

GEOLOGICAL SURVEY & MINES BUREAU



Annual Report 2019

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ANNUAL REPORT

2019



Ministry of Mahaweli Development and Environment

GEOLOGICAL SURVEY AND MINES BUREAU

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VISION

“CONTRIBUTE TOWARDS THE SOCIO ECONOMIC DEVELOPMENT OF SRI LANKA BY UNDERSTANDING AND MANAGING EARTH AND ITS DYNAMISM TO UPLIFT PEOPLE’S LIVING STANDARDS AND LIVELIHOODS WHILE UPHOLDING SOCIAL, CULTURAL AND ENVIRONMENTAL VALUES”.

MISSION

“MANAGEMENT OF NATURAL RESOURCES AND THE ENVIRONMENT BY INVESTING IN RESEARCH TO UNDERSTAND EARTH AND ITS DYNAMISM, COMPILING A NATIONAL PORTFOLIO OF GEOLOGICAL RESOURCES, REGULATING EXPLORATION AND MINING FOR MINERALS AND PROCESSING, EXPLORING SUSTAINABLE STRATEGIC SERVICE PROVISIONS, PROVIDING EXPERT EARTH-SCIENCE INFORMATION AND STRATEGICALLY CONTRIBUTING TOWARDS THE SOCIO ECONOMIC DEVELOPMENT OF SRI LANKA IN COMPLIANCE WITH THE TECHNO- ECONOMIC AND SCIENTIFIC- SUSTAINABLE DEVELOPMENT”.

STRATEGIC OBJECTIVES

GIVEN THE BOOAD RANGE AND COMPLEXITY OF GSMB’S PROGRAMS, THE PLAN IS NOT AN INVENTORY OF ALL OBJECTIVES AND INITIATIVES GSMB WILL PURSUE ON ALL ACTIONS THAT IT WILL UNDERTAKE. INSTEAD, THE PLAN PRESENTS PRIORITIZED OBJECTIVES REFLECTING IMPORTANT CHANGES AND OUTCOMES THAT GSMB HOPES TO ACHIEVE, AND KEY STRATEGIES THAT INDICATE THE MAIN APPROACHES GSMB INTENDS TO TAKE TO MEET THESE OBJECTIVES.

THERE ARE 10 OBJECTIVES AND STRATEGIES OUTLINED FOR GSMB DISCUSSED UNDER EACH OF THE FOUR STRATEGIC FRAMEWORKS WITH THEIR RESPECTIVE STRATEGIES FOR ACHIEVEMENT.

STRATEGIC OBJECTIVES

01 STRATEGIC OBJECTIVE - Reworking legislative framework for transparent, safe, Scientific, sustainable and Competitive Regulatory Climate.

02 STRATEGIC OBJECTIVE- Enhance physical and human resource capacity building

03 STRATEGIC OBJECTIVE- Pursuing excellence in geoscience Research by promoting Studies, projects and collaborations.

04 STRATEGIC OBJECTIVE- Expanding resource and reserve base by stepping up Exploration through accelerating partnership with resource Rich countries.

05 STRATEGIC OBJECTIVE- Acquiring and preserving geoscience materials and Information and compile a national portfolio of geological Resources of Sri Lankan.

06 STRATEGIC OBJECTIVE- Facilitating techno-economic scientific and sustainable Development in the mineral sector.

07 STRATEGIC OBJECTIVE- Safety and mine rescue

08 STRATEGIC OBJECTIVE- Serving the public and geoscience community and establish Community relations.

09 STRATEGIC OBJECTIVE- Enhance avenues of service generation for sustained Development of the mission.

10 `STRATEGIC OBJECTIVE- Strategically reduce the economic, social and environmental Impacts due to natural hazards by monitoring earth Dynamism and natural environment.

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Chairman's Message

Functions of the Geological Survey and Mines Bureau as mandated by the Mines and Minerals Act, 1992 are implemented by Bureau's two technical divisions namely 'Geology Division' and Mines Division'. Regulatory activities such as issuance of licenses and Mineral Titles and monitoring of mining activities are carried out by the Mining Division while preparation of various geological maps, mineral exploration, geo-data gathering and seismic activity monitoring are undertaken by the 'Geology Division'.

In view of diversity and complexity attached with regulation of exploration, mining, mineral transport and environmental monitoring, the Mining Division is deemed to face with an arduous challenge. During the year, Mining Division has strived hard to minimize illegal mining and environmental damage caused by mining activities. In this respect, an initiative was taken to launch "Haritha Weli Thotupala" (Green Ferry) concept under which all river sand extraction sites were standardized to minimize the adverse environmental impacts to the river system. Steps were also taken to minimize illegal sand mining and soil excavations by further strengthening the Enforcement Unit of the Bureau through joint operations with Special Task Force of Sri Lanka police. Regulatory services of the Bureau were further decentralized by opening 02 new regional offices at Vavuniya. and Mathale.

The major strength of the Bureau is its highly qualified technical staff mainly consists of Geologists and Mining Engineers. During the year 2019, suitable candidates were recruited to all vacant and new positions created by cadre revisions approved in previous years. Thus, a major obstacle existed in performing GSMB's routine duties was removed. The Geology Division continued with construction raw material surveys, nuclear raw material surveys and geochemical soil sampling. Pre-prints of two Quaternary Geology Maps (1:50,000) covering the areas of Puttalam and Hambantota/Tangalle were completed in December 2019. Provincial Mineral maps of North-Central and Sabaragamuwa provinces were completed and ready for printing by the end of 2019. Another major obstacle to carry out routine analytical work and research and development work is lack of sufficient laboratory and museum space. In order to remedy this a six story building had been planned and during the year 2019 its major construction work was completed.

With the intention of capacity building of the GSMB scientists and engineers technical collaborations with appropriate overseas institutions were initiated. A Memorandum of Understanding (MoU) on Scientific and Technical Co-operation between the Geological Survey and Mines Bureau (GSMB) of Sri Lanka and Geoscience Australia of the Government of Australia was signed at the Department of Foreign Affairs and Trade in Canberra, Australia on 05.11.2019. Approval of the Cabinet Ministers

was sought to sign a similar MOU with the British Geological Survey, UK. Fulfilling a long-felt need, an extended version of a Coffee Table Book for the Bureau was published under the title of “Shila: A Chronicle of Sri Lanka’s Earthly Treasures”.

The GSMB was on a sound financial footing during the year its total income being Rs. 2797.5Mn. Rs.1320 Mn was transferred to the Government Coffers. All permanent employees were paid an incentive based on their basic salaries and performance evaluation. At the same time, we were able to spent around Rs. 228 Mn considerable amount for the expansion of the capital assets in the Bureau. For instance, purchased new vehicles, construction of new regional office complexes at Anuradhapura and Gampaha, construction starts for new laboratory building at head office premise, purchased new property at Kurunegala and procuring lab equipment can be highlighted.

I am glad to note that the Geological Survey and Mines Bureau has made substantial progress during the year 2019 in achieving its targets set under the Annual Action Plan. Being thankful to everyone who contributed the satisfactory progress made this year I earnestly request all of them for continued support and commitment.

Asela Iddawela
Chairman

Director General's Message

As the Director General of the Geological Survey and Mines Bureau (GSMB), it gives me a great pleasure to write this message to the Annual Report of 2019 representing the management and the staff. This report embodies some of the more significant achievements of the Bureau in the year 2019.

In line with our mission, connecting earth, its mineral resources and its people to drive socio-economic development of Sri Lanka, we are proud of the progress witnessed in the year 2019. In spite of many changes, GSMB was able to achieve a substantial profit for the year that overpasses Rs. 158 million after tax while implementing its functional activities and contributing Rs.2510 million to the General Treasury.

Our services extends to a few priority areas that include geological mapping, mineral exploration, mining regulation, undertaking client responsive projects and providing geoscientific information, advice and services to the policy makers and the community. Our main focus is to promote and manage the mineral resources of the country for economic development while ensuring environmental sustainability and regulating exploration, extraction, value addition, transportation and trading of minerals.

Installation of new seismic station at Buddangala, Ampara was commenced on mid-2019 and bulk of the construction work was completed at the end of the year. With the completion of the new seismic station, the total number of seismic stations available in Sri Lanka will be four and it will enable GSMB to enhance public awareness on earth tremors, earth vibrations and Indian Ocean earthquake events more successfully.

Among the major functions of GSMB are carrying Provincial Mineral Surveys and compilation of Provincial Mineral Maps. Thus, the GSMB has carried out a Rapid Provincial Mineral Survey covering Sabaragamuwa province to identify new locations of mineral resources and the survey was completed in early 2017. The printing of Provincial Mineral Maps of North Central Province and Sabaragamuwa Province were completed and print ready versions were submitted. Field work of the IAEA Assisted Nuclear Raw Material Survey using car-borne gamma ray spectrometer conducted in the coastal stretch from Colombo to Kirinda was completed. This survey has already discovered several anomalous radioactive zones which are being further explored.

The total income of the Bureau for 2019 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.

It is with pleasure to note that a substantial progress has been displayed by the Geological Survey and Mines Bureau in achieving its targets and the experience gained during the year will immensely helpful for planning future activities. Ministry of Mahaweli Development and Environment has made a great support throughout our activities which was very much beneficial particularly in the aspects of developing the mineral sector while protecting the environment and all lives in Sri Lanka.

My sincere thanks are forwarded to 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.

Dr. C.H.E.R. Siriwardana
Director General

BOARD OF MANAGEMENT

Chairman	: Mr.W.M.A.S.Iddawela
Members	:Mr. M.P.D.U.K. Mapa Pathirana
	:Ms.Biyanka N. Gamage
	:Mr.D. Masanka H. Liyanage
	:Mr.E.M.A. Ekanayake
	:Mr.W.K.B.M. Prame
Secretary to the Board /Legal Officer	: Mrs. M .S. K. Fernando

SENIOR MANAGEMENT

Chairman	: Mr.W.M.A.S.Iddawela
Director General	: Dr.C.H.E.R.Siriwardhane
General Manger	: Mr. M.W. Jayamanna
Senior Director (Geology)	: Mr.K.T.U.S. De Silva
Senior Director (Mines)	: Eng. D.Sajjana de Silva
Director (Environment Impact Assessment & Regions)	: Mr.L.A.Fernando
Director (Lab & Material Testing)	: Mrs.Y.P.S.P.Siriwardhane
Director (Mapping & Geological Information)	: Mr.M.M.J.P.Ajith Prema
Director (Mineral Titling)	: Mrs.K.A.P.Hemalatha
Director (Finance)	: Mr.N.P.C.Ekanayake

ABOUT THE BUREAU

We lead the Mineral Industries in Sri Lanka

The GSMB, established for 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.

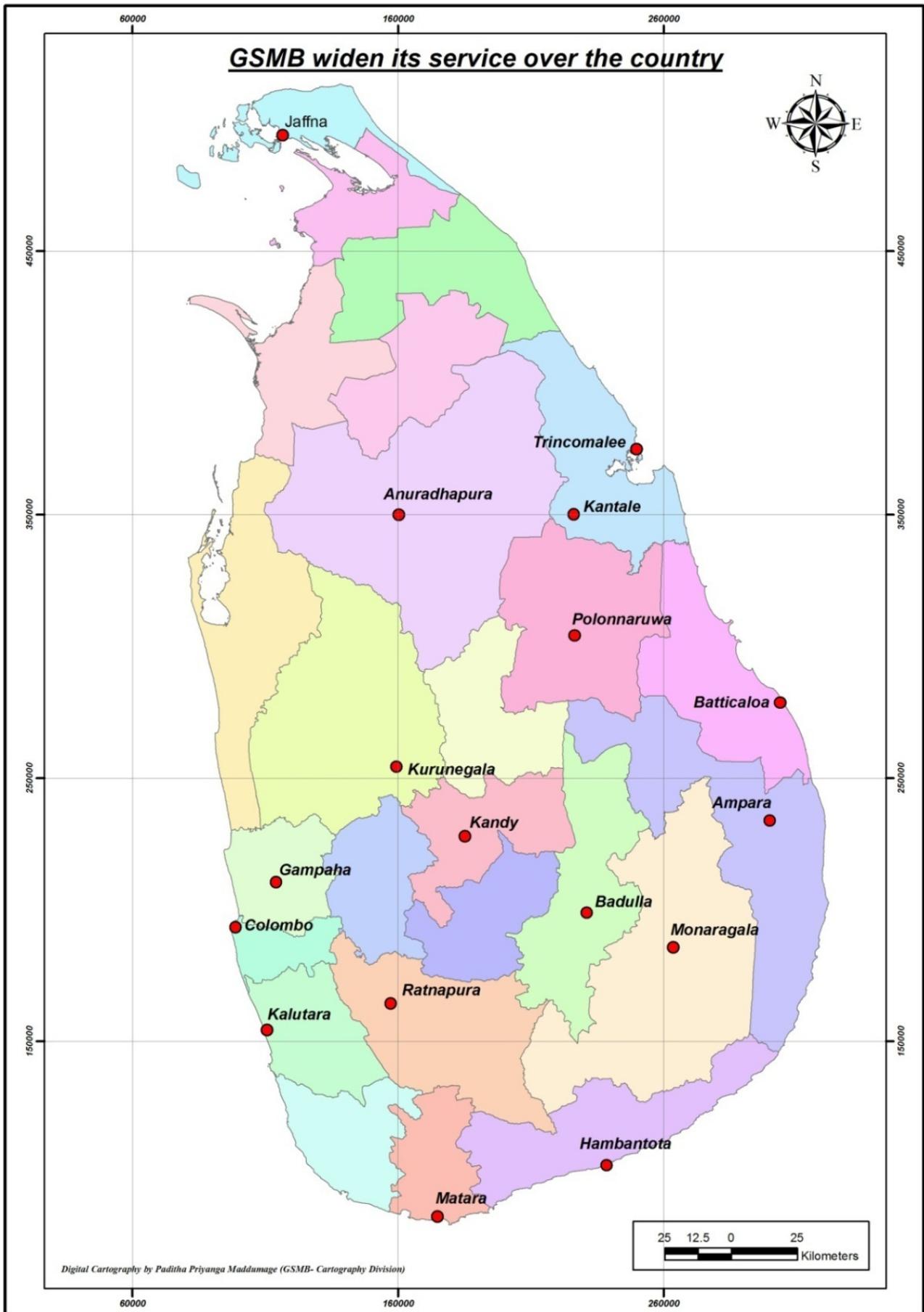
The Geological Survey and Mines Bureau (GSMB), being the authorized agency for the minerals development in Sri Lanka, is the organization for mineral investigations carried out to date and the accrued benefits to the country.

Sri Lanka being a small country, its sub surface 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 geo-science 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, Polonnaruwa, and Colombo and with 2 sub offices at Hasalaka and Kantale. The major activities of these Regional Offices are to cater better services for the customers who are engaged in various Mining Industries in relevant provinces and control the illegal mining activities.

