divisional Secretariat Divisions in 3 Districts such as Anuradhapura, Vavuniya and Mannar.
- (c) The Bureau had failed to prepare an appropriate methodology for the recovery of royalty for the quantity those excessively mined though the mining had been done constantly exceeding the approved amount in the mining license by the miners and for taking legal actions for the violation of the conditions in the licenses
- (d) The full license fee along with the application prior to obtaining recommendations required for the issue of licenses and advances for the royalty to be recovered on the quantity of mineral mined under the license had been charged. As such, an amount of Rs. 255,984,868 relating to the applications that could not be issued licenses had been accumulated in the Bureau as at the end of the year under review. A sum of advances exceeding 03 years that included in this was Rs. 66,166,080.
- (e) Although it was a duty of the Bureau to issue mineral transport permit, in addition to that, 16 employees of an affiliated company to the Bureau had been deployed for writing permits for 4 sand mining projects and the salaries of these employees had been paid by the relevant company.

- (f) Although the old license should be returned when giving new licenses for transporting sand, 723 incidents that issuing new licenses by paying a fine without returning transport licenses issued to lorries from the sand selling projects in Polonnaruwa District had been observed. It had been given opportunity for transporting sand without any control by using those transport licenses as it could get a new license by paying a fine of Rs. 500 without returning licenses.
- (g) Action had not been taken to account the building owned to Ministry of Mahaweli Development and Environment that carrying out the head office of the Bureau from 2012 without vesting legally.

4.3 Transactions with Contentious Nature

Following observations are made.

- (a) 51 gold mixed soil containers had been exported within the period of 2014-2017 by 03 companies without taking mining, transport, trade and export licenses for minerals that should be taken as per Section 44 of Mines and Minerals Act No. 33 of 1992. The royalty payable of Rs. 11,534,375 had not been paid by 03 relevant companies for mining gold and actions had not been taken by the Bureau for the recovery of those royalty.

(b) Payment of Incentives

An amount of Rs. 79,912,466 had been paid as employee incentives related to the year 2016 in the year under review. Following observations are made in that regard.

- (i) The Deputy Secretary to the Treasury had given the approval on 02 August 1996 for the payment of an incentive based on the performance. However, action had not been taken to prepare such an incentive scheme and obtain the approval therefor.

- (ii) Net earnings of Rs. 199,851,558 which should not be applicable for incentive had been based in paying incentive and incentive of Rs. 99,925,779 had been paid by calculating on that.
- (iii) Although 0.75 marks had been allocated for the performance out of 01 mark allocated to the employees as the basis of calculating incentives, 0.75 marks had been given for all employees without evaluating the performance. The balance 0.25 marks had been given proportionately according to the number of medical leaves saved. Accordingly, it was revealed that the incentives had been paid based only on the saved leaves without evaluating any performance.
- (iv) Twenty per cent or Rs. 20,562,846 out of the qualified amount for the payment of incentive had been credited to a Welfare Fund named Emergency Distress Fund for which approval of the Treasury had not been received. Five per cent or Rs. 3,823,565 had been credited to this fund even in the previous year.
- (v) Although the Board of Directors had approved to pay 50 per cent of the net earnings that was Rs. 101,475,313 as incentives, the basis of deciding overhead expenditure as 15 per cent form the income when deciding that net earnings had not been revealed to the audit.
- (vi) Although Rs. 110 million had been provisioned as incentives in the year under review, an estimated profit had not been based for that.
- (vii) Incentives of Rs. 5,449,500 had been paid in year 2017 only on the approval of Board of Directors for 114 employees attached on the contract basis from an affiliated company of the Bureau without an approval of Treasury.

(c) Yan Oya Reservoir Scheme

- (i) Action had not been taken to select buyers for the removal of sand through a competitive and open measures based on proper plan on the way that should be removed the sand deposit arisen from the premises of the Yan Oya Project.
 - (ii) 126 mining licenses had been issued by the Bureau without the approval of Central Environment Authority and Department of Archaeological as per Section 30 of Mines and Minerals Act No. 33 of 1992 for the each mining area when giving licenses for sand miners.
 - (iii) Although so many conditions stated in the mining licenses were violated by the miners, action had not been taken to follow up in respect of that or to take measures as per Section 37(a) of Mines and Minerals Act No. 33 of 1992.
 - (iv) Steps had not been taken to do action as per the Act against the miners who breached the responsibility of rehabilitation of environment and to rehabilitate the environment by proper monitoring of tasks related to that as per Section 61 of Mines and Minerals Act No. 33 of 1992.
 - (v) The royalty of Rs. 26,774,540 that should be recovered for 1,338,727 soil cubes used for the constructions works of the Yan Oya Project had not been recovered from relevant construction company.
- (d) The market price of Rs. 4,000 that determined for 01 cube of sand had been increased by 100 per cent to Rs. 8,000 from 01 January 2017 through the Internal Circular No. 129/12/2016. Any market survey details, requests or approvals based for this increase had not been presented to audit and though sale price at the mining place that should be considered as the determined market price for sand had been in the range between Rs. 3,500 to Rs. 4,450, deciding of Rs. 8,000 as the relevant price had been contentious.

- (e) Signing of transport licenses of 04 mining projects implemented by an affiliated company of the Bureau had been assigned to the employees deployed on contract basis through relevant company.

4.4 Apparent Irregularities

An amount of Rs. 11 million had been approved by Board of Director for the implementation of a public awareness programme on the function of the Bureau based on announcement of the subject minister in the year 2014. The procurement guidelines had not been followed when selecting an entity for the implementation of the programme and the Chairman had approved on 30 December 2014 to pay an advance of Rs. 1,500,000 to an entity recommended by the committee of implementing programme. Accordingly, the Bureau had given advance by cash to the Chairman on 20 December 2014. The Bureau had not been belonged any information on the way the money spent or the way the tasks executed and advance had not been settled until 30 June 2018.

4.5 Commencement of the Projects on the lands/property not vested properly

A regional office had been constructed by spending Rs. 4,040,144 in a land vested with Anuradhapura District Secretariat by the Bureau in 2014 and the relevant building had been taken back by the District Secretary in the year under review without giving that money to the Bureau.

4.6 Resources of the Institution Given to the Other Institutions

Two geologists of the Bureau had been released to the Ministry of Foreign Affairs since 17 October 2016 in contrary to the Section 8.3.9 of Public Enterprises Circular no. PED/12 on 03 June 2003.

4.7 Staff Administration

The approved cadre of the Bureau was 445 and the actual cadre and vacancies as at 31 December 2017 was 306 and 139 respectively. Following facts were observed in that regard.