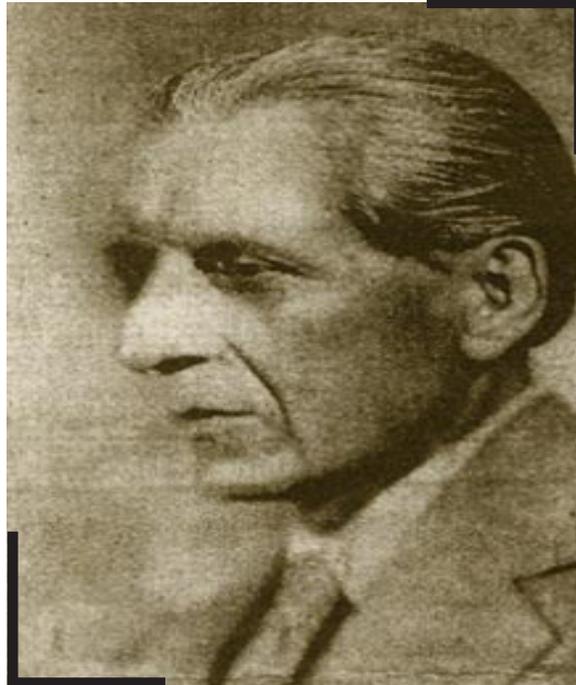


CONTACT DETAILS OF THE BUREAU

Regional Office	Address	E-Mail	Tel/Fax
Head Office	No:569,Epitamulla Road, Pitakotte	info@gsmb.gov.lk	11-2886289 11-2886290
Ampara	No. 96, Dutugemunu mawatha, Ampara	ampara@gsmb.gov.lk	0632223385
Anuradhapura	No.519/F/3, Jayanthi Road, Anuradhapura	anuradhapura@gsmb.gov.lk	0252224388
Badulla	No.117/3,Maiyangan Road, Badulla	badulla@gsmb.gov.lk	0552225210
Batticaloa	No20/G, Beili Avenue , Sinna Uppodei , Batticaloa	batticaloa@gsmb.gov.lk	0652222266
Colombo	No.463, Kotte Road, Pitakotte	info@gsmb.gov.lk	0112886522
Hambantota	No.21, Terrace Avenue, Hambantota	hambantota@gsmb.gov.lk	0472222477
Gampaha	No.06, Werellawatta, Yakkala	gampaha@gsmb.gov.lk	0332231430
Jaffna	170, Colombothurai Road, Jaffna	jaffna@gsmb.gov.lk	042224595
Kalutara	No 11/B, Senawirathna Place, Kalutara-South	kalutara@gsmb.gov.lk	0342225580
Kandy	Janasawigama, Pallekele, Kandy	kandy@gsmb.gov.lk	0812421294
Kurunegala	No.72,Vilgoda Road , Kurunegala	kurunegala@gsmb.gov.lk	0372230858
Matara	No.224,Sunanda Mawatha, Valgama, Matara	matara@gsmb.gov.lk	0412736765
Monaragala	No.134/14, Amila Hardware Building,New bus Stand , Monaragala	monaragala@gsmb.gov.lk	0552277392

Rathnapura	No.66, Sri Saranankara Mawatha, Hidellana,Rathnapura	rathnapura@gsmb.gov.lk	0452228117
Trincomalee	No 272, 4 th Mile Post, Andankulan, Trincomalee	trinco@gsmb.gov.lk	0262052815
Polonnaruwa	No 26, Rown Road, Polonnaruwa.	polonnaruwa@gsmb.gov.lk	0272226366
Vavuniya	No 45/1A, Jaffna Road, Vavuniya.	vavuniya@gsmb.gov.lk	0242229005
Kegalle	No 102/8 , Molamure mawatha, Kegalla	kegalla@gsmb.gov.lk	0352221958
Matale	No 80/2, Alvala, Ukuwela	matale@gsmb.gov.lk	0662058585

HISTORICAL BACKGROUND



The Geological Survey and Mines Bureau is the proud successor to a series of geo-scientific departments which spans more than a century, starting as the Mineral Survey of Ceylon (MSC) in 1903 headed by Dr. Ananda Coomaraswamy. Throughout the 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#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 geo-science database, and ensuring that this information is made available to the public.

DIVISIONAL PERFORMANCE

GEOLOGY DIVISION (GD)

1.0 GEOLOGY DIVISION (GD)

1.1. Action Plan Activities (GSMB Funds)

MPA - 1 Mapping, Generation of Geo-scientific Information (Geo-data) and Data Dissemination

(a) Printing of Geological Maps:

Publishing of the geological maps covering entire Sri Lanka is one of the major functions of the Bureau. The geological maps which contain the geo-information of the terrain are used in a wide range of activities including mineral and ground water exploration, major construction and civil engineering works and preparation of landslide hazard maps etc. The GSMB completed the printing of all 21 geological maps (1: 100,000 scale) covering the entire country in year 2014. Geological mapping at 1:25,000 scale was commenced in 2019. This is carried out based on 1:50,000 scale ABMP map published by the survey Department. Under this programme Nilaveli Sheet (No 23) was selected as the first map. Field work (mapping) was completed in 2019 and laboratory analysis was being carried out.

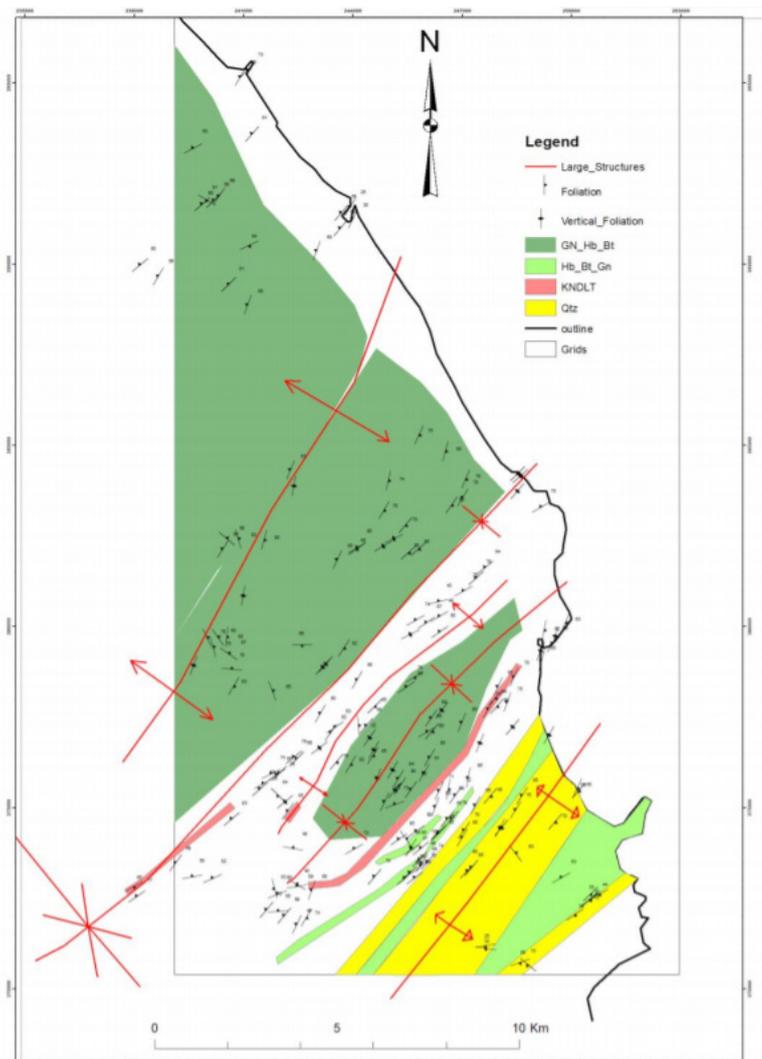


Fig.1: Geology map of Nilaveli (under compilation).

(b) 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, coral deposits, the fertile soil cover and ground water bodies, The Geological Survey & Mines Bureau launched a project entitled “Quaternary Geological Mapping” in 2008.

Printing of Quaternary Mapping Programme

Compilation of Puttalam and Hambantota - Tangalle were completed and print ready versions were submitted at the end of 2019.

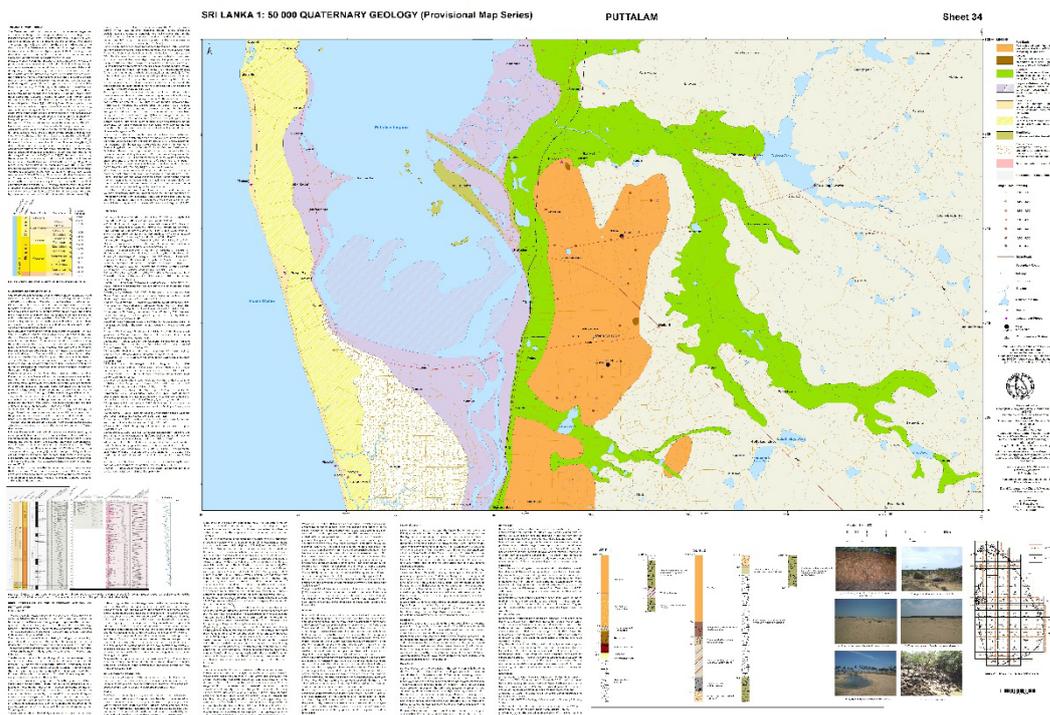


Fig 2 : Print-ready version of Puttalam Quaternary map.

Compilation of Quaternary Mapping

Map compilation of Silawatturai and Tissamaharama sheets were carried out. Approximately 70% was completed by April 2019. In April it was decided to complete these maps in 2020.

Detailed Drilling in Wilpattu, Kalpitiya and Silawatura

It was planned to drill 04 drill holes in this area. 03 holes were completed and one hole in Wilpattu was not drilled as approval to drill has been rejected by the Department of Wildlife Conservation. Therefore, it was decided to abandon this hole.

A new programme was initiated under Quaternary Mapping to demarcate the boundary between Wannu Complex and Miocene Limestone. Geophysical Survey planned under this for year 2019 is completed.

(c) Soil Geochemical Mapping Programme

The soil geochemical mapping programme was initiated in year the 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).

According to a collaborative agreement signed between the Geological Survey and Mines Bureau (GSMB) of Sri Lanka and the British Geological Survey (BGS), two expertise from BGS visited Sri Lanka and Joined with the Geochemical soil sampling team working in Mathugama 1:50 000 map area to review existing soil sampling procedures and discuss options for sampling stream sediments with field geologists. They also aimed to discuss analytical geochemical procedures and sampling handling processes with laboratory chemists, and to study how geochemical maps were compiled.



From L-R: Gravity assisted manuel soll samplng; Paul and GSMB geologists panning for heevy minerals.

Compilation and Printing of Soil Geochemical Mapping Programme

Laboratory analysis were completed and compilation of sheet No 06 of Geochemical Atlas was being carried out.

Laboratory work of Soil Geochemical Mapping Programme

Analytical work of Pankulam and Trincomalee are completed. Samples of Mathugama sheet was being carried out during this period.

Analysis of water samples of Hambantota detailed survey was completed and analysis of soil samples was being carried out.

Field work of Soil Geochemical Mapping Programme

Field work of Sheet No. 80 (Mathugama) is completed. Detailed geochemical mapping was introduced to study specific areas in the published map. Detailed mapping on Hambantota planned for year 2019 is completed.

(d) The “Minerals Year Books - 2018”

The Mineral Year Book of Year 2018 was published which contains data related to year 2015, 2016 and 2017.

(e) Provincial Mineral Surveys and Provincial Mineral Maps

The printing of Provincial Mineral Maps of North Central Province and Sabaragamuwa Province were completed and print ready versions were submitted. Print ready version of Uva Province will be ready during 1st quarter of 2020.

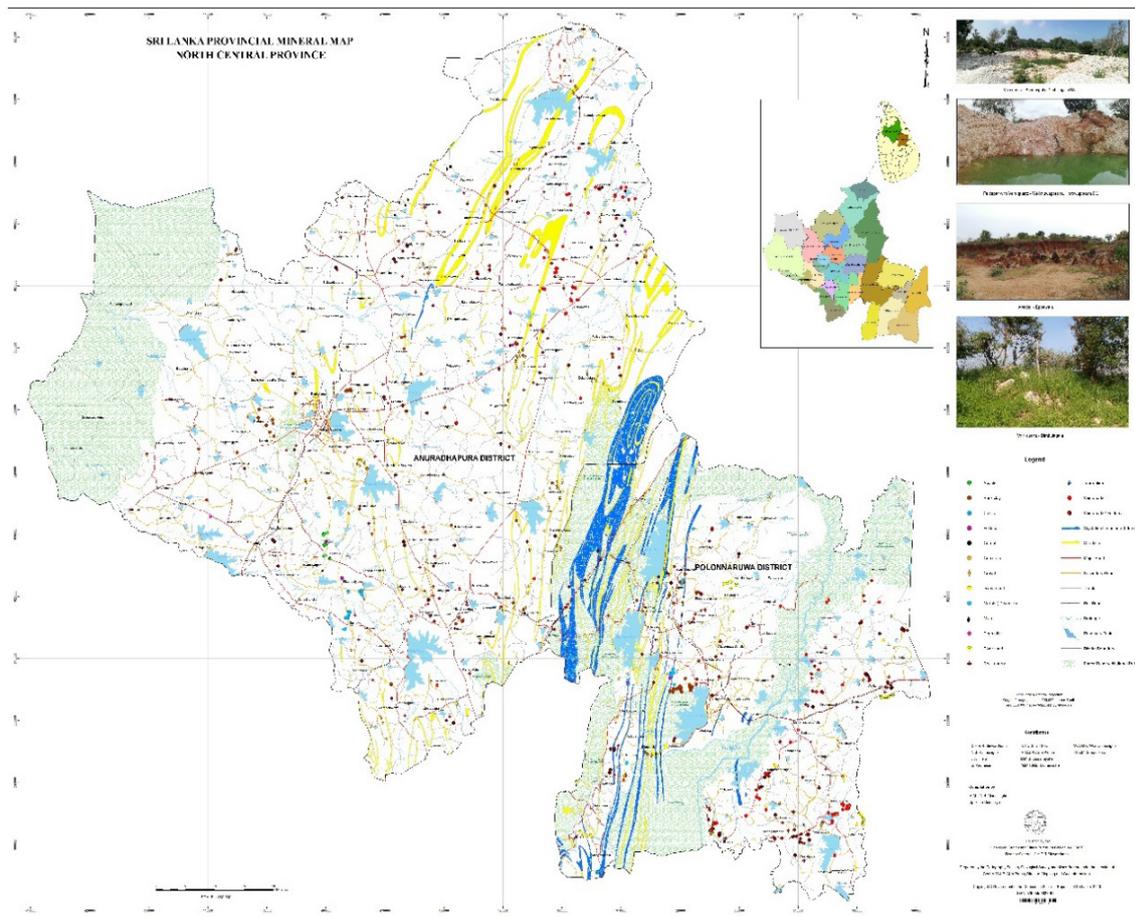


Fig. 4: Print-ready version of North Central Provincial Mineral map.

(f) Preparation of Mineral Specific Maps/ Reports

Mineral Specific Report on Heavy Mineral Sand is being processed, after completing field work.

MPA-2 Mineral Surveys, Geophysical Surveys and Resource Assessment

(a) Stream Sediments Surveys of River basins

Kirindi Oya

Field work planned for year 2019 was completed.

Walawe Ganga

Field work was completed and laboratory analysis was being carried out.