- (a) Recruitments had not been done in the year under review for the 17 posts of Field Assistant, 03 posts of Assistant/Deputy Director (Finance), 02 posts of Finance Officer and post of transport officer that were vacant.
- (b) A sum of Rs. 2,847,451 had been paid per month as salaries and allowances by recruiting 73 employees on contract basis through a company affiliated to the Bureau without confirming the qualifications required for the post and monthly work done. Out of these contract employees, 37 had been recruited excessively for the posts of management assistants.
- (c) Although there were 04 vacancies for the posts of Registrar/ Assistant Registrar, 17 employees on contract basis as Assistant Registrar and an Assistant Registrar through affiliated company of the Bureau had been recruited.
- (d) Even 168 graduate trainers had been recruited when deploying 100 employees on contract basis. As per Public Administration Circular No. 12/2000 on 19 July 2000, though the responsible task should not be assigned for those trainers, it had been assigned in the official duties of regional offices and head office.
- (e) A retired officer had been deployed in the service on contract basis for the post of Store Keeper who has the responsibility of custody of assets in terms of the Financial Regulation 315 from 2016 to June 2018 without the approval of the Cabinet of Ministers.
- (f) It had been recruited for 04 posts of Geologists without approving Scheme of Recruitment.

(g) A Finance Advisor had been recruited for 06 months without the prior approval of Board of Directors and the approval of Treasury for the post of Finance Advisor that was not a post included in the approve cadre. An assignment had not been given to the Advisor and the reports on the duties done were not there. An amount of Rs. 378,000 of Rs. 63,000 per month had been paid to this Finance Advisor appointed without approval of the board of Directors when a permanent officer had been appointed for doing duties in the post of Director Finance.

(h) Post of Director (Finance)

- (i) The conditions on educational qualifications and service experience had not been stated comprehensively and clearly in the approved Scheme of Recruitment for the post of Director (Finance) that was approved on 14 August 2017.
- (ii) The qualifications stated in the approved Scheme of Recruitment had been stated by changing when stating the qualifications and experience required for the post in the newspaper advertisements.
- (iii) According to the Scheme of Recruitment, although the marks that should be given at the interview was allocated as 30 marks for additional qualifications and additional experience, 15 marks for other achievements and 25 marks for the performance at the interview, the approval of the Board of Directors had not been taken by preparing a marking scheme for interviews by deciding prior the criteria to be considered for the various fields under each category and the way of allocating marks.
- (iv) Although service experience of 13 years should be for the post of Director (Finance) as per Scheme of recruitment, only the service experience of 05 years had been received for the recruited applicant.

4.8 Utilization of Vehicles

Although there were 48 vehicles owned to the Bureau, the vehicles had been remained underutilized as the number of drivers assigned was 33. As it was not assigned the drivers for 23 vehicles, their responsibility had not been assigned for any driver.

5. Sustainable Development

5.1 Achievement of Sustainable Development Goals

As the Geological Survey and Mines Bureau had not been aware of United Nations Sustainable Development Agenda for the year 2030, action had not been taken to identify the sustainable development goals and targets relating to the activities thereof, along with the milestones in respect of achieving those targets, and the indicators for evaluating the achievement of such targets.

6. Accountability and Good Governance

6.1 Presentation of Financial Statements

Although financial statements and draft annual report should be presented to the Auditor General within 60 days after ending the financial year as per the section 6.5.1 of the Public Enterprises Circular No: PED/12 dated on 02 June 2003, the financial statements and draft annual report of the Bureau for the year under review had been presented on 31 May 2018.

6.2 Internal Audit

Following observations are made.

- (i) A permanent assistant audit staff comprising 4 officers approved for the Internal Audit Unit had not been appointed and the only 04 general clerks had been appointed.
- (ii) A proper Internal Audit Plan had not been prepared so as to cover all activities of the Bureau in terms of Financial Regulation 133(2) and 02 units of the Geology Division and 11 activities of the Human Resources Division had not been included in the Audit Plan and those had not been subjected to audit.
- (iii) 11 activities of audit tests relating to the Geology Division to be performed according to the Internal Audit Plan had not been performed.
- (iv) The action taken by each divisions for the internal audit findings ha not been reported.

6.3 Procurement and Contract Process

6.3.1 Procurements

Following observations are made.

- (a) Procurements on consultancy services and non- capital goods had not been included to the Procurement plan prepared for the year under review by the Bureau. A procurement timetable had not been prepared even for the Procurement Plan prepared on capital goods and, even action had not been taken to update the plan.
- (b) 03 procurement works amounted to Rs. 385,000,000 that should be commences during the year had not been commenced during the year and 06

procurement works of Rs. 182,813,000 that should be completed during the year had not been completed.

- (c) Although an amount of Rs. 1,505,000 paid to a private company before 06 years for conducting system study for the implementation of the government policy of institutional re-mechanism had been stated as Work In Progress in the financial statements, the relevant system had not been established until June 2018. The follow up activities in this regard had not been done even.

6.4 Budgetary Control

Significant variances ranging from 27 per cent to 218 per cent were observed between the budgeted and actual income and 12 per cent to 1203 per cent between the budgeted and actual expenditure, thus indicating that the budget had not been made use of as an effective instrument of management control.

6.5 Tabling of Annual Reports

Although the Annual Reports should be tabled within 150 days elapsing the financial year as per Section 6.5.3 of Public Enterprises Circular No. PED/12 on 02 June 2003, the Annual Reports of 2015 and 2016 had not been tabled in the Parliament even by the month of June 2018.

6.6 Unsolved Audit Paragraphs

Following observations are made.

- (a) The required action had not been taken in the year under review to recover the penalty and other expenses amounting to Rs. 2,459,663 as 04 officers of the Bureau, who had proceeded abroad for studies, had left the service without completing the period of obligatory service.
- (b) Although it was informed to the audit that the equipment valued at Rs. 597,231 mentioned that the former Director General had been taken was recorded in the

stores documents falsely, relevant error had not been corrected even in the year under review.

- (c) In contrary to the Section 6 (iii) of Circular of ministry of Finance and Planning No. 01/2010/01 on 11 October 2010, an amount of Rs. 469,300 had been overpaid exceeding the due subsistence allowance in 2015 to 09 officers in the Bureau who participated in the foreign tour.
- (d) Royalty of 7 per cent on the Free On Board (FOB) value of those sand when exporting mineral sand should be charged and the royalty had been underpaid as a private company had falsely calculated the Free On Board value when exporting mineral sand. Although it had been disclosed in the previous year audit report, action had not been taken to charge values by finding.
- (e) Accounting of assets valued at Rs. 964,300 that purchased on behalf of the clients in the previous year and reimbursed by them as the assets of the Bureau had not been corrected even in the year under review.