(b) The IAEA Assisted Nuclear Raw Material Survey and Allied Activities

Car-borne Gamma Ray Spectrometer Survey

Car-borne Gamma Ray Spectrometer Survey was planned to be carried out in Rakwana-Tangalle map area. About 55% completed in field work but it was temporary held as the instruments had to be employed to an urgent survey at Katunayaka Airport, and as instrument was broken subsequently, it had to be sent to Germany for repair

Nuclear Raw Material Survey along the Coastal Stretch from Colombo to Kirinda

Field work for nuclear raw material survey along the coastal stretch from Colombo to Kirinda was completed. It was earlier decided to collect samples simultaneously for laboratory analysis. However, later it was decided to collect samples after analyzing the field data from spectrometer, hence detailed survey was postponed.

Compilation of nuclear raw material survey data

Radiological data processing, mineralogical analysis and geochemical data analysis completed. Final compilation and report were being carried out.

Compilation of maps and reports of surveys where field work were completed.

Kokilai - Panama Coastal stretch

Report and map compilation completed.

Mitipola

Report and Map compilation completed.

Dambulla - Pallegama and Kandy - Hanguranketha 1:100,000 sheets

Report and map compilation completed.

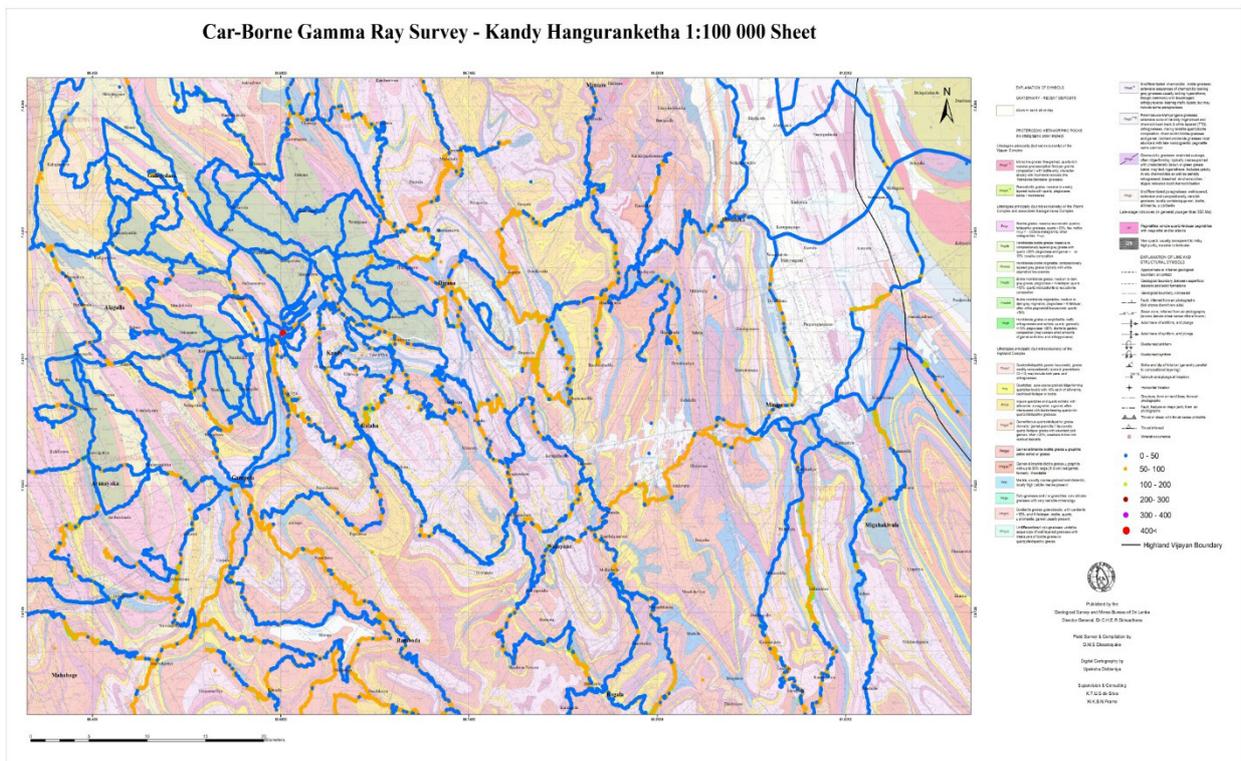


Fig. 5: Results of Car-Borne Gamma Ray survey in Kandy – Hanguranketha area.

(c) Geophysical Survey - Eppawala Phosphate Deposit Boundary Demarcation

Radiometric & Geological mapping

Geological mapping and rock sampling (field work) were completed.

Draft maps were prepared. After completing of field work suitable locations for drilling were selected. Data processing is completed and preparation of report is being carried out.

MPA-3 (Geology): Research & Development Earth properties and Seismic Activity Monitoring

(a) Enhancement of passive Seismic Monitoring Capacity

The installation of new seismic station at Buddangala, Ampara was commenced on mid-2019 and the purchasing of instruments 90% of the construction work were completed by the end of year 2019. The remaining work will be completed by early 2020.

The instruments upgrading of PALK station was carried out in mid 2019 with the Assistance of University of California, San Diego, USA. The data availability of the three seismic stations was within the satisfactory level in 2019 and the Data Center has successfully responded to public complaints on earth tremors, earth vibrations and Indian Ocean earthquake events.



Fig. 6: Construction of new seismic station at Buddangala.

(b) Overburden characterization maps of metropolitan areas

Colombo Metropolitan area

Letters were sent to approximate Government and private institutes. The bore hole logs and other data received from some of them were plotted on maps for analysis. As is indicated the data is not sufficient to develop a model of underground characteristics it was decided to persuade other organization to provide data.

(c) Research Studies on Environmental, Climatic & Crustal Studies

Paleo Malwathu Oya Sand Survey

Approval was not given by Irrigation Department to carry out field work. As it was obtained only at the end of year, it was decided to carry out field work in 2020.

(d) Upgrading the GSMB-Library***Purchasing Library Text Book***

Books to be purchased were selected, quotations were evaluated and notified selected suppliers to supply books.

Purchasing scientific journals and other journals

General journals were all purchased.

Procurement procedures for scientific journals were being carried out.

Digitizing Library documents

Scanning of professional paper collection (about 2500 pages) was completed as planned

For building pamphlets collection - documents to be scanned were selected (completed work as planned for year 2019)

Establishment of KOHA Software for Library data management

Documentation and installation of software is completed.

Data entry for text books is completed (The work planned for 2019 is completed).

MPA-4: Development of Infrastructure, Laboratory Facilities and Drilling Capacity**(A) PETROLOGY LABORATORY****1. Analysis carried out for the outside clients**

	# Samples		Mineralogical Analysis of sand samples	Thin section preparation & Petrographic analysis	Other (Mineral Identification, Particle size analyzer)	Total income (Rs.)
	Sand	Rock				
Sum	339	40	335	15	24	1796700.00
Other (Reissued/ Core cutting, sample sets ect.)	10					12000.00
Total	389					1,808,700.00

2. Other analysis done for projects and field works on requests of the officers of GSMB

Total	Sample nature	# Samples	Value of the analysis
	Sand/Rock	106	Rs 295,000.00

3. Other analysis done for Magistrate Court and Custom

Total	Sample nature	# Samples	Value of the analysis
	Sand/Rock	176	Rs 879,000.00

4. Action Plan work

Month	Analysis requested by/ Work	Type of Analysis	Sample nature	# Sam- ples	Value of the analysis
					March
May	Ms. Chamindi	Full Sieve Analysis	Sand	118	280000.00
			Rock	59	
Total				225	633,000.00

ANALYTICAL LABORATORY**(1) CHEMICAL ANALYSES CARRIED OUT FOR OUTSIDE CLIENTS**

- Analysis of 350 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 2,939,615 (without taxes) as Analytical laboratory income.

(2) CHEMICAL ANALYSES DONE FOR THE PROJECTS UNDERTAKEN BY GEOLOGY DIVISION.

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

Name of the project	Number of samples	Income (Rs)
1. C.G Cement drilling project limestone	57	570,000.00

(3) CHEMICAL ANALYSES DONE ON THE REQUEST OF GSMB OFFICERS FOR THEIR PROJECTS/RESEARCH

Analysis Requested by/ Sample collected by	Type of sample/Re- quired analysis	No of sam- ples	Value of the analysis
Mr. Dissanayaka	Water/ salinity	08	Rs 4000.00
Dr. Sterin Fernando/Mr. Panduka	Water/Full	07	Rs 18,000.00
Mr. Panduka	Red earth/Full	03	Rs 36,000.00
Dr. Sterin Fernnado	Rock/Full	01	Rs 12,000.00
Mr. Panduka	Water/salinity	29	Rs 14,500.00
Dr. Sterin Fernando	Soil/gold	07	Rs 7000.00
Dr. Sterin Fernando	Lime stone/Full	02	Rs 18,000.00

(4). SAMPLES DONE FREE OF CHARGE FOR REGULATORY WORK & ON SPECIAL REQUESTS

Analysis requested by/ project	Sample nature/ Number of sam- ples	Type of the anal- ysis carried out	Value of the analysis
1. Collection of soil samples from the containers detained at Sri Lanka Customs and analyzed for gold	Soil/75	For Au	Rs 150,000.00
2. Collection of water samples from Kinnya area	Water/ 08	salinity	Rs 8000.00
3. Analysis of coral samples submitted by the Regional office Trincomalee	Coral/05		Rs 5000.00
4. Ministry of Mahaweli Development & Environment	Soil/102	pH, moisture, organic matter	Rs 204,000.00

(5). ACTION PLAN WORK.*(a) CHEMICAL ANALYSES DONE FOR ACTION PLAN WORK*

<u>Action plan work</u>	<u>Number of samples</u>	<u>Value of the analysis</u>
1. Stream Sediment Survey - Walawe River Basin/Mr. Chinthaka, Geologist	48	Rs 960,000.00
2. Chemical analysis of apatite / Mr. Jayakody, Geologist	20	Rs 240,000.00

3. Chemical analysis of sand samples collected for Radio Active mineral survey/ Mr. Sunil Dissanayaka, Geologist	09	Rs 135,000.00
4. Chemical analysis of sand samples collected for Radio Active mineral survey/ Mr. Sameera, Geologist	21	Rs 135,000.00

(b)GEOCHEMICAL MAP PREPARATION

(i) Sheet No 08: Anuradapura- Polonnaruwa.

Completed the chemical analysis of 1030 soil samples collected from: Anuradapura- Polonnaruwa 1:50,000 sheet and the results were handed over to the assigned geologist for the preparation of Geochemical map sheet No 08 Anuradapura- Polonnaruwa.

(ii) Sheet No 06: Vauniya- Trincomalie

Completed the analysis of 510 samples collected from Madawachchiya, Pankulam & Nilaveli sheets and the analysis of 532 samples collected from Horowpatana, Trincomalee and Vauniya sheets are in progress for the preparation of Geochemical map Sheet No 06 Vauniya- Trincomalee

(iii) Sheet No 19- Matugama

Completed the initial sample preparation of 250 soil samples collected from Matugama (sheet No 20). The digestion and analysis work haven't been started as the ICP-OES is out of service.

(iv) Hambantota Detailed survey

Completed the chemical analysis of 24 water samples collected in Hambantota industrial zone.

Initial sample preparation of 24 soil samples collected under this survey were completed and the digestion and analysis work haven't been started as the ICP-OES is out of service.

6. LABORATORY ACCREDITATION – ISO 17025.

The analytical laboratory has been awarded ISO/IEC 17025 accreditation from Sri Lanka Accreditation Board for chemical analysis of quartz, dolomite and water.

7. PROFICIENCY TESTING PROGRAMME

Analytical laboratory have participated following Proficiency Testing Programmes to assure quality of its test results during year 2019.

	Time of the PT/ ILP	Name of the PT /ILP	Name of the PT / Inter laboratory Provider	Test parameters	Results/ Remarks
1	March 2019	Metals in waste waters	Quality Check SRL Italy	A r s e n i c , Mercury	Results of all parameters are satisfactory

2	August 2019	Chemical testing of Dolomite	PT Division, SCS Enviro Services (Pvt) Ltd, India	SiO ₂ , CaO, MgO and Loss on ignition	Results of all parameters are satisfactory
3	December 2019	Chemical analysis of drinking water	ITI Proficiency Testing Scheme	pH, Electrical Conductivity, Alkalinity, Chlorides Total hardness Total solids	Results of all parameters are satisfactory

1.1.5 CLIENT RESPONSIVE PROJECTS AND ACTIVITIES (INCOME GENERATING)

A few client responsive projects for drilling which are income generating to GSMB were included in the Action Plan of 2019 as they were identified in 2018.

Gin Nilwala Project

This project was entrusted to GSMB by Prof. Jagath Gunathilake. It was successfully completed where 23 drill holes were drilled. The total depth drilled in all holes added upto 2095m.

CG Cement Project

This project was entrusted to GSMB by CG Cement Pvt Ltd. It was successfully completed where 6 drill holes were drilled. The total depth drilled in all holes added upto 210m.

In Addition to above, the following client responsive drilling projects were undertaken by Geology Division on 2019. Some of them were profit generating while some were done on request of various government institutions.

Deniyaya

29 drill holes were drilled in Deniyaya where the cumulative depth was 460.75m. This was carried out on the request of the Ministry of Southern Development Board.

Darga Town – Aluthgama

Two drill holes were drilled (total depth approximately 35m) at a temple to investigate the depth to bed rock in Darga Town on the request of Sri Wijayaramaya Temple.

Poonaryn

A drilling project was commenced in Poonaryn as a project entrusted by Tokyo Cement Ltd. It was temporary abandoned due to objections of the villagers. However, it is proposed to resume in 2020.

Buddhangala

A drill hole was successfully drilled using controlled chemical blasting technique as a part of the construction process of the new seismic station Buddhangala.

Silavatturai, Wilpattu and Aruwakkalu

These drill holes were drilled as a part of Quaternary Mapping detailed drilling programme. The total depth was approximately 130m.

OTHER ACTIVITIES

Mineral Surveys

Some mineral surveys were carried out as client responsive projects, which were done on request of private companies or individuals. Those were income generating projects. In addition some mineral surveys were carried out on request of the mining division, on decisions made by the management on specific circumstances or on request of other Government institutions.

Sand Surveys:

- Inland sand survey in Uppumaveli village of Mullaitivu District
- Inland sand survey in Silawattai village of Mullaitivu District
- inland sand survey in Manalkadu and Nagarkovil in Jaffna District
- River Sand Survey Batticaloa - According to the request of Department of Irrigation through parliamentary committee
- River sand survey – Rathnapura
- Sand Survey Kalu Ganga
- Sand Survey in Kalutara District
- inland sand survey at Godagedara, Balapitiya
- Several short term (1-2 days) sand surveys

Reserve estimation of other minerals

- Reserve Estimation for RQs in Diddeniya Area under SEA by CEA
- Construction Raw Material Survey for Ampara and Batticaloa districts
- Mineral Sand Survey Kuchchaveli- Arasimalai
- Vein Quartz Survey in Kandy District
- Colombo district aggregate quarry survey
- Resource estimate for the proposed gravel mine in Mathawa area of Kurunegala District
- Geophysical investigation in Ambalangoda Rock quarry (Overburden estimation)

Other Field Investigations

- Inspection on rock carvings for exportation at Wellampitiya.
- Geophysical investigation to assess unstable structure in Hawaeliya area (CTB Bungalow).
- Stream sediment survey in Kirindi Oya.

Field work and compilation work on “Shila Coffee Table Book”

The management of GSMB decided to popularize the subject “Geology” among the general public and other relevant institutions and as a first step the coffee table book was launched. The book contains the story of the historical development of the mineral sector in a simple manner along with mesmerizing aerial photographs of major mineral bearing areas in Sri Lanka. In a nutshell the book “Shila” says it all about the mineral sector of the country in a concise manner.