6.4 Performing Social Responsibility

Following observations are made.

- (a) The conditions for the rehabilitation of mined premises had been included in the license when giving mineral mining licenses and even the bank guarantees had been taken by the Bureau since to persuade the license holder to rehabilitate the mined premises. But, the license holders had violated the conditions in the licenses and required action had not been taken to rehabilitate the premises even by taking bank guarantee. Here, action had not been taken by the bureau to take legal action against the license holders who had violated the conditions or to refuse giving license again by blacklisting them.
- (b) Even though it had been observed that severe environmental and social issues had arisen due to excavation of minerals carried out by violating conditions set

out in the license, the Bureau had not taken adequate steps to prevent such mining.

7. Systems and Controls

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

Areas of Systems and Controls	Observations
(a) Accounting	(i) Some books had not been maintained. (ii) Some Sri Lanka Public Sector Accounting Standards and Policies had not been followed. (iii) Journal entries had not been approved.
(b) Issuing of Laboratory Reports	Methods of issuing reports had not been maintained precisely and in writing and relevant divisions had not been made aware.
(c) Operating Control	(i) Taking decisions on transporting minerals had not been done by the Director General. (ii) A register on income received for the posts had not been maintained.
(d) Use of Petty Cash Imprest	Monthly bills had been paid using petty cash imprest by the regional offices.

- (e) Staff Management
- (i) A register to record on the applications received for the posts had not been maintained by the Director General.
 - (ii) There was no transparency in giving marks to the applicants when recruiting for the post of Director (Finance).
- (f) Vehicle Control
- (i) Log book of vehicles had not maintained by updating as per Financial Regulation 1645 and 1646.
 - (ii) Daily running charts and monthly running summaries had not been presents to the Auditor General.
 - (iii) Some running charts of 02 vehicles given for duties in Ampara nad Kalutara regional offices had not been presented.
 - (iv) The relevant travels of assigned vehicles to Ampara and Kalutara regional offices had not been confirmed as official travels.
 - (v) The garages had not been registered for the repairing vehicles.

Sgd./ H.M. GAMINI WIJESINGHE
Auditor General

H.M. Gamini Wijesinghe
Auditor General





REPLY TO THE AUDITOR'S REPORT

23.09.2019
The Auditor General,
The National Audit Office,
No.306/72
Battaramulla .

The Auditor General's Report on the Financial Statements of the Geological Survey and Mines Bureau for the Year Ended 31st December 2017 in terms of Section 14 C of the Finance Act No. 38 of 1971

2. Financial Statements

2.2.1. Consolidated Financial Statements

As was pointed out in the Audit Query, the Geological Survey and Mines Bureau holds 66% of the shares of the Technical Services Company of the Geological Surveys and Mines Bureau. Though a consolidated financial statement should be submitted in such a perspective, it is problematic to carry out that task due to the fact that the financial years of the two entities are different.

This matter was discussed with the Board of Directors of the Technical Services Company of the Geological Survey and Mines Bureau and their approval was granted to change the relevant financial year from January to December. It is necessary to go through the relevant legal process under the institutions such as the Department of Registrar General to change the relevant financial year and the said action is being carried out at the moment. Hence once the financial year of the Technical Services Company of the Geological Survey and Mines Bureau is changed to be from January to December, the financial statements of it can be consolidated with those of the Geological Survey and Mines Bureau. Action will be taken to complete this task in time to come.

2.2.2. Non- disclosure of the transactions made with the relevant parties

- (a) The Chairman of the Bureau ex-officio becomes the Chairman of the Company and this matter will be disclosed in the notes to the Accounts in the future.
- (b) This cannot be recorded in Accounts as the relevant institution has not educated the Bureau through credit cards or notices and the relevant due documents have not been produced as well. Given the aforesaid matter, this matter has not been indicated in financial statements.
- (c-d) Steps will be taken to disclose this information in financial statements in the future

2.2.3. Sri Lanka Public Sector Accounting Standards

(a) Sri Lanka Public Sector Accounting Standard No. 02.

(i)(ii)(iii) This has been prepared correctly in the financial flow statements of the year 2018

(b) Sri Lanka Public Sector Accounting Standards No 03.

Action has been taken to disclose this in the year 2018, as has been pointed out by the Audit.

(c) Sri Lanka Public Sector Accounting Standard No 07.

The relevant corrections have been made since September 2018.

(d) Sri Lanka Public Sector Accounting Standard No 08.

(i) Disclosures will be made in the following accounting year through notes to the Contingent Liabilities.

(ii) Steps will be taken to disclose the information of the cases through financial statements.**2.2.4. Accounting Policies**

Allocations have been made for bad debts in the year 2018.

2.2.5. Accounting Deficiencies

- (a) This cannot be recorded in Accounts as the Bureau has not been educated in this regard through credit cards or notices, and the due relevant documents have not been produced as well.
- (b) The relevant corrections have been made in the year 2018.
- (c) Steps have been taken since the year 2017 to place in records the amount received for the maintenance of the Tsunamic Alert Centre in Pallekele.
- (d) This will be considered for stock calculation in the following year

2.2.6 Non availability of Evidence for the Audit

- (a) It is intended to take action as per the financial regulations in regard to the fact that the physical existence of this has not been confirmed
- (b) All the journal vouchers which were reported not have been approved were approved in the year 2019

2.3 . Receivable and Payable Accounts

Letters were submitted to the Inland Revenue Department to charge the goods and services tax. It is intended to get this confirmed through the Inland Revenue Department as this tax category has been abolished by now

2.4. Non – compliance with Rules, Regulations and Management Decisions

- (a) The Bureau has to meet its expenses out of the income generated by it in accordance with the provisions of the Mines and Minerals Act No. 33 of 1992. Due to that reason there is no legal obligation to remit all the royalty payments to the Treasury. However the Bureau takes action to remit the additional funds to the Treasury on an annual basis. Accordingly an amount of 100,000,000 million has been remitted to the Treasury for this year.
- (b)(i) The remittance made to the Treasury has been corrected in Accounts.
- (ii) Necessary approval has been obtained to make fixed deposits. Steps will be taken to obtain approval even for Treasury Bills
- (iii) The report which should be submitted under Section 13(7) of the Monetary Act was submitted for the year 2016 and the said report was discussed in the Management Committee Meetings. It is confirmed by the Audit Committee Report dated 31.10.2017. However the decisions taken in regard to the aforesaid report were not able to be informed to the Auditor General due to an oversight and as the period of time granted by the Monetary Act has lapsed , action will be taken to submit the answers for the Audit Report of the following year on due date.
- (c) The Board of Directors has given approval for this given the explanation made by the Commissioner of Labour to the effect that this is allowed as per the provisions of the Gratuity Act and accordingly this is a correct payment. Hence no additional payment has been made. Gratuity payments have been made as per the provisions of the Gratuity Act having entered into an agreement with the two parties of the trade unions and the employees. In a ruling given by the Court of Appeal in regard to a dispute related to gratuity, it has been decided by the court that it is justifiable to enhance the

amount of gratuity more than the amount prescribed by law in a manner which is advantageous to the employee.