Contribution for improvement of Environmental Quality

- Several Geologists participated field visits and meetings on EIA procedures related to mining and construction projects for setting Terms of Reference (TOR) for an EIA or approving EIAs.
- Identification of Environmental Impacts and Technical Feasibility of the Rock Extraction for Development of Recreational Beach/Sea Water Front from Colpetty to Dehiwala Canal Outlet
- As a part of the ongoing Ma Oya conservation Programme, it was decided to delineate a buffer zone of 100m on both banks of the river and a sensitive part of the river as no-mining area. Officers of Geology division took part in several stakeholder meetings and contributed by preparing maps for gazetting the appropriate area.

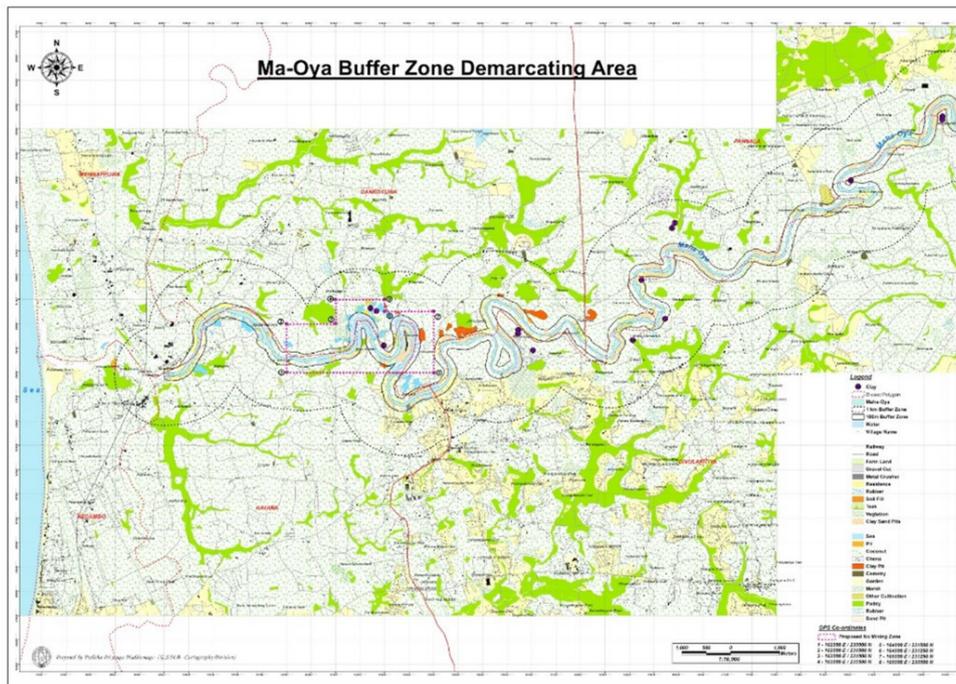


Fig. 7: demarcated buffer zone along Ma oya

- Few geologists took part in several activities regarding the “Haritha Weli Thotupola” programme which was introduced by GSMB to conserve river bank degrading by mining activities.
- Several geologists Participated the Environmental Monitoring Committee Meetings and the Field visits related to ongoing expressway projects, hydropower projects, tunnel excavations and other projects jointly monitored with Central Environmental Authority.
- A few investigations were carried out to monitor salinity variations of rivers due to sand mining.

Contribution to National Security

- Assisting Sri Lanka Air Force (SLAF), CBRNE Unit to identify Radioactive sources which could be a possible nuclear treat in and around Katunayake BIA using MONA instrument.
- Geophysical investigation in Mulathive district (Buried weapon investigation in Puthukkudiyiruppu, Nedunkeni, Kokkilai).



Educational and Awareness Programmes

- Participated “Jewels 2019”, Gem and Jewelry Exhibition at BMICH held on 2019.12.14 and 2019.12.15.
- Delivered a lecture on “Mineral identification and sampling methods” in workshop for Police officers in Hambantota District conducted by Legal Division.
- A geologist participated for awareness programme on “Explosives and their issues related with mining – Southern Province” in Matara.

Mining related activities

- Several geologists have participated joint inspections in collaboration with regional offices regarding issuance of licenses.
- Several geologists have participated joint inspections with officials of Divisional Secretaries Offices on mining activities

Attending Public Complaints

- Several Geologists carried out field visits to investigate public complaints regarding adverse effects of mining.
- Few investigations have been carried out to assess effects of mining activities on the request of the Courts.

Workshops, Seminars and Trainings

- Several officers of Geology division actively participated in arrangements related to “Bhoo Abhimani” event organized by GSMB.
- Six Geologists participated the workshop on “Corporate Plans: Development, Strategies and Implementation” organized by the Institute of Geology, Sri Lanka (IGSL) and IGSL Annual General Meeting on 07/06/2019.
- A geologist represented GSMB in an awareness programme on National Bio-Diversity Strategic Action Plan (NBSAP) organized by Colombo District Secretariat in collaboration with Bio-diversity secretariat of Ministry of Mahaweli Development and Environment.
- A Geologist represented GSMB in a workshop on “Bay of Bengal Large Marine Ecosystem (BOBLME)” organized by the IUCN in collaboration with Ministry of Mahaweli Development and Environment.
- A Geologist participated a workshop on “ISO 14001 Consultants training” organized by National Cleaner Products Centre (NCPC).
- A geologist participated a Short course on TUNNELING AND ROCK SLOPE ENGINEERING

by DR.M. Verman from October 30th to November 02nd at Hilton Residencies.

- One geologist represented GSMB to the five days training program conducted by Sri Lanka Atomic Energy Regulatory Council on “safe and secure use of radiation in Industry and Research”.
- A geologist participated to the workshop on Petrographic analysis conducted by Prof. Hirroi at University of Peradeniya.
- Two geologists participated to work shop on Commercial Explosive Distribution held on Central Province Council.

Foreign Seminars/ Workshops

- MR. A.M.D.U. Abeysinghe participated for the INTERNATIONAL EARTH SCIENCE OLYMPIAD COMPETITION 2019 held in Daegu, Korea as the Head Mentor.
- Mr. Goyum Wicramasinghe participation to 4th International ENVINET User Conference and ENVINET’s NMC 3.0 Training from 15th to 18th October 2019, in Munich, Germany.

Meetings

- Geology division of GSMB organized a stakeholder meeting on “Identification of Various Geological Surveys/ Monitoring Activities by Different Agencies of Sri Lanka” held at Sri Lanka Foundation on 27/05/2019.
- Several geologists participated meetings related to mining activities held at Divisional secretaries and other government institutes.

Other work

- Several geologists were involved in rocks/sand samples identifications of customer samples for exports purposes.

MINES DIVISION

MAJOR FUNCTIONS OF THE MINES DIVISION

The Mines Division is presently functioning with Nineteen 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 power has 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 advices)
- Expert services (blasting techniques, license upgrading, safety methods, test blasts, crack surveys)
- Awareness Programmes (Awareness Programmes for public officers & license holders, Workshops for people engage in mining activities, Exhibitions)
- Rehabilitation Programmes (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 following types of licenses.

- Exploration licenses
- Mining licenses (Artisanal, Industrial, 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 hectare or to a depth not exceeding twenty five meters.

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

- The depth of bore hole 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 under mentioned 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. After the regulation amendment 2130/45 on 04.07.2019, industrial mining license were amended from three categories (Category A, B, C) of mining license to four categories (Category A, B, C, D) of Industrial mining license.

Category A (include one or more of following conditions)

- Blasting method - multi-borehole using delay elements
- The depth of the bore hole - more than 3.0 meters
- Production volume - more than 5600 m³ per month
- Machinery to be used - track drills, jack hammers, rock breakers, front-end loaders and other machinery

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

- Blasting method - multi-borehole using delay elements
- The depth of boreholes - not more than 3.0 meters
- The production volume – less than 5600 m³ per month
- Machinery to be used - track drills, jack hammers, rock breakers, front-end loaders and other machinery

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

- Blasting method - single shot-hole
- Depth of the bore hole - less than 3 m
- Production volume - less than 2800 m³ per month
- Machinery to be used - track drills, jack hammers, rock breakers, front-end loaders and other machinery

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

- Blasting method - single shot-hole
- Depth of the bore hole - less than 1.5 m
- Production volume - should less than 1400 m³ per month
- Only jack hammers to be used

Reserved Minerals (RML) – (Income)

License to explore, for, 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)

Following chart shows the royalty income collected by the GSMB. It clearly shows a general increase of royalty collection.

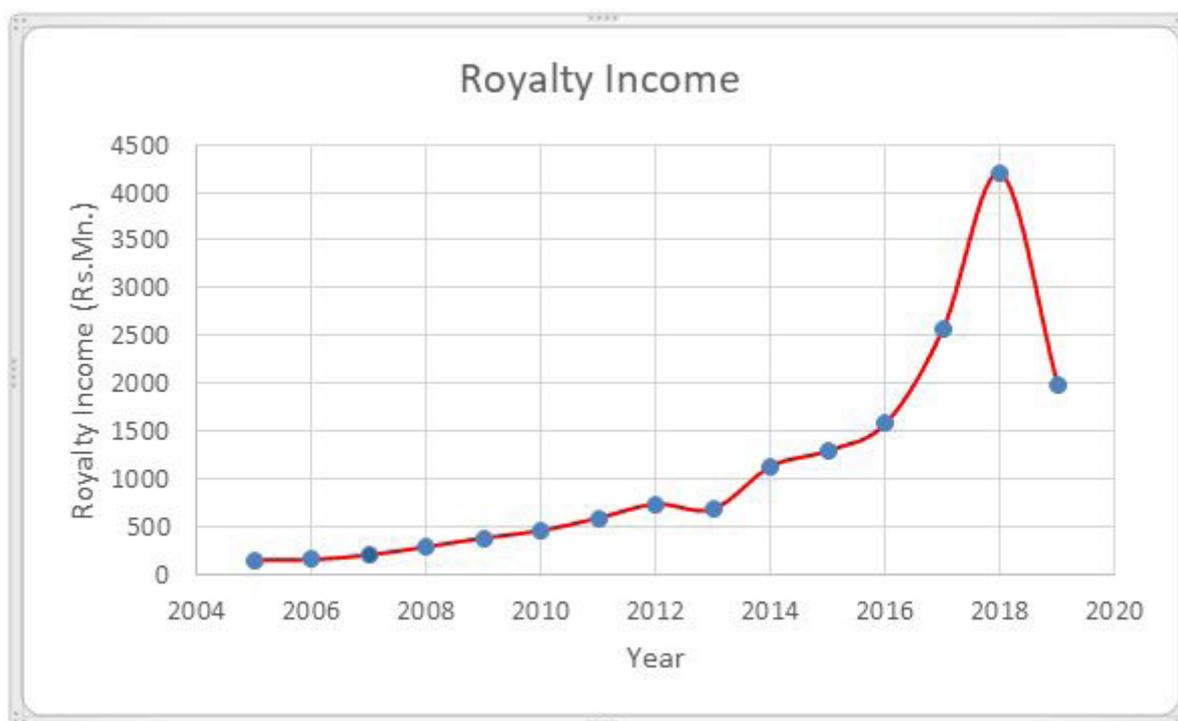


Fig. 1: Income generated by royalty during the period of 2005 to 2019

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	2,569.32
2011	586.89	2018	4,202.44
		2019	1,977.61

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.

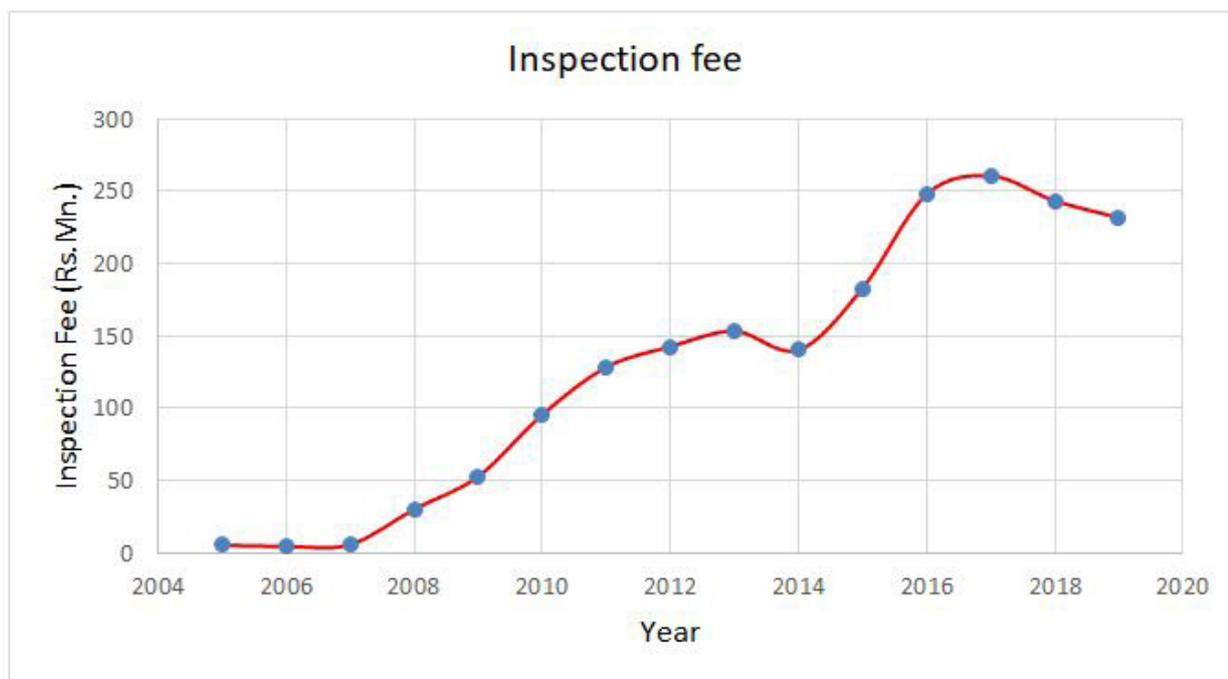


Fig. 2: Income generated by mines inspection during the period of 2005 to 2019

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	260.66
2011	128.42	2018	243.54
		2019	231.81

Income generated by issuing Licenses

The amount of licenses issued by the bureau for various minerals in 2019 is depicted by the table below.

License type	License category	No. of Licenses issued	Total Charge
Exploration	EL	48	12,494,000.00
Mining	IML/A	189	20,710,000.00
	IML/B	1645	14,276,000.00
	IML/C	872	7,082,000.00
	IML/D	89	455,000.00
	AL/A	1319	4,089,000.00
	AL/B	2300	3,001,750.00
Trading	TDL/A	18	135,000.00
	TDL/B	3894	19,470,000.00
	TDL/C	2	2,000.00
Transport	TPL	1063589	95,723,010.00
Export		675	3,375,000.00
Total		1,074,640	180,812,760

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

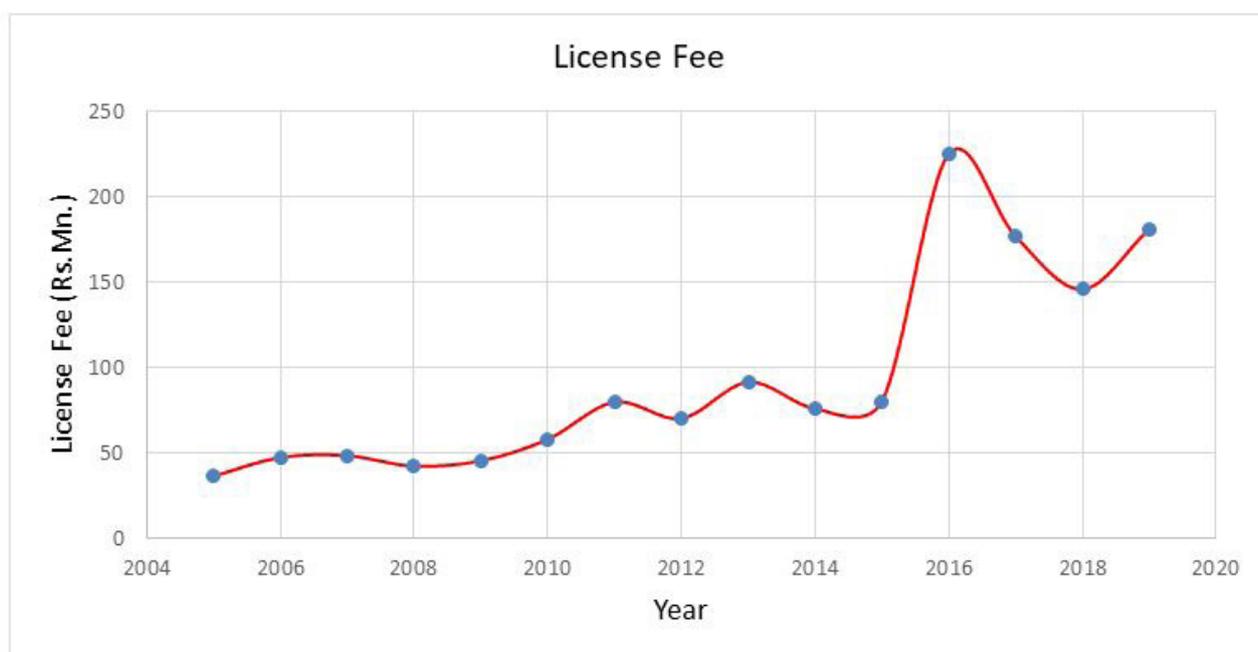


Fig. 3: Income generated by issuing license during the period of 2005 to 2019

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	176.40
2011	79.46		2018	145.47
			2019	180.81

Geological Survey & Mines Bureau - Mines Division

Summary Performance (Financial and Physical) - Year 2019

					Rs. Million
Components/Activity	Type of	Unit	Annual Allocation & Target	Financial and Physical Progress	
Issuing licenses as per the Mines & Minerals Act No.33 of 1992					
Artisanal Mining Licenses (AML)					
AML – A	In- come	Rs. Mn.	3.6		4.1
		No.	1200	1319	
AML – B	In- come	Rs. Mn.	2.4		3.0
		No.	1950	2300	
Industrial Mining Licenses (IML)					
IML – A	In- come	Rs. Mn.	3.2		20.7
		No.	160	189	
IML – B	In- come	Rs. Mn.	16		14.3
		No.	2000	1645	
IML -C	In- come	Rs. Mn	1.6		7.1
		No	400	872	
IML – D	In- come	Rs. Mn.			0.5
		No.		89	
Trading Licenses (TDL)					

TDL – A	In- come	R. Mn.	0.08	0.14
		No.	10	18
TDL – B	In- come	R. Mn.	17	19.5
		No.	3400	3894
TDL – C	In- come	R. Mn.	0.005	0.002
		No.	5	2
Transport Licenses (TPL)	In- come	R. Mn.	79.2	95.7
		No.	880,000	1,063,589
Hardware TPL	In- come		23.350	0 (Final Account)
Export Permits	In- come	R. Mn.	3.3	3.8
		No.		675
Exploration Licenses (EL)	In- come	R. Mn.	6	12.5
Collection of Royalty (Final Account)	In- come	R. Mn.		1,977.6
Inspection Charges of Mining	In- come	R. Mn.	260	231
Conducting of Test Blast	In- come	R. Mn.	6.6	5.3
Office Charges on Refund License	In- come	R. Mn.		0.097
Mining Income - Sundry	In- come	R. Mn.		48.59
Letter for Exports of sample	In- come	R. Mn.		0.072
Service Charges on TPL - SLL-RDC	In- come	R. Mn.		2.0

Regional Offices:

The Mines Division is presently functioning with sixteen (19) Regional Offices at Ampara, Anuradhapura, Badulla, Batticaloa, Colombo, Gampaha, Hambantota, Jaffna, Kagalle, Kalutara, Kandy, Kurunegala, Matale, Matara, Monaragala, Polonnaruwa, Ratnapura, Trincomalee and Vavuniya with two (3) sub offices at Mannar, Hasalaka and Kantale. The major activities of these Regional Offices are to cater 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 2019 are as follows:

Regional Office	Regional Mining Engineer / Mining Engineer
Ampara	<u>Eng.H.A.C.K.W.Bandara</u> , Eng.H.M.J.C Weerasooriya
Anuradhapura	<u>Eng.C. K.Karunananda</u> , Eng.S.A.J Kumarasiri, Eng.R.R.Kulas
Badulla	<u>Eng.W.A.S.Rupawansa</u> , Eng.E.M.K.B.Ekanayaka
Batticaloa	<u>Eng.M.R.M.Farees</u> , Eng. P. Pavithra
Colombo	<u>Eng. W.D.M Perera</u> , Eng.I.G.V Sandamali
Gampaha	Eng.R.M.D.Rathnayake, Eng.W.Gajasinghe
Hambantota	<u>Eng.U.H.T.Priyantha</u> , Eng.S.P.K.Pathirana
Jaffna	<u>Eng.D.Mayooran</u> , Eng.C.Jayaropan , Eng. K. Chiyawarnan
Kagalle	<u>Eng.K.G.G.Kumburuhena</u> , Eng. N.W.C.P Lanka
Kalutara	<u>Eng.W.A.A.C.Wanniarachchi</u> , Eng.U.L.H.Chathurani
Kandy	<u>Eng. A.P. Wimalasena</u> , Eng.G.V.A.D.C.Godagama
Kurunegala	<u>Eng. K.N.W.K.Wimalarathna</u> , Eng.W.M.N.T Warnasooriya
Matale	Eng.A.M.H.V.Adhikari , Eng. E.M.C.K Ekanayaka
Matara	<u>Eng.D.L.P.M Dauglas</u>
Monaragala	<u>Eng.T.M.W.Bandara</u>
Polonnaruwa	Eng.W.G.B.T.Kumara , Eng.W.M.T.U Jayasinghe
Ratnapura	<u>Eng.T.S.Kumara</u> , Eng. S. Abeysingha
Trincomalee	<u>Eng.P.A.S.Kumarasinghe</u> , Eng.K.Vigneshamoorthy
Vavuniya	<u>Eng.J.M.E.P.K.Jayasekera</u>

Financial Review

Compared to the previous year the Geological Survey and Mines Bureau shows comparatively a low value as far as its income and expenditure are concerned. Accordingly the Bureau managed to earn a net profit of 158 million rupees (2018 – 391 million rupees) during the year ended as at 31st December 2019. However the income of the Bureau decreased by 46.63% during the year under review due to the fact that no income was received from the Colombo Port City Development Project. The amount decreased is indicated as 2797.5 million rupees (2018 – 5242.01 million rupees)

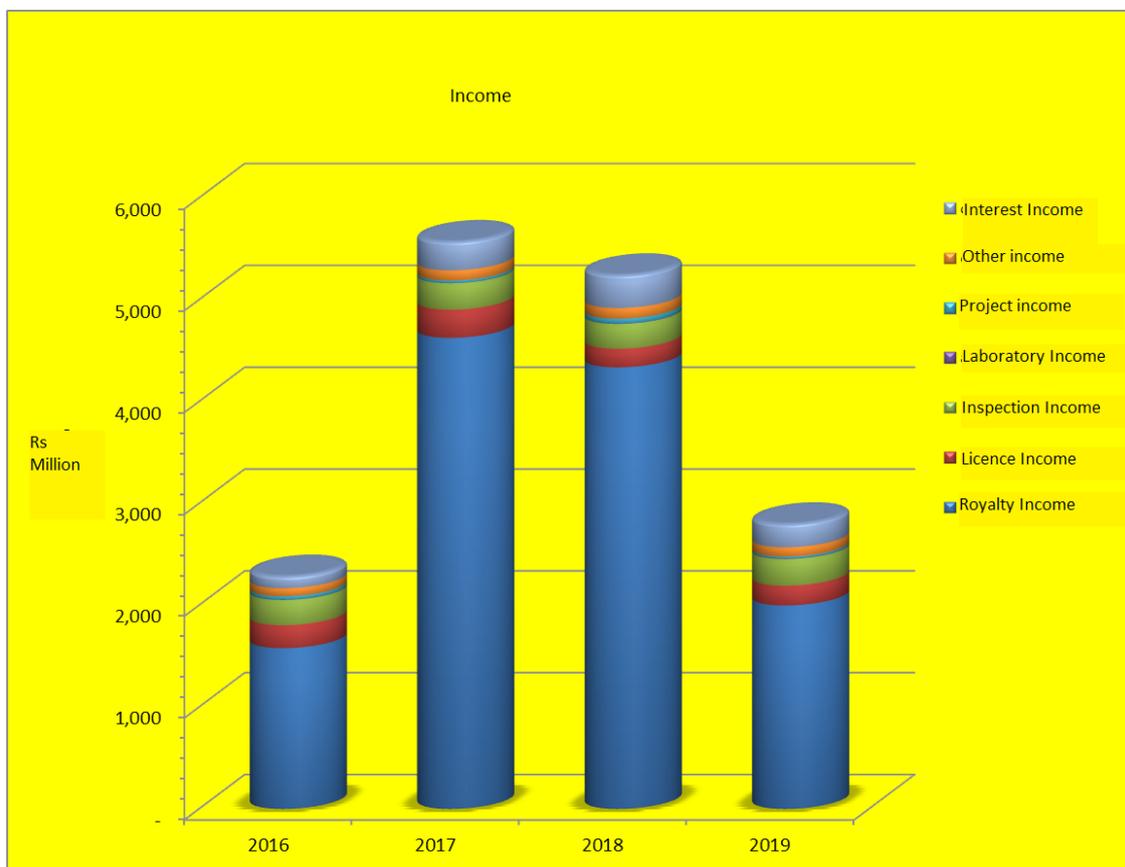
The following incomes makes the total income of the Bureau

Royalty income 2019 : 1997 million rupees (2018: 4336 million rupees), License charges 2019 : 194 million rupees (2018 : 182 million rupees) Inspection charges 2019 : 194 million rupees (2018 : 244 million rupees) Laboratory income 2019 : 5.3 million rupees (2018 : 4.1 million rupees) Project income – 2019 : 18.1 million rupees (2018 : 46.6 million rupees).

The royal income decreased by 54% in the year 2019 compared to the year 2018 due to the fact that the income to be received from the Colombo Port City Project was not received. This indicated a marked decline in the income of the Bureau.

However inspection income and laboratory income show a growth.

Though the net profit earned this year has declined by 59.5% in comparison with the previous year ,the total amount of net profit earned during the year is 158 million rupees.



Legal Division

- **Hierarchy of Legal Section**

(As approved by the Management Service Department)



- **Present Staff of the Legal Section**

1. Mrs. Kanchana Fernando - Director (Legal) Acting
2. Mrs. T. Wijayanayake - Legal Consultant
3. Mr. Ranjith Priyantha - Assistant Director (Legal)
4. Mrs. Surakshika De Fonseka - Assistant Legal Officer (Contract Basis)
5. Miss. M.D.P. Piumi- Assistant Legal Officer (Contract Basis)
6. Mrs. Narmada Fernando - Assistant Legal Officer (Contract Basis)
7. Mr. A.H.L. Jayantha - Enforcement Officer (Contract Basis)
8. Mr. Thilina Wijesuriya - Enforcement Officer (Contract Basis)
9. Mrs. Ann Padmini - Management Assistant
10. Mrs. Udenika Premamali- Management Assistant
11. Mrs. Vineetha Vijayalakshmi- Management Assistant
12. Miss. Isuri Nadeesha - Management Assistant
13. Mr. Dhammika Pushpakumara- Office Assistant

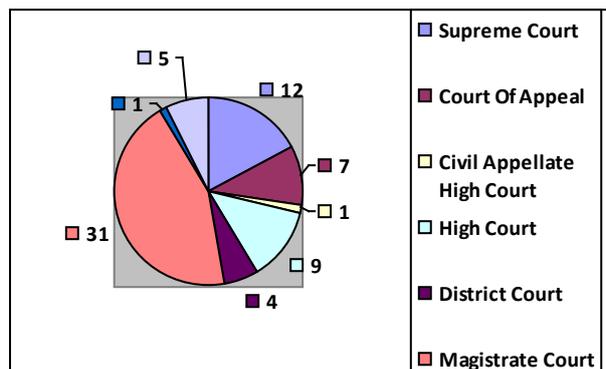
● **Functions of Legal Section**

➤ **Filing of New Cases against Condition Violation and Illegal Mining - 16**

January - 02	July- 03
February- 02	August- 02
March- 02	September- 01
April- 01	October- 00
May- 03	November- 00
June- 00	December- 00

➤ **Total Number of Cases handled by Legal Section- 70**

- Supreme Court - 12 Cases
- Court of Appeal- 07 Cases
- Civil Appellate High Court- 01 Case
- High Court- 09 Cases
- District Court- 04 Cases
- Magistrate Court- 31 Cases
- Labour Tribunal- 01 Case
- Human Rights Commission - 05 Cases



➤ **Appearing in Courts - 255 Appearances**

January - 26 Cases	July- 38 Cases
February- 21 Cases	August- 16 Cases
March- 11 Cases	September- 21Cases
April- 14 Cases	October- 24 Cases
May- 35 Cases	November- 18 Cases
June- 20 Cases	December- 11 Cases

- Filing of New Cases following the raids Conducted by Enforcement Unit- **93**

January - 06	July- 05
February- 14	August- 00
March- 05	September- 13
April- 00	October- 25
May- 05	November- 02
June- 01	December- 05

- Consultations held with Attorney General Department regarding cases handled by legal section and for obtaining legal opinion- **30**
- Investigations and Raids conducted by Enforcement Unit- **68**



- Total sum of Rupees collected as fine to Government, through the investigations and raids- **Rs. 6,598,000.00**

Raids conducted on complaints received by the Bureau - Rs. 6,220,000.00

Raids conducted on complaints received by the 1921 Hotline- Rs. 378,000.00

- Total sum of Rupees collected as royalty, through Letters of Demand and filing Court Actions- **Rs. 6,623,647.68**

Through Letters of Demand- Rs. 1,884,136.60

Through filing cases- Rs. 4,739,511.08

- Letters received by legal section for obtaining legal advices and for take necessary actions- **2346**

January - 205	July- 217
February- 163	August- 212
March- 186	September- 213
April- 136	October- 217
May- 186	November- 196
June- 201	December- 214

- Preparation of Letters, Reports, Memos to send to Police Stations, Courts, Government Authorities, subordinates, License Holders/Applicants & others- **564**

January - 35	July- 47
February- 36	August- 56
March- 46	September- 46
April- 30	October- 59
May- 48	November- 62
June- 53	December- 46

- Mining Files Handled by Legal Section for Providing Legal Advices- **300**

January - 28	July- 26
February- 30	August- 25
March- 29	September- 23
April- 18	October- 21
May- 23	November- 29
June- 25	December- 23

- Letters and Files handled by Enforcement Unit - **463**

January - 73	July- 29
February- 80	August- 19
March- 93	September- 31
April- 39	October- 25
May- 15	November- 23
June- 13	December- 23

- Awareness Programmes for Police Officers and for Police Special Task Force Officers conducted, by Legal Section regarding Mines and Minerals Act.