- (d) (i) Action has been taken by now to make insurance claims and due action will be taken as per financial regulations once the police reports are received.
- (ii) Action will be taken to settle the sub imprest and record it in accounts correctly
- (e) The reports which includes Accounts and Performance Reports have been prepared and submitted with copies to the Ministry and the Treasury and these matters have been submitted to the Board of Directors on a monthly basis based on the aforesaid reports. This can be confirmed even by examining the reports of the Board of Directors.
- (f) A mechanical engineer is not available in the Bureau. It is not practically feasible to obtain such services from outside. However the opinion of the Audit is accepted and action will be taken to obtain the services of such a person for large scale repair work. At the same time most of the repair work of vehicles is carried out through the relevant agents at the moment.

2.5. Transactions not Confirmed through Adequate Authority

Action will be taken to work in accordance with the Public Finance Circular as has been pointed out by the audit .

3. Financial Review

3.1 Financial Outcome

A growth of an amount of 3,188,251,321/= rupees can be observed in the profits of the Bureau in the year 2017 in comparison with the previous year. Factors such as the increase of the royal income, license fees and financial income and the payment of incentives to the employees based on their huge dedication and performance have contributed to this .

4. Operational Review

4.1. Performance

4.1.1. Planning

- (a) The Corporate Plan for the period 2019 – 2023 has been prepared by now.
- (b) Shortcomings of this nature, which may be found in the Action Plan, will be corrected in the future.

4.1.2. Performance and Review

- (a) Activities such as the preparation of the geological maps for the year 2017, identification and the valuation of the mineral resources, had been incorporated into the work plan of the geological section for the year 2017. However an abrupt buildings material survey had to be commenced from the second quarter of the year 2017 covering the whole country upon a request of Mr. R. Paskaralingam, the advisor to the Prime Minister, which he had made in response to a notification made by the contractors of the development activities of the government to the effect that the development activities of the government are delayed due to the scarcity of essential raw materials of gravel, sand and stones. As geologists had to be deployed for this task covering the 19 districts of the country in the year 2017, the scheduled activities for the year 2017 had to be delayed.

However decisions were made in regard to the identification and surveying of mineral resources with the involvement of the Secretary to the Ministry and the aforesaid decisions have been put in to action from the year 2017. In addition to that action was taken to provide advice to the Minister of Mahaweli Development and Environment in regard to the investment of minerals.

- (b) An Enforcement Unit has been established.
- (c) Attention has been paid to this matter that has been pointed out by the Audit and action will be taken to make the relevant corrections.

4.2. Management Activities

- (a) A contribution of 10% and 12% of the salary of the employee has been made to the Employees Provident Fund by the employee and employer respectively since the commencement of the Bureau up to now in accordance with the Mines and Minerals Act. As per the instructions given through the Commissioner of Labour in this regard, steps will be taken to contribute 15% by the Bureau in the following year and record it in accounts.
- (b) Since necessary action has been taken by now to recruit the field officers, this situation will be minimal.
- (c) When licences are granted for sand and gravel, field offices will make a field study and the transport licences are granted for the amount of minerals mined based on the reports of the field officers. The mining engineers examine the fields in which other minerals are mined every six months and the renewal of licences is done based on the reports of the mining engineers. If it is disclosed that mining has been done exceeding the approved limit, the relevant royalty charge will be collected based on the technical reports.
- (d) Action is being taken presently in collaboration with the other relevant institutions to introduce the one-stop project in order that the delays in issuing licenses could be prevented. The Bureau has the capacity to issue a license to an applicant within a period of 06 weeks under this system. Given this situation, the necessity of making payments will be minimal in the future.
- (e) This situation has arisen due to the fact that the activities of the Bureau were required to be continued while there was a lack of permanent staff. Action is being taken at present to get the approval for new staff and once new recruitments are made the necessity of outsourcing services will not arise.
- (f) The Bureau has identified this situation and action is being taken to use a new tracking equipment system to get over this situation.
- (g) Action is being taken to acquire it in accordance with the law. This is a long process for which the involvement of the Ministry of Lands, and also Divisional Secretariats are required.

4.3. Controversial Transactions

- (a) A study will be made in this regard and if it is revealed some royalty charges are yet to be collected action will be taken to collect the said charges.
- (b) Payment of Incentives
 - (i) This Bureau has paid incentives in a systematic manner in accordance with the approval given for it as per the letter No. PE1/000/6 dated 2nd August 1996, issued by the Treasury. Furthermore this payment system is operated under the approval of the Board of Directors at present.
 - (ii) An amount of 99,925,779 rupees, which is 50% of the amount of 199,851,558 rupees that has been allocated for incentives has been provided for incentives according to a decision of the Board of Directors.
 - (iii) This will be done based on a correct performance study from this year onwards.
 - (iv) Contributions are made to the Critical Care Fund through the deductions made from the incentives paid to the employees of the Bureau. Government funds are not used to maintain this fund. The

objective of the fund is to help the employees who become helpless due to serious illnesses. Two employees who underwent kidney transplant surgeries were helped through this fund recently. As this is not maintained out of public funds, the approval of the Treasury is not required and the need of recording it in accounts will not arise. Steps will be taken to carry out this task as a welfare activity without recording it in accounts.

(v) 15% of the income was allocated for direct expenses and over head expenses starting from the year in which the payment of incentives was commenced up to the previous year. However as a specific basis was not available in that regard, a committee was appointed to make recommendations in that regard. The aforesaid committee decided that the allocations for direct expenses and over head expenses should be reduced up to a minimum of 10% of the income.

(vi) An amount of 110 million rupees has been allocated as incentives for the year under review based on an estimated profit.

(vii) Approval of the Treasury has been obtained to make this payment

(c) Yan Oya Reservoir Project

(i) Instructions had been provided to the Bureau to the effect that the sand deposit that existed in the area to be submerged under Yan Oya Project should be removed before water is filled. Therefore the sand deposit that existed in the area covered by this Project was used as a remedy to eliminate the scarcity of river sand in the market and also to reduce the price of sand. At the same time licenses were issued for mining sand with the sanction of the other relevant institutions without making a valuation of the sand deposit due to the facts that sand had to be removed before Yan Oya was filled with water and it would take a considerable period of time to explore the sand deposit.

(ii) As the Yan Oya Project was subject to an elementary environmental impact assessment it was not required to obtain the approval of the Department of Archaeology for it due to the fact that the said department made an assessment during the aforesaid an elementary environmental impact assessment.

(iii) Action is being taken to undertake the land rehabilitation activities that are already being carried out under the sand mining license programme of the Yan Oya Reservoir Project with the participation of the Department of Irrigation, Department of Wild Life Conservation and the Bureau.

(iv) The validity period of some mining licences is scheduled to be extended. Steps are being taken to rehabilitate the lands in which mining has been completed as is mentioned in (iii) above.

(v) The Bureau had collected the royalty payment as per the reports that had been submitted to it

(d) The regulations that are related to issuing licences by the Bureau are being amended at present in order to avoid this situation.

(e) This was done based on the requirement of service as sufficient permanent staff is not available.

4.4 Visible Irregularities

This amount of money has been released to the Chairman after obtaining the approval of the Board of Directors to conduct a Public Awareness Programme under the written instructions of the Minister of Environment and Renewable Energy in the year 2014. However this is shown in accounts as unsettled advances as all the documents related to it are not available due to the fact that the Chairman was removed from his post subsequent to the Election that was held. Further action will be taken in this regard after obtaining the advice of the Attorney General.

4.5 Commencing projects in lands / properties that have not been acquired in a systematic manner

The Bureau made an inquiry in this regard again and the District Secretary has given his approval to construct the building again. The second phase of the building too has been completed by now.

4.6 The resources of the Bureau given to other public institutions

This has been done according to a decision of the Cabinet of Ministers. It is not possible to work in contrary to the decisions of the Cabinet of Ministers.

4.7 Administration of the Staff

- (a) Vacancies of all the other positions except 02 Assistant Director posts and 06 Field Assistant posts have been filled by now. The aforesaid positions will be filled having called applications again.
- (b) Employees were hired from an outsourcing company as per the requirement of service and no recruitments were made by the Bureau. Payments are made to the relevant Company based on the recommendation made by the Head of the Division that supervises the services provided. There are slight shortcomings in the qualifications of a few of these employees. However these employees are not recruited to the permanent staff.
- (c) This should have been done as per the requirement of service in order to keep the offices of the Bureau functioning.
- (d) Some duty is carried out even by these trainees due to the fact that the permanent staff of the Bureau is not sufficient.
- (e) The services of a store keeper was obtained from an outsourcing company due to the fact that a permanent store keeper was not able to be recruited as approval had not been granted to the new Scheme of Recruitment. A person has been recruited to the aforesaid position after the relevant Scheme of Recruitment has been approved and the aforesaid service is not obtained further more.
- (f) Four geologists have been recruited as per the requirement of service in order to keep the continuity of the services of the Bureau and this has been done with the approval of the Management Services Department.
- (g) As both the Finance Manger and the Bursar had resigned the posts a Financial Advisor had to be temporarily recruited to monitor the activities of the aforesaid section. He resigned the post after a period of six months. The approval of the Board of Directors had been obtained for it. The vacancy of the Post of Director (Finance) has been filled by now.
- (h) The Position of Director (Finance)
- (i) The qualifications mentioned in the Scheme of Recruitment approved by the Department of Management Services are as follows.
 - A special degree in Accountancy / Commerce obtained from a university recognized by the University Grants Commission along with a post graduate degree in the same field or
 - The lifelong fellowship of a recognized professional Chartered Accountancy Institution and
 - Thirteen years of experience at managerial level in a Corporation or Statutory Board or a recognized private firm
- (ii) The English translation of the advertisement had indicated the phrase "1 and 2 or 3" as 1 or 2. It is an error of the language translation done by the Lake House, which had not been noticed by the Adminsitrarive Division. However individuals have been called for the interview based on the correct Scheme of Recruitment. Though a few applicants who had not fulfilled the required qualifications had sent applications they were not inconvenienced as they were not called for the interview.

(iii) The Management services Department had provided the criteria for awarding marks as is mentioned below.

1. The additional work experience in the relevant field
2. The additional educational and professional qualifications in the relevant field
3. Additional achievements
4. Skills shown at the interview

Marks are awarded by each interview board under each number mentioned above. It is the methodology adopted for all the other positions not only for this position. Some interview boards were comprised of a representative of the highest level in the Management Services Department and even the representatives of the Administrative Service were invited to participate in interview boards. Every interview board has determined the manner in which a mark can be divided within the criteria prescribed by the Department of Management Services.

(iv) Experiences in the Accounts and Financial field is required for this field. This applicant had served in the positions of Senior Staff Officer level in reputed public institutions for a period of 13 years.

The continuous work experience of 08 years on the position of Chief Internal Audit Officer in the National Institute of Education and the continuous work experience of 05 years on the position of Assistant General Manager (Finance) in Lives Stock Development Board are relevant here.

It is mentioned in the Scheme of Recruitment that the work experience in the field of accounts or finance is required. As the word "or" is mentioned here work experience in both fields has definitely to be considered.

The recognition as a Chartered Accountant of Sri Lanka Institute of Chartered Accountants is received by collecting work experiences of 03 or 04 years in an audit firm. Therefore the work experiences in the field of audit is considered as the experiences in the financial services. Given the aforesaid facts the selected officer has fulfilled the required qualifications.

4.8 Utilization of Vehicles

The number of vehicles of Bureau is 48 and this situation has been caused due to the lack of sufficient drivers and staff. Action is being taken to recruit drivers at the moment and the approval of the Management Services Department has been sought to increase the cadre of drivers for the whole fleet of vehicles which includes the 09 vehicles purchased recently. After this process is completed drivers will be able to be attached to all the vehicles.