District	Date	Participated Officers
Kurunegala	15.02.2019	110
Kilinochchi	25.03.2019	109
Hambanthota	05.04.2019	75
Kalutara	30.07.2019	55
Kandy	16.08.2019	94
Monaragala	27.09.2019	69

- 01 awareness programme held at GSMB Head Office for Registrars and Field Assistants of GSMB on 15.07.2019.
- 02 awareness programmes held in Kalutara and Kurunegala for District Secretary, Divisional Secretary and Police Officers regarding explosives.
- 03 awareness Programmes held in National Police Academies at Katana, Colombo and Gampaha regarding legal issues of Mines and Minerals Act.
- Agreements prepared on behalf of GSMB - **25**
 - Lease Agreements - 12 Project Agreements- 08
 - Service Agreements- 03 Memorandum of Understanding (MoU)- 02
- Necessary actions were taken to obtain the ownership for the reserved lands for Kataragama Circuit Bungalow, Nuwara Eliya Circuit Bungalow, Ampara regional Office, Rathnapura Regional Office, Polonnaruwa Regional Office and Office Premises for ‘Green Sand’ project in Kurunegala.
- Amendments to the Act
 - Internal meetings were held to obtain the views of other sections in the months of February, March, May, July and September.
 - Identified important areas to be amended.
 - Identified amendments for the offences on rehabilitation, conditions violating and confiscating of illegally mined minerals and equipment.
 - Draft is being prepared by legal section as a base document.

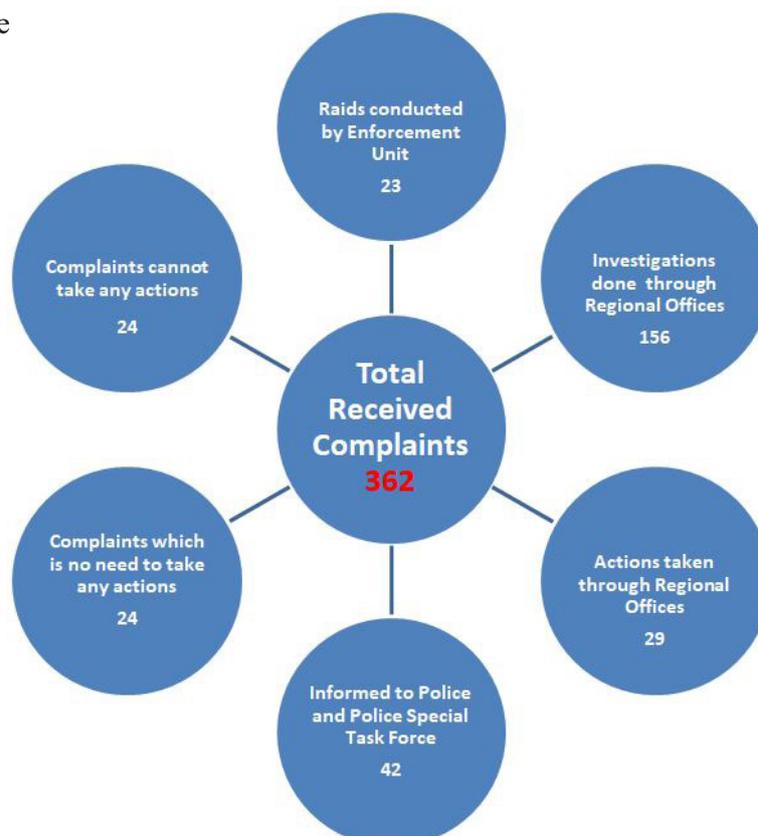
- Amendments to the Regulation
 - 1st part of regulations was published on 04.07.2019 and 2nd part has sent to Legal Draftsman Department.

- Implementation of Ma Oya Management Meeting
 - As directed by Supreme Court Case no. 81/2004, Legal Section coordinated meetings to finalize the Environment Sensitive Area with the Ministry of Environment, Central Environmental Authority, Irrigation Department, Divisional Secretariat Offices and Police Stations.
 - The Map was presented to the Ministry of Environment for preparation of Cabinet paper and also a meeting was held at Ministry to finalize the procedure of gazette the area.

- Other Meetings- **126**
 - Board of Management Meeting- 10
 - Audit and Management Meeting- 04
 - Other Internal Meetings representing Legal Section - 98
(Internal discussion/Sectional Head meetings/Presentation etc..)

 - Appeal Hearing at Ministry of Environment- 09
 - Consultations hold with Legal Draftsman- 05

- 1921 Hotline

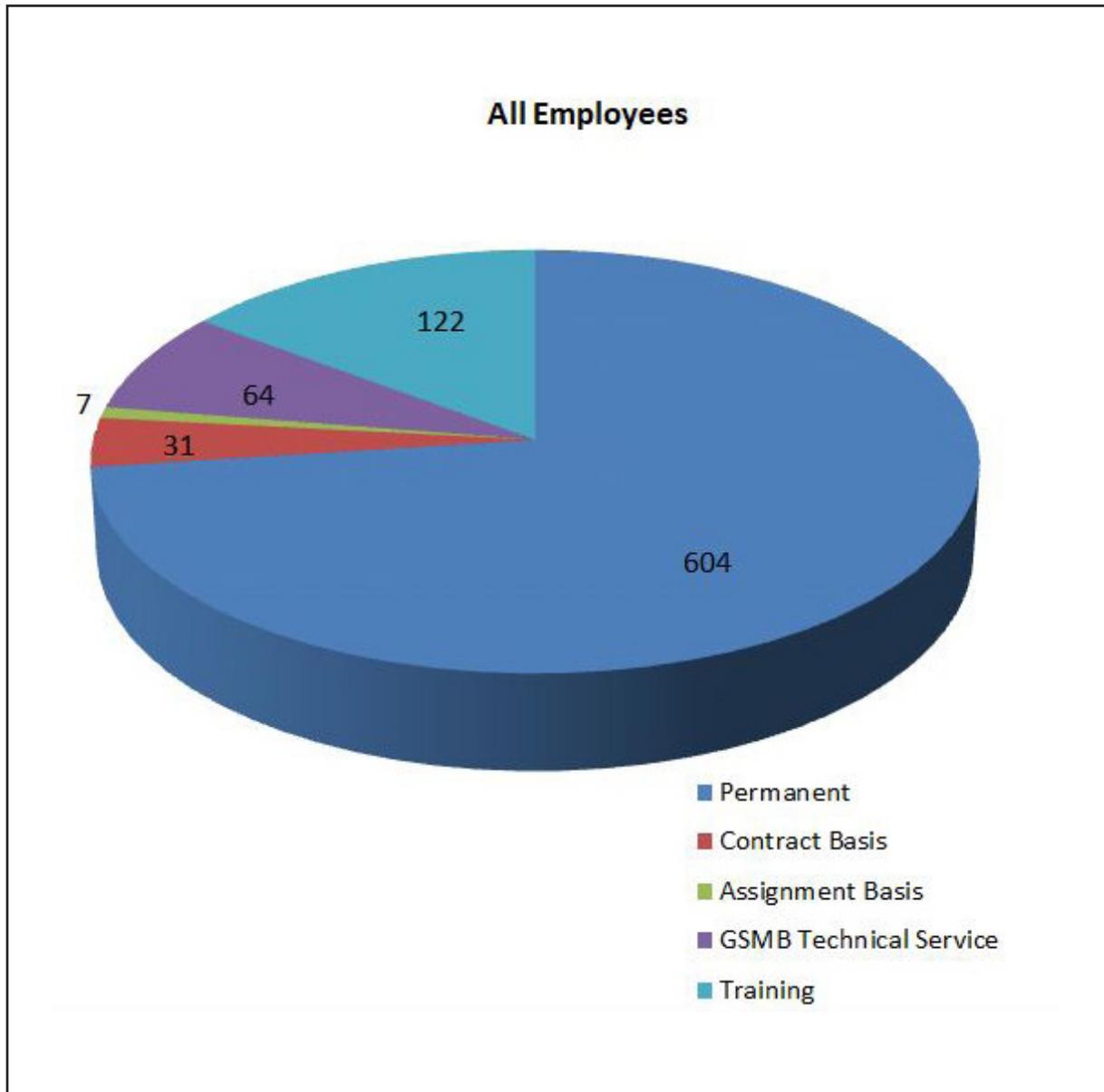


- **Summary**

- Total working days for the year 2019 - **244**
- Filing of New Cases following the raids Conducted by Enforcement Unit- 93
- Filing of New Cases against Condition Violation and Illegal Mining - 16
- Total Number of Cases handled by Legal Section- 70
- Appearing in Courts - 255 Appearances
- Consultations held with Attorney General Department regarding cases handled by legal section and for obtaining legal opinion- 30
- Letters received by legal section for obtaining legal advices and for take necessary actions- 2346
- Investigations and Raids conducted by Enforcement Unit- 68
- Total sum of Rupees collected as fine to Government, through the investigations and raids- Rs. 6,598,000.00
- Preparation of Letters, Reports, Memos to send to Police Stations, Courts, Government Authorities, subordinates, License Holders/Applicants & others- 564
- Mining Files Handled by Legal Section for Providing Legal Advices- 300
- Letters and Files handled by Enforcement Unit - 463
- Awareness Programmes for Police Officers and for Police Special Task Force Officers - 06
- Other Awareness Programmes- 06
- Agreements on behalf of GSMB - 25
- Other Meetings- 126 +
- Total received complaints to 1921 Hotline- 362
- Total earnings for GSMB (collected as royalty, through Letters of Demand and filing Court Actions)- Rs. 6,623,647.68

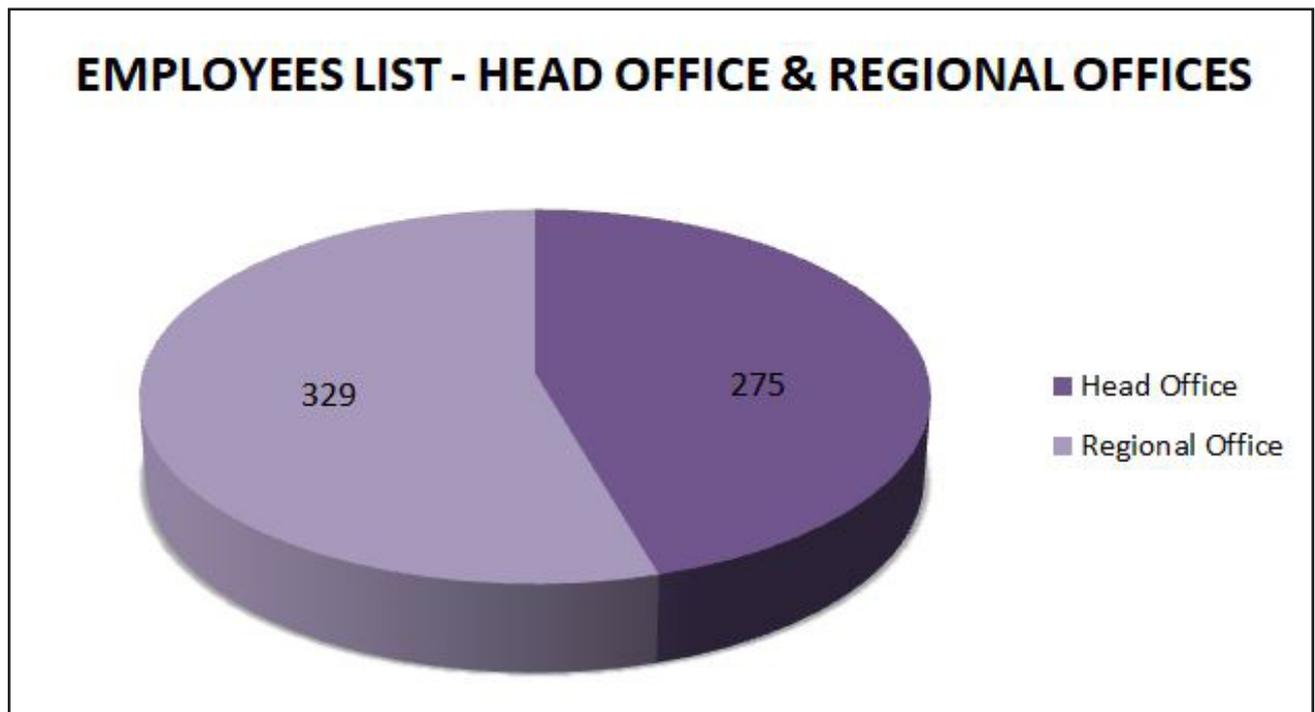
REVIEW ON HUMAN RESOURCES

All Employees	
Permanent	604
Contract Basis	31
Assignment Basis	7
GSMB Technical Service	64
Training	122



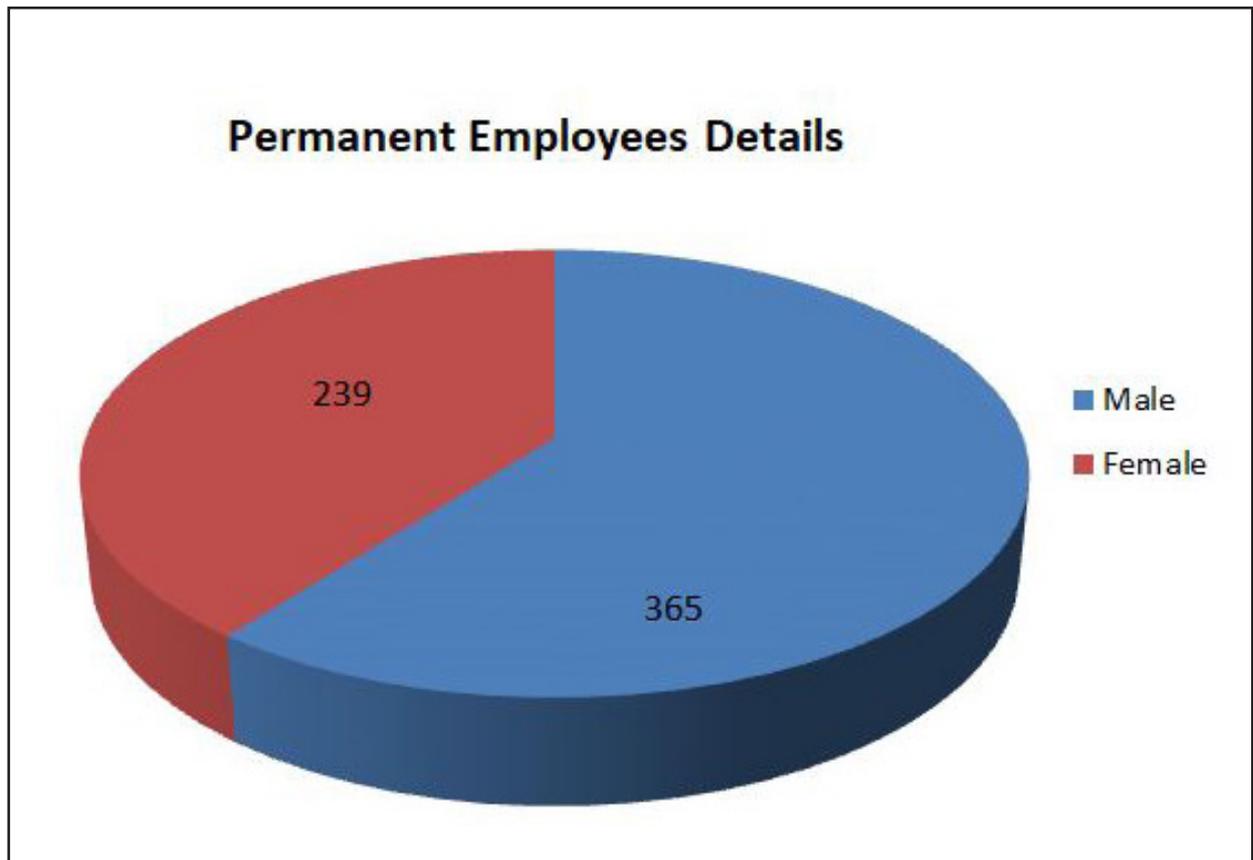
EMPLOYEES LIST - HEAD OFFICE & REGIONAL OFFICES

Employees List - Head Office & Regional Offices	
Head Office	275
Regional Office	329
Total	604



PERMANENT EMPLOYEES DETAILS

Male	365
Female	239
Total	604



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.