5. Sustainable Development

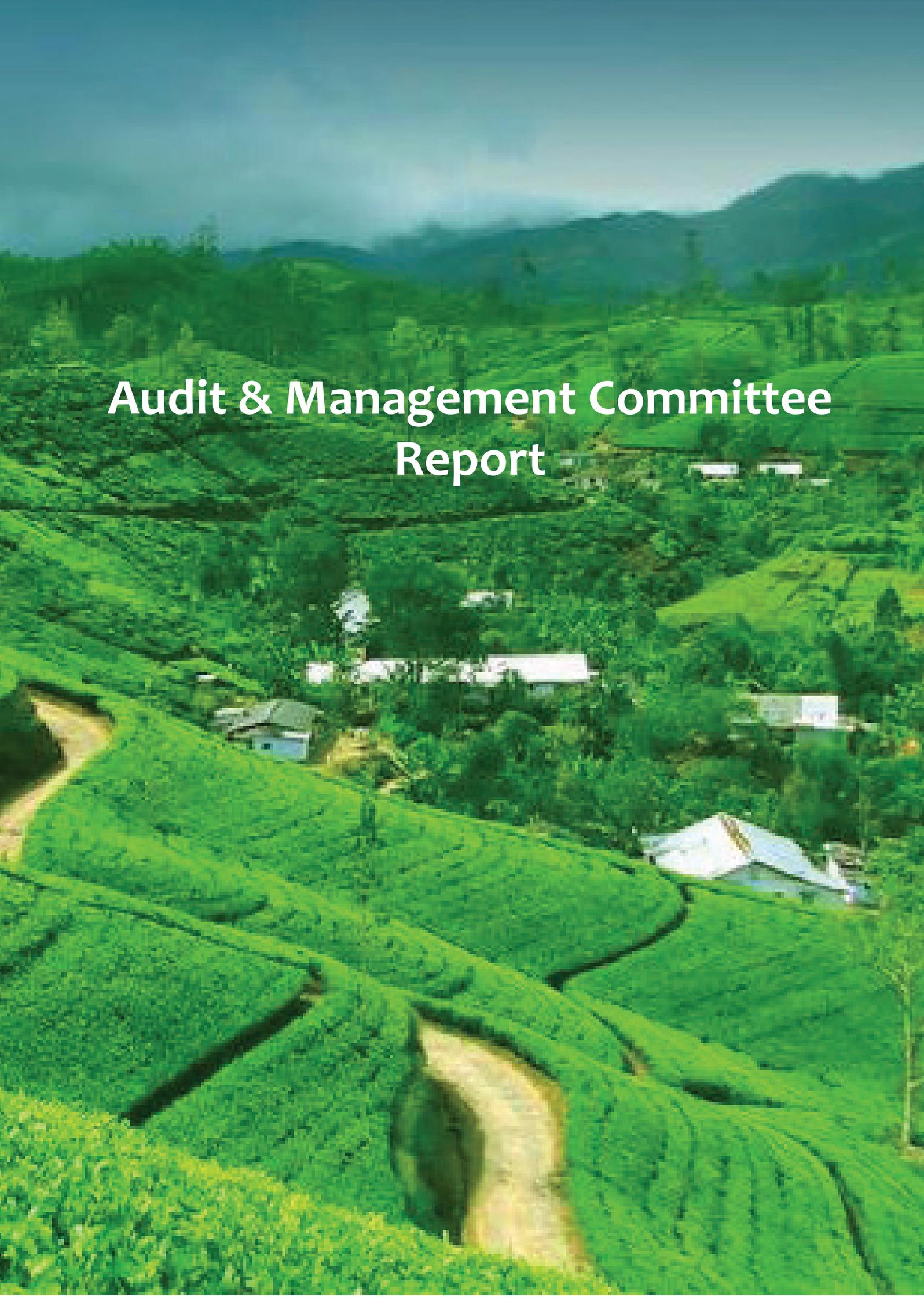
5.1 Achieving Sustainable Development Objectives

The Bureau is completing the action plan relevant for the next five years in order to achieve the sustainable development objectives.

6. Accountability and Good Governance

6.1 Submitting Financial Statements

The position of Chairman was vacant by the end of the year under review. However the final financial statements were submitted to the Audit and Management Committee of the Bureau and subsequently financial reports were submitted to the Public Audit Division, the Ministry and the Department of Public Enterprises with the endorsement of the Representative of the Treasury in the Audit and Management Committee, who is also the Chairman of the said Committee. The incumbent Chairman assumed duties

An aerial photograph of a vast tea plantation. The tea bushes are arranged in neat, terraced rows that follow the contours of the hills. The color is a vibrant, uniform green. In the center of the image, a small village is visible, with several buildings and a prominent white water tower. The background shows more rolling hills under a clear, bright sky.

Audit & Management Committee Report

Audit & Management Committee Report

“Towards a State-Owned Regulatory entity operated in better governance framework trusted by people constantly involved in protecting Natural Resources and Environment”

Rules & Responsibilities of the Audit Committee of GSMB are clearly described in the Charter

of the Board Audit and Management Committee which is based on the guiding principles in the Public Enterprise Guidelines for good governance.

The committee is responsible to the Board of Management and reports its proceedings to the board regulatory.

The Audit Committee of the Geological Survey & Mines Bureau is comprised of three members of the Board of Management and chaired by Treasury representative namely:

1. Chairman - Mr. P. Algama
(Director-General- Department of Public Finance)
2. Member - Mr. M.P.D.U.K. MapaPathirana
(Additional Secretary- Ministry of Environment & Mahaweli Development)
3. Member - Mrs. J.M.R.R.K. Jayasundara
(Assistant Director Industrial Development – Ministry of Industrial & Commerce)

Rules & Responsibilities of Audit & Management Committee

The AMC continues to assist the Board of Directors in fulfilling effectively its responsibilities relating to financial and other connected affairs of the company. The Committee has been empowered to:

Review of the Annual Audit Plan, Work Program, Corporate Plan, Action Plan, Procurement Plan, Annual Budget and Capital Budget.

Reviewing the suitability and the quality of accounting policies and any changes in accounting policies and practices and their adherence to statutory and regulatory compliance applicable accounting standards.

Review and evaluate the internal control system covering Accounting Financial and operational aspects based on audit reports and Management decisions of the Board of Directors.

Review compliance of statutes, rules, regulations, Treasury circulars & directives.

Submit recommendations of the Committee to the Board of Management.

Review of the matters pertaining to the organization's staff discipline, performance elimination of wasteful expenditure and corrupt practices with the objective of making the GSMB cost-conscious and productiveness.

Carrying out appropriate investigations to mitigate fraud risk.

Meeting of the committee

During the financial year ended 31st December 2017, four meetings of the committee were held. The proceedings of the committee meetings are recorded with adequate details and are reported regularly to the Board of Directors. The attendance of the committee members at the meeting as stated below. On the invitation of the committee, the representative from Auditors General Dept. attended committee meetings during the year.

Composition of the AMC as at 31st December 2017

Total number of meetings attended out of the total meetings held during the year 2017

Mr.P.Algama	4
Mr. M.P.D.U.K. MapaPathirana	4
Mrs.J.M.R.R.K. Jayasundara	4

Internal Audit

The GSMB has its own Internal Audit section headed by an internal Auditor. The Internal audit program was presented and approved by the AMC and Committee regularly reviews and monitors the internal audit and the inspection functions.