Ten (10) Board meetings were held during FY2019. 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 and Mines Bureau

NOTES TO THE FINANCIAL STATEMENTS

1. SIGNIFICANT ACCOUNTING POLICIES

1.1 GENERAL POLICIES

1.1.1 Reporting entity

The Geological Survey and Mines Bureau (GSMB) is a statutory body established under the Mines and Minerals Act No. 33 of 1992. The principal place of business is situated at No. 569, Epitamulla Road, Pitakotte. GSMB is presently functioning with 19 Regional offices located in Kandy, Matara, Kurunegala, Badulla, Ratnapura, Anuradhapura, Ampara, Monaragala, Hambantota, Trincomalee, Kalutara, Jaffna, Batticalo, Gampaha, Polonnaruwa Colombo, Mathale, Vouniya and Kegalle.

1.1.1 Subsidiary and Sub-Subsidiaries

The Bureau has invested in 66% of the issued share capital of the Geological Survey and Mines Bureau Technical Services Private Limited (400,000 Shares) whose registered office is located at No.190/A, Stanly Thilakeratne Mawatha, Nugegoda.

Principal activities of the GSMB Technical Services (Pvt) Ltd. is to carry out trading activities and project trading activities in order to control and regulate the prices of sand in the market. The company sells sand at a subsidized price according to a government policy decision, mainly to support the construction sector and has set up locations for san trading activities. Also the private company undertakes technical support services as projects to its clients where the services such as manpower and technical expert related work is provided to its clients which does not come under the GSMB mandate.

The Chairman of the GSMB is also the Chairman of GSMB Technical Services (Pvt) Ltd. and no other Director(s) or employees of GSMB are appointed to the Board of the subsidiary company.

1.1.2 Preparation of Consolidated accounts

The accounting year of the subsidiary company is different from the accounting year of the Parent company i.e. GSMB and therefore action has been taken by the Subsidiary company to legally change the accounting period that will match the accounting year of GSMB so that consolidated accounts could be prepared and presented simultaneously. the Auditor General's Department acts as the auditors of both the Parent company, i.e. GSMB and the Subsidiary company, i.e. GSMB Technical Services (Pvt) Limited, the consolidation of accounts will be done once the Company Registrar and the Tax Department clearance is received to legally change the accounting period of the Subsidiary Company.

1.1.3 Date of Authorization for Issue

The Financial statements were authorized for issue by the Board of Management on 25thst February 2020.

1.1.4 Principal activities and nature of operations

- Undertake systematic geological mapping of Sri Lanka and preparation of Geological Maps
- Identify and assess the mineral resources of Sri Lanka
- Evaluate the commercial viability of mining for, processing and export of such Minerals
- Regulate the exploration and mining for minerals and processing, trading in and Export of such minerals by the issue of licenses
- Advise the Minister on measures to be adopted for the promotion of the extraction and production of minerals on a commercial basis
- Disseminate in appropriate media, information and data acquired during the exercise of functions under the Act
- Undertake projects in regard to engineering geology and provide advice and Remedial measures caused in respect of geological hazards and disaster

1.1.5 Basis of Preparation

(a) Statement of Compliance

The financial statements comprise the statement of financial position, statement of comprehensive income, statement of changes in equity, cash flow statement and notes to the financial statements. These statements have been prepared in accordance with the Sri Lanka Public Sector Accounting Standards issued by the Institute of chartered Accountants of Sri Lanka.

(b) Basis of measurement

The financial statements have been prepared on historical cost basis except where appropriate disclosures are made with regard to fair value under relevant notes.

The accounting policies set out below have been applied consistently to all periods presented in these financial statements and in reporting the Public Sector Accounting Standards volumes I,II and III issued by the Institute of Chartered Accountants of Sri Lanka.

It is also disclosed that when the presentation or classification of items in the financial statements have been amended, comparative amounts have also been reclassified to conform with the current in order to provide a better presentation. Hence **Fixed Assets**, **Current Assets** and **Equity** classification errors have been corrected as per **SLPSAS** and **Treasury guide lines**.

(c) Financial and presentation currency

These financial statements are prepared in Sri Lanka Rupees which is the functional and presentation currency of the GSMB.

All financial information presented in Sri Lankan Rupees has been rounded to the nearest rupee, unless stated otherwise.

(d) Use of Estimates and Judgments

These preparation and presentation of financial statements in conformity with Public Sector Accounting Standards requires management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and estimates. Actual results may differ from these estimates and judgments used.

Estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimate is revised if the revision affects only that period or in the period of the revision and future periods, if the revision affects both current and future periods.

Information about significant areas of estimates, uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements as included in the notes to the financial statements.

1.1.6 Presentation of Budget information in Financial Statements

The Budget that was originally approved by the Board of Directors for the year was amended due to necessities of reallocation within the budget and also in certain instances due to decisions taken to carryout activities of the Bureau.

1.1 ASSETS AND BASIS OF THEIR VALUATION

1.1.1 Property, Plant & Equipment

(a) Recognition and Measurement

Items of property, plant and equipment are stated at cost or at their fair value less accumulated depreciation or impairment losses.

GSMB considers the minimum value of fixed assets as rupees 5,000, all items of property, plant and equipment are initially recorded at cost less accumulated depreciation or impairment losses. Significant components of an asset are identified and depreciated separately. When significant parts of property, plant and equipment are required to be replaced at intervals, the entity derecognizes the replaced part, and recognizes the new part with its own useful life and depreciation. All other repair and maintenance costs are recognized in the income statement as incurred.

(b) Cost

Cost of Property, plant and equipment comprises its purchase price and any directly attributable cost of bringing the asset to working condition for intended use.

Subsequent expenditure incurred for the purpose of acquiring, extending or improving assets of a permanent nature in order to carry on or increase the earning capacity of the assets have been treated as capital expenditure.

Expenditure incurred to replace a component of an item of property, plant and equipment that is accounted for separately, including major inspection and overhaul expenditure is capitalized only if it is probable that the future economic benefits embodied within the part will flow to the GSMB and its cost can be measured reliably.

(c) Restoration Costs

Expenditure incurred on repairs or maintenance of property, plant and equipment in order to restore or maintain the future economic benefits expected from originally assessed standard of performance, is recognized as an expense when incurred.

(d) Revaluation of certain selected class of assets

The Bureau decided to revalue only certain selected class of fixed assets and initially **Field Equipment** and **Plant and Machinery** were revalued by the Chief Valuer of the Valuation Department.

However the company has written to the valuation department to send a breakdown of the items valued and since only a summary has been forwarded to GSMB at the end of this accounting year, necessary entries with regard to assets revalued can be made in the books of accounts only after such details are received.

GSMB will adopt as a policy to revalue such assets every five years and will revalue **Motor Vehicles** and **Communication Equipment** during the course of the next financial year.

(e) Depreciation

Depreciation is charged to the statement of comprehensive income on the straight line method on the cost of all property, plant and equipment other than freehold land, in order to write-off cost of such assets over the following estimated useful lives.

Depreciation of an asset begins when it is available for use and ceases at the earlier of the date that the asset is classified as held for sale and the date that the asset is derecognized.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected from its use. Any gain or loss on de recognition of the assets is included in the statement of comprehensive income in the year the asset is derecognized.

The principal annual rates used are:-

Category of Assets	Useful life	Rate of Depreciation
Buildings	20 years	5%
Plant & Machinery	8 years	12.5%
Laboratory Equipment	5 years	20%
Motor Vehicles	5 years	20%
Furniture and Fittings	10 years	10%
Office Equipment	5 years	20%
Field Equipment	5 years	20%
Mapping Equipment	5 years	20%
Communication Equipment	8 years	12.5%
Library Books and Maps	20 years	5%

1.1.2 Work In Progress

Construction work at the **Werellawatte** site, laboratory building work at **Pitakotte**, regional office in **Anuradhapura**, regional office work in **Rathnapura** and regional office work in **Polonnaruwa** have not been fully completed. Therefore we have obtained a certificate confirming the percentage of completion and the value at each construction site from a qualified Civil Engineer Mr. K.A. Munasinghe, (Chartered Engineer) as at the end of the accounting year.

1.1.3 Inventory

Inventories are stated at the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course business less estimated costs of completion and selling expenses. The cost includes expenditure in acquiring the inventories and bringing them to the existing location and condition less impairment of obsolete and slow moving items. GSMB is using the first in first out (FIFO) method when issuing stocks.

1.1.2 Impairment of Assets

The carrying amounts of the assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. An impairment loss is recognized if the carrying amount of an asset or cash generating unit exceeds its recoverable amount. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount.

1.1.3 Financial Assets

Financial assets and liabilities are offset and the net amount is presented in the statement of financial position when and only when, GSMB has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

The Financial assets of GSMB include cash and short-term investments and trade and other receivables.

(a) Loans and receivables

Loans and receivables comprise trade receivables, employee loans, deposits, advances, other receivables and cash and cash equivalents.

GSMB continues to record and present employee loans at contracted amounts.

(b) Held to Maturity Investments (HTM)

Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held-to-maturity when the GSMB has the positive intention and ability to hold them to maturity. Investments in government securities and in fixed deposits have been classified under HTM investments.

1.1.4 Impairment of Financial Assets

GSMB assesses at each reporting date whether there is any objective evidence that a financial asset or a group of financial assets is impaired and if such impairment has occurred, that amount of impairment is calculated by taking the difference between the asset's carrying amount and the present value of estimated future cash flows.

1.1.5 Cash and Cash equivalents

Cash and cash equivalents comprise cash in hand and deposits at bank.

1.2 LIABILITIES AND PROVISIONS

Liabilities classified as current liabilities on the statement of financial position are those which fall due for payment on demand or within one year from the reporting date. Non-current liabilities are those balances that fall due for payment after one year from reporting date.

All known liabilities have been accounted for in preparing these financial statements. Provisions and liabilities are recognized when the GSMB has a legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation.

1.2.1 Provision for Bad and Doubtful Debts

Although the Bureau has limited in entering in to credit transactions, project work that is undertaken on a pre-signed agreement, certain amounts that are due to the GSMB on such contacts are long outstanding and provision has been made for such outstanding amounts using the following criteria.

Debtors Outstanding Amount	Outstanding for less than a year	Outstanding for more than a year and less than two years	Outstanding for more than two years and less than three years	Outstanding for more than three years and less than four years	Outstanding for more than five years
Provision Amount	No Provision	40% of the Debtors Value	50% of the Debtors Value	60% of the Debtors Value	100% Provision

1.2.2 Grants

1.2.2.1 Accounting for Grants

Grants that compensate the GSMB for expenses incurred are recognized as revenue in the statement of comprehensive income in the same period in which the expenses are recognized. Grants that compensate the GSMB for the cost of an asset are recognized in the statement of comprehensive income on a systematic basis over the useful life of the related asset.

1.2.3 Employee Benefits

(a) Provision for retiring gratuity

GSMB has adopted the benefit plan as required under the Payment of Gratuity Act No. 12 of 1983 for all eligible employees. The benefit plan is unfunded. Provision for gratuity is computed by GSMB taking into account the guidance of Public Sector Accounting Standard SLPSAS 19 Employee Benefits.

Defined benefit plans estimate the amount of benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

(b) Defined contribution plans

A defined contribution plan is a post-employment plan under which an entity pays fixed contribution into a separate entity and will have no legal or constructive obligation to pay a further amount. Obligations for contributions to defined contribution plans are recognized as an expense in the statement of comprehensive income as and when they are due.

(c) Employees' Provident Fund

GSMB and employees contribute 12% and 10% respectively on the salary of such employee to the Employee Provident Fund.

However GSMB has held discussions with the Department of Labour to maintain the correct ratio of employee contributions. In addition as per the discussions the employer contribution has amended as 15% with effect from January, 2020.

(d) Employees' Trust Fund

GSMB contributes 3% on the salary of each employee to the Employee's Trust Fund.

1.2.4 Trade and Other Payables

Trade and other payables are stated at cost.

1.2.5 Taxation

Provision for taxation has been made on the basis of profit for the year as adjusted for taxation purposes in accordance with the Inland Revenue Act No 10 of 2016 and the new Inland Revenue Act No 24 of 2017. The Bureau is liable for income tax on its total earnings effective from 01.04.2018 and taxes are computed at the rate of 28% for earnings after the effective date.

ESC is payable on the liable income. GSMB has paid all ESC liabilities due and ESC is set off against income tax liability.

GSMB is liable to value added tax (VAT) and has complied the provisions of VAT act. VAT payable and/or recoverable amounts are reflected in the Statement of Financial Position

1.2.6 Deferred Taxation

As at the date of the balance sheet calculate Rs.76,398,943.90 differed tax liability.

1.2.7 Foreign Currency Transaction

All foreign exchange transactions are converted to Sri Lanka Rupees, which is the reporting

currency, at the rates of exchange prevailing at the time the transactions were affected.

1.2.8 Capital Commitments and Contingent Liabilities

Contingent liabilities are possible obligations whose existence will be confirmed only by uncertain future events or present obligations where the transfer of economic benefits is not probable or cannot be reliably measured. Capital commitments and contingent liabilities of the GSMB are disclosed as stated below.

- 1) GSMB had rented out premises for the Badulla regional office during the period 2010-2011 where a fire had taken place during the period. The landlord is of the view that the fire took place due to negligence on the part of GSMB and has filed a case in the Badulla District courts under case number M 7523, claiming a sum of rupees 1,136,348 as compensation. However the Attorney General is of the view that GSMB is not liable for the damage caused to the building due to the fire and as the proceedings of this case is still under way, no provision has been made in the books of accounts.

1.3 STATEMENT OF COMPREHENSIVE INCOME

1.1.1 Revenue Recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to GSMB and that it can be measured reliably. Revenue is measured at the fair value of the consideration received or receivable net of trade discounts and sales taxes. The following specific criteria are used for the purpose of recognition of revenue.

(b) Interest Income

Interest income is recognized on a time proportion basis that takes into accounts effective yield on the assets.

(c) Other Income

Other income is recognized on accrual basis.

Net gains and losses of a revenue nature on the disposal of property, plant & equipment and other non current assets have been accounted for in the income statement, having deducted from proceeds on disposal, the carrying amount of the assets and related selling expenses.

(d). Government Grants

Government grants related to development activities which can be treated in the nature of revenue and differed revenue are accounted under the income approach.

(e) Investment Income

Dividend income was received from the subsidiary company as a dividend of rupees 6.50 per share was declared during the year.

1.1.2 Expenditure

Expenses are recognized in the income statement on the basis of a direct association between the cost incurred and the earning of specific items of income. All expenditure incurred in the running of the business and in maintaining the property, plant and equipment in a state of efficiency has been charged to income in arriving at the profit for the year.

1.4 CASH FLOW STATEMENT

Cash Flow statement has been prepared in accordance with SLPSAS 2.

Interest paid is classified as operating cash flow and interest received is classified as investing cash flow.

1.5 EVENTS AFTER THE REPORTING DATE

The materiality of events occurring after the reporting date is considered and appropriate adjustments wherever necessary are made in the accounts.

No circumstances have arisen since the reporting date which requires material adjustments or disclosure in the financial statements.

1.6 RELATED PARTY TRANSACTIONS

No Director(s) is interested in contracts and /or proposed contracts with the Bureau as at the reporting date. However the Chairman of GSMB is also the Chairman of the Subsidiary Company (GSMB Technical Services Pvt. Ltd). Senior Mining Engineer of GSMB is a Board Director of SLRDC; (i.e. a Public Institution).