External Audit

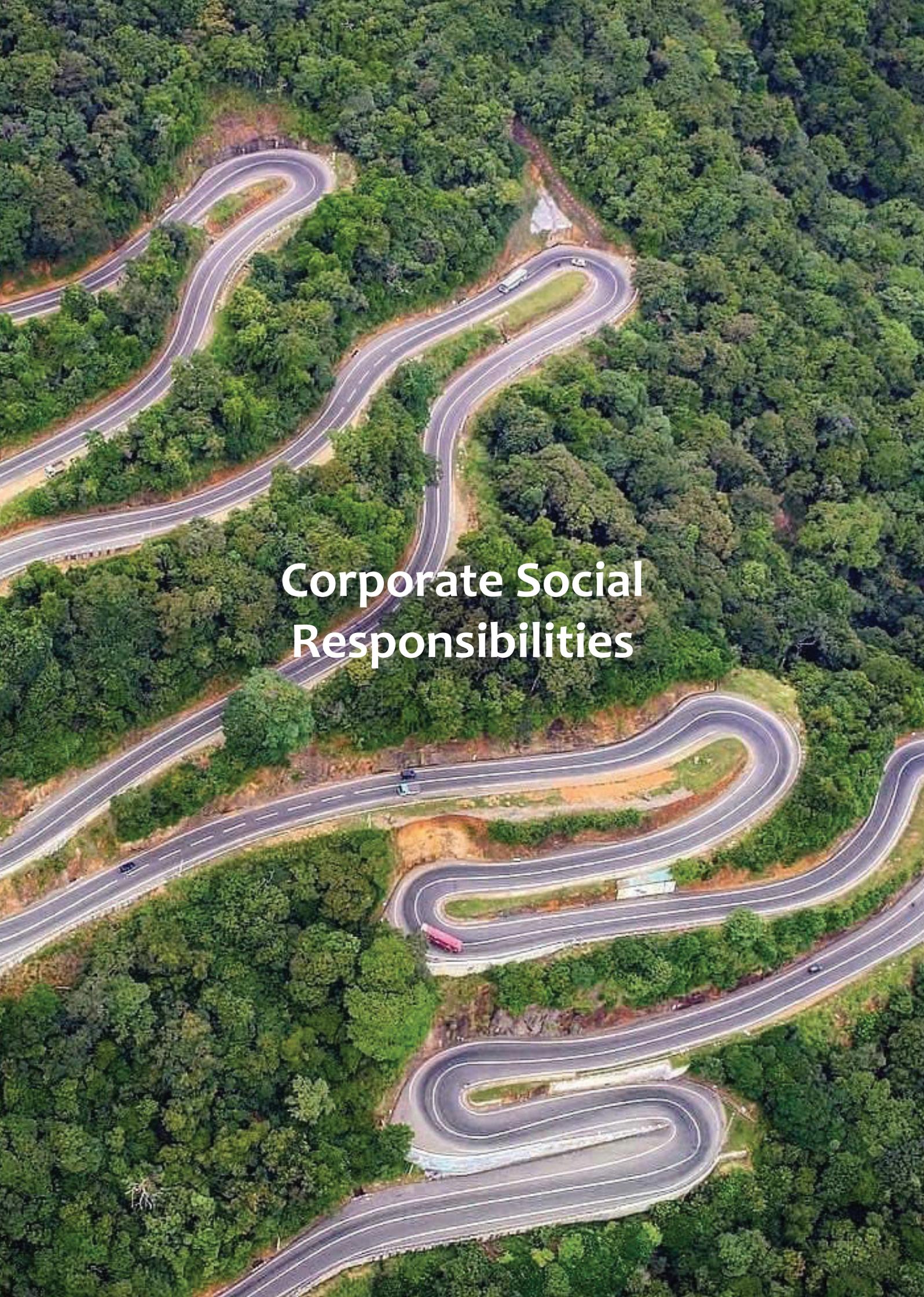
The AMC reviews the reports submitted by the Auditor General to ensure all reported instances of non-compliance and irregular Accounting and Reporting issues are addressed on time.

Conclusion

The AMC is satisfied that the GSMB internal controls are effectively implemented and the organization's assets are sufficiently safeguarded. The committee is satisfied that the internal audit section has been effective and independent throughout the year. In addition, the committee is also satisfied with the appropriateness of the application of the accounting policies and thus gives a reasonable assurance that the Financial Statements of the GSMB are reliable. Further, the committee is satisfied that the Compliance Framework of the GSMB ensures that the GSMB complies with all applicable laws, rules and regulations and corrective and preventive actions were taken with regard to the reported non-compliances during the year under review.

The AMC approved this report on 28.02.2018.

Mr. P. Algama
Chairman
Audit and Management Committee.

An aerial photograph of a winding asphalt road that snakes through a dense, lush green forest. The road features several sharp, hairpin turns and is marked with white lane lines. Several vehicles, including a white truck, a blue car, a red truck, and a black car, are visible traveling along the road. The surrounding forest is thick with various shades of green trees, and the overall scene is captured from a high-angle perspective.

Corporate Social Responsibilities

Corporate Social Responsibilities

Educational Programmes

Certificate Course on Industrial Rock Blasting:

Fulfilling a long-standing need, the Mines Division of the Geological Survey and Mines Bureau conducted three-month duration certificate course on rock blasting designed for technical, supervisory level engaged in the Sri Lankan rock blasting industry in collaboration with the Defense Ministry and Central Environmental Authority.

Major objective of this blasting course is to provide better theoretical and practical knowledge about blasting materials, methodologies and social & environmental impacts related to quarry blasting activities.

The program planned to be conducted annually will result in raising the safety standards and blasting productivity. Two programs have been conducted for the year 2017 successfully.



Workshops and Seminars organized by the mines division

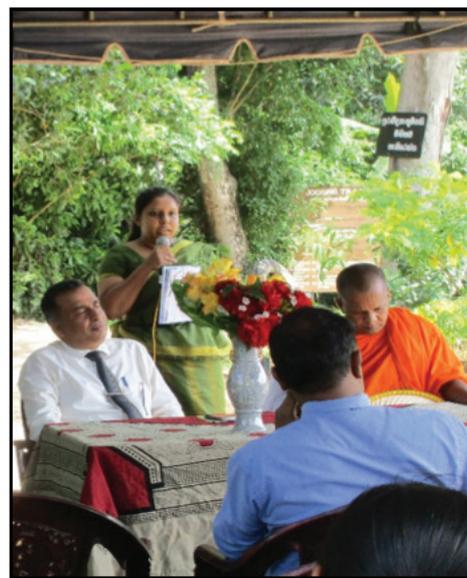
The Mines Division has carried-out several seminars at various districts in order to sort out major industrial problems related to mining activities and make aware state organizations, license holders and school children about Bureau's regulatory functions according to Mines and Mineral Act. The major objective of these workshops was to improve coordination between GSMB and other state organizations such as Divisional Secretaries during the implementation of Mines and Mineral Act and aware school children regarding the laws & functions related to the environment in Sri Lanka.

Workshop/Awareness Programme	Date	Theme
Awareness program for Divisional Secretariats and subject officers in Kegalle District.	2017.07.21	Issuing non-commercial based gravel and sand license
Awareness program for Police officers in Galle District.		
Awareness program for Army officers in Matara District.		
Awareness program for license holders in Galle and Matara Districts.		

National Environmental Day programs

Tree planting program at Udugampola around Pathaha Pokuna Archeological site, Gampaha District

A tree plantation program has been conducted at Udugampola around Pathaha Pokuna Archeological site in Gampaha district on 05.06.2017 with the participation of government officers, mining license holders, and villagers.



Tree planting program at Mawadi Aru, Batticaloa District

A tree plantation program along Mawadi Aru river banks in Batticaloa district on 13.06.2017 with the participation of government officers, mining license holders, and villagers.

Tree planting programme at Demodara metal quarry site, Badulla District

A tree plantation program at the Demodara metal quarry site in Badulla district on 05.06.2017 with the participation of government officers, mining license holders, and villagers.

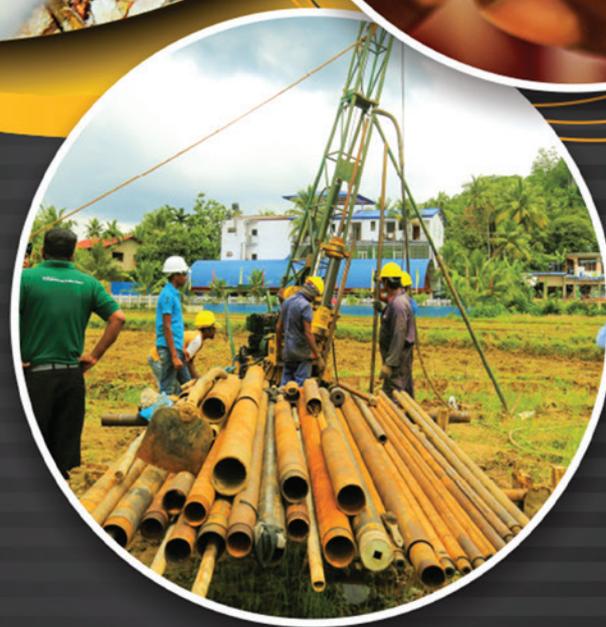
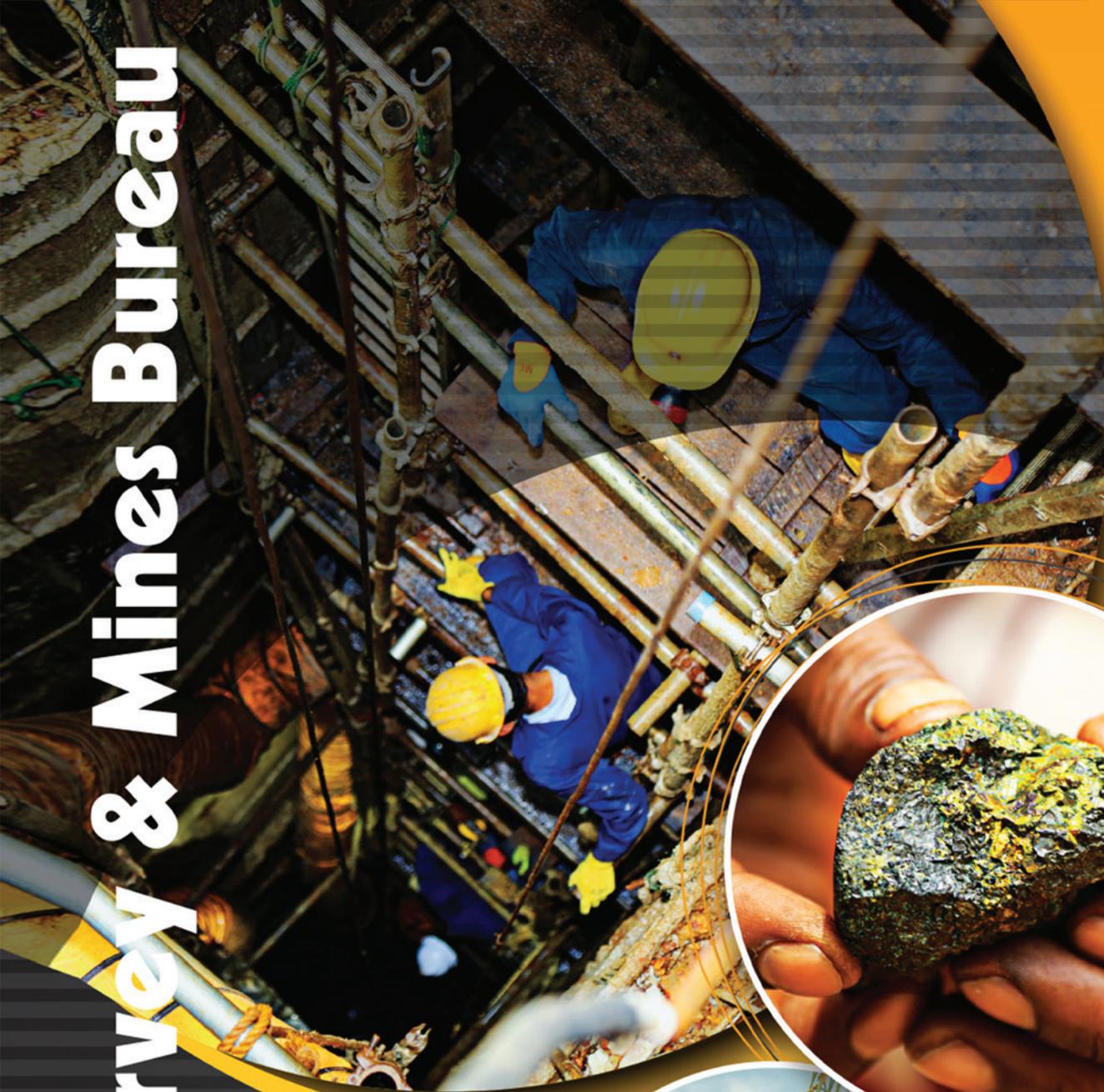
Cleaning schools after major flood on May, Kalutara District

Halwathura School and Bolossagama School in Kalutara district were with the participation of GSMB officers and villagers.

Tree planting program at Mattawa, Kurunegala District

A tree plantation program at Mathawa in Kurunegala district on 05.06.2017 with the participation of government officers, mining license holders, and villagers.

Geological Survey & Mines Bureau



GEOLOGICAL SURVEY & MINES BUREAU
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