1.6.1 Fair Value or Revaluation as Deemed Cost

Freehold property, plant and equipment are carried in the statement of financial position prepared in accordance with the SLPAS, using the cost modal. The GSMB has not elected to use the fair value as deemed cost.

1.6.2 Significant Accounting Judgment, Estimates and Assumptions

Standards issued and effective during the year have been adopted by the GSMB when presenting the Financial Statements.

STATEMENT OF FINANCIAL POSITION

GEOLOGICAL SURVEY AND MINES BUREAU
STATEMENT OF FINANCIAL POSITION
AS AT 31ST DECEMBER 2019

		ACTUAL 2019 Rs.	ACTUAL 2018 Rs.
ASSETS	Note		
Non Current Assets			
Property, Plant & Equipments	1	505,085,887.83	232,550,710.22
Working Progress	2	109,560,762.69	15,930,903.41
Total Non - Current Assets		614,646,650.52	248,481,613.63
Investment	3	4,000,000.00	4,000,000.00
Differed Tax Assets		56,288,829.24	-
Current Assets			
Inventory	4	33,314,238.45	28,389,287.00
Trade & Other Receivables	5	1,450,677,688.17	402,265,511.61
Fixed Deposits	6	1,951,654,429.53	3,006,055,847.12
Cash & Cash Equivalents	7	53,067,690.15	69,533,328.30
Total Current Assets		3,488,714,046.31	3,506,243,974.04
Total Assets		4,163,649,526.06	3,758,725,587.67
EQUITY & LIABILITIES			
Equity			
Capital Contributed By Treasury (Consolidated)	8	27,652,883.05	27,652,883.05
Capital Contributed By Treasury (Departmental)	9	1,746,725.68	1,746,725.68
Capital Contributed By Treasury (Capital)	10	68,916,655.00	68,916,655.00
Revaluation Reserves	10A	305,782,596.11	129,978,094.46
Retained earnings	11	2,638,577,845.96	2,548,478,323.17
Total Equity		3,042,676,705.80	2,776,772,681.36
Remittance Received (Overcies)	12	7,411,670.41	10,688,163.25
Distress & Employee Benefit Account	13	32,317,940.17	30,052,605.60
Non Current Liabilities			
Provision on Gratuity	14	159,753,034.00	137,248,877.00
Lease Payble Long Term (Vehicle)		33,598,296.07	-
Differed Tax Liability		76,398,943.90	-
Current Liabilities			
Creditors and Payables	15	291,572,233.79	365,596,268.11
Other Payables	16	519,920,701.92	438,366,992.33
		811,492,935.71	803,963,260.44
Total Equity & Liabilities		4,163,649,526.06	3,758,725,587.66

STATEMENT OF FINANCIAL PERFORMANCE

GEOLOGICAL SURVEY AND MINES BUREAU
STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 31ST DECEMBER 2019

	Note	2019 ACTUAL Rs.	2018 ACTUAL Rs.
Income	17	2,477,249,148.61	4,812,776,182.27
Other Income	18	92,019,595.76	105,835,411.01
Operating Expenses	19	(1,960,220,410.39)	(4,200,324,820.67)
Administration Expenses	20	(592,145,945.15)	(470,004,097.92)
Operating Profit		16,902,388.83	248,282,674.69
Finance Cost	21	5,032,021.49	46,648.51
Net Investment Income	22	228,233,719.36	323,407,256.13
Profit Before Tax		240,104,086.70	571,643,282.31
Income Tax Expenses	23	81,837,768.73	180,623,742.47
Profit for the Period		158,266,317.97	391,019,539.84

NOTES TO THE FINANCIAL STATEMENTS

**Note 01
Property, Plant & Equipments**

	Balance as at 01.01.2019 Rs.	Additions during the Year Rs	Revaluation for Year Rs	Adjusment Rs	Balance as at 31.12.2019 Rs.
At Cost					
Land Fencing	639,713.50				639,713.50
Land	15,432,975.79	28,000,000.00			43,432,975.79
Building	78,147,421.28	172,315.00			78,319,736.28
Buildnig Partioning	24,622,276.91	11,372,538.78			35,994,815.69
Plant & Machinery	86,314,402.87	2,109,969.57	43,747,349.50	84,578,675.79	47,593,046.15
Motor Vehicles	237,465,299.00	102,600,000.00			340,065,299.00
Mapping Equipment	9,103,384.44				9,103,384.44
Drilling Spares	30,142,578.79	605,757.00	123,412,100.12	26,157,704.64	128,002,731.27
Lab Equipment	207,483,954.30	18,624,509.09			226,108,463.39
Field Equipment	13,615,981.29	120,710.00	8,645,052.00	9,413,966.84	12,967,776.45
Office Equipment	158,398,880.15	39,766,564.44		10,485,138.00	187,680,306.59
Communication Equipmnet	9,239,756.29	5,411,118.23			14,650,874.52
Furniture & Fittings	33,164,467.94	8,938,439.66			42,102,907.60
Maps	475,824.75				475,824.75
Library Books	29,153,575.90	553,290.57			29,706,866.47
Museum Items	1,337,055.87				1,337,055.87
Software & Accessories	0	10,504,638.00			10,504,638.00
	934,737,549.07	228,779,850.34	175,804,501.62	130,635,485.27	1,208,686,415.76

Depreciation	Balance as at 01.01.2019 Rs.	Charge for the year Year Rs	Depreciation for Disposal Items Rs	Adjusment Rs	Balance as at 31.12.2019 Rs.
Land Fencing	639,711.50	-	-		639,711.50
Building	54,498,412.58	2,289,900.95	-		56,788,313.53
Building Partioning	15,040,405.06	4,118,699.31	-		19,159,104.37
Plant & Machinery	60,408,172.25	11,364,003.39	68,000,794.98		3,771,380.66
Motor Vehicles	213,223,105.31	24,980,661.95	-		238,203,767.26
Mapping Equipment	8,761,655.64	178,259.04	-		8,939,914.68
Drilling Spares	17,880,997.39	13,081,070.61	23,718,844.89		7,243,223.11
Lab Equipment	170,033,714.00	21,674,744.51	-		191,708,458.51
Field Equipment	12,279,000.65	1,610,884.90	9,328,858.57		4,561,026.98
Office Equipment	116,330,693.89	17,482,634.70	-	(10,364,996.78)	123,448,331.81
Communication Equipment	5,059,902.33	1,239,766.60	-		6,299,668.93
Furniture & Fittings	12,373,023.12	3,245,324.10	-		15,618,347.22
Maps	312,380.75	23,791.20	-		336,171.95
Library Books	15,345,664.38	1,150,309.88	-		16,495,974.26
Software & Accessories	0	22,136.38	-	10,364,996.78	10,387,133.16
	702,186,838.85	102,462,187.52	101,048,498.44	-	703,600,527.93

232,550,710.22 505,085,887.83

Net Book Value

Note 02

Working Progress

	2019 ACTUAL Rs.	2018 ACTUAL Rs.
Proposed Stores Complex at Werrellawatta	16,394,284.99	8,729,973.28
Proposed Building at Yakkala Regional Office	1,889,165.00	578,585.00
Proposed GPR/ERP System	503,540.00	
Proposed Building For Laboratory at Pitakotte	72,773,592.12	1,405,348.35
Pitakotte Building Development		
Proposed Building -Regional Office Anuradhapura	9,787,712.86	4,156,848.00
Proposed Building -Regional Office Rathnapura	3,976,250.40	486,446.40
Proposed Regional Office -Polonnaruwa	2,431,754.38	573,702.38
Proposed Building Ampara	366,000.00	-
Proposed GFZ Station Budhhangala Ampara	1,438,462.94	
Working Progress	109,560,762.69	15,930,903.41

Note 03

Investments

Investment	4,000,000.00	4,000,000.00
	4,000,000.00	4,000,000.00

Note 04	2019	2018
Inventory	ACTUAL	ACTUAL
	Rs.	Rs.
Stationary	4,791,550.06	2,853,049.98
Consumable Item	12,412,023.64	10,970,107.91
Book Licence	585,838.40	99,643.20
Library Books	635,303.24	635,303.24
Maps	33,224.06	33,224.06
Drilling & Other Consumable Items	14,856,299.05	13,797,958.61
Inventory	33,314,238.45	28,389,287.00

Note 5
Trade & Other Receivables

Rent Advance- Building	4,386,760.43	3,414,718.75
Advance & Loan (Advance 'B)	208,775.26	208,775.26
Building Deposit	366,000.00	141,000.00
Advance Paid For Local Purchases	24,064,053.15	5,083,033.17
Advance Paid for Field Officers	4,139,112.88	3,965,313.88
Special Advance	5,400.00	9,400.00
Festival Advance	46,950.00	45,700.00
Advance Paid for Other Employees	4,461,731.70	5,104,791.05
Advance Paid For Foreign Journals	46,076.00	31,050.00
Debtors - Project	15,200,157.75	20,514,184.01
Debtors - Chemical Analysis	149,917.50	149,917.50
Debtors - Return Cheques	1,974,857.23	2,834,994.04
Sundry Debtors	33,366,495.87	985,027.18
G.S.T. Recoverable	973,143.00	973,143.00
Debtors - Insurance Claim	517,748.45	(55,471.94)
Disposal of Assets	(0.00)	(8,679.96)
Debtors - H & S Insurance Claim	392,432.35	222,707.35
Debtors - Debit Notes	90,796.80	90,796.80
S Vat Customers	9,280,383.07	2,624,424.92
E.S.C. Receivable	22,474,354.00	13,133,185.00
With Holding Tax on Royalty (Minus)	33,307,741.94	0.00
Staff Loan (Distress) Comb.	57,257,475.16	46,071,519.25
Tsunami Loan	33,082.76	82,706.72
Deposit for Water	8,500.00	8,500.00
Deposite for Fuel	348,000.00	348,000.00
Deposits Sundry	86,500.00	86,500.00
Deposit For Regional Office Buildings	840,000.00	840,000.00
Interest Receivable on F/D B.O.C.	17,757,911.69	8,400,383.56
Interest Receivable on F/D Peoples Bank	4,108,268.80	539,383.56
Receivable Interest on Treasury Bills	3,185,955.37	3,850,318.90
Int.Receivable PPLS Bank Galle Road	13,227,578.73	73,871,557.40
Interest Receivable on GSMB Distress Fund	15,467.13	0.00
Prepayments for sundry expences	1,198,356,061.16	208,698,632.22
	1,450,677,688.17	402,265,511.61

Note 6
Fixed Deposits

Fixed Deposit Bank of Ceylon	808,659,513.90	362,000,000.00
Treasury Bills	327,385,616.58	299,014,127.33
Fixed Deposit Peoples Bank Galle Road Dehiwela	373,633,309.07	1,985,766,263.64
State Institutions temporary surplus Trust	8,440,912.87	7,943,836.71
Fixed Deposit Peoples BNK on Gratuity Provision	173,091,764.20	156,173,139.93
Fixed Deposit Peoples Bank Galle Rd.-For GSN Account	9,280,054.66	8,426,550.90
FD-GSMB Distress Fund- PPLs Bank Pitakotte	34,726,689.71	31,731,928.61
Fixed Deposit -Nomal -PPLS Bank Pitakotte	216,436,568.54	155,000,000.00
Fixed Deposits	1,951,654,429.53	3,006,055,847.12

Note 7	2019	2018
Cash & Cash Equivalents	ACTUAL	ACTUAL
	Rs.	Rs.
Commercial Bank Current A/C	697,611.00	11,243,187.66
Bank Of Ceylon Current A/C	5,865,170.32	728,951.62
Sampath Bank Current A/C	2,765,051.70	4,786,607.03
Peoples Bank Wellawathe Current A/C	25,000.00	25,000.00
Peoples Bank Matara Current A/C	151,905.00	457,627.93
Sampath Bank G.S.N. Station Cu.A/C	2,069,455.86	2,065,861.15
Peoples Bank Galle Rd.Dehiwela. Current A/C	1,650,800.34	38,130,826.66
Peoples Bank - Pitakotte	2,698,418.61	529,605.40
GSMB Savings Ac-337-2-001-7-6137984 Peoples Bank Galle Rd.	31,385,458.64	10,328,032.74
Stamp Imprest - Admin.	54,095.00	36,650.00
Suspence Account	5,704,683.68	
Petty Cash Imprest - Wijitha	40.00	49.60
Petty Cash Imprest - Kandy	0.00	74,082.00
Petty Cash Imprest - Matara	0.00	70,165.00
Petty Cash Imprest - Kurunegala	0.00	50,305.00
Petty Cash Imprest - Anuradhapura	0.00	184,435.33
Petty Cash Imprest - Badulla	0.00	105,586.47
Petty Cash Imprest - Polonnaruwa	0.00	46,324.00
Petty Cash Imprest - Rathnapura	0.00	21,018.00
Petty Cash Imprest - Ampara	0.00	96,790.00
Petty Cash Imprest - Monaragala	0.00	144,270.00
Petty Cash Imprest - Hambanthota	0.00	44,699.74
Petty Cash Imprest - Jaffna	0.00	36,480.76
Petty Cash Imprest - Trincomalee	0.00	39,468.00
Petty Cash Imprest - Batticolo	0.00	130,000.00
Petty Cash Imprest - Kaluthara	0.00	76,562.00
Petty Cash Imprest - Gampaha	0.00	49,746.01
Petty Cash Imprest - Hasalaka	0.00	20,000.00
Petty Cash Imprest - Colombo	0.00	10,996.20
Petty Cash Imprest - Vavuniya	0.00	0.00
Petty Cash Imprest -Mathale		
	53,067,690.15	69,533,328.30

Note 08

Capital Contributed By Treasury (Consolidated)

	2019	2018
	ACTUAL	ACTUAL
	Rs.	Rs.
This represent the total net value of Assets transferred from Geological Dept (GSD) to GSMB in 1993		
Capital Contributed By Treasury (Consolidated)	27,652,883.05	27,652,883.05

Note 09

Capital Contributed By Treasury (Departmental)

	2019	2018
	ACTUAL	ACTUAL
	Rs.	Rs.
GSMB had to use funds allocated for GSD at the initial stage This represent such funds use by GSMB		
Capital Contributed By Treasury (Departmental)	1,746,725.68	1,746,725.68

Note 10

Capital Contributed By Treasury (Capital)

	2019	2018
	ACTUAL	ACTUAL
	Rs.	Rs.
This represent the capital grants received by the GSMB from 1993 to 2001		
Capital Contributed By Treasury (Capital)	68,916,655.00	68,916,655.00

Note 10 A

Revaluation Reserve

Revaluation Reserve	305,782,596.11	129,978,094.46
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Note 11**Retained Earning**

	2019 ACTUAL Rs.	2018 ACTUAL Rs.
Retained Earnings	8,021,793,940.59	7,698,941,195.93
Add. Income Over Expenditure	158,266,317.97	391,019,539.84
Less. Grant given to Trea	(5,541,482,412.60)	(5,541,482,412.60)
	2,638,577,845.96	2,548,478,323.17

Note 11 A

	2019	2018
Treasuary Transferred up to 31-12-2018	5,541,482,412.60	5,541,482,412.60
Treasuary Grants given from Port City Income -2017	-	-
Treasuary Grants given by Cheque - 2019	-	-
	5,541,482,412.60	5,541,482,412.60

Note 12**Remittance Received (overseas) (Foreign grants)**

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.

	2019 ACTUAL Rs.	2018 ACTUAL Rs.
Remittance Received (overseas) (Foreign grants)	7,411,670.41	10,688,163.25

<u>Item</u>	<u>Donated by</u>
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**Distress & Employee Benefit Account**

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

	2019 ACTUAL Rs.	2018 ACTUAL Rs.
Distress & Employee Benefit Account	32,317,940.17	30,052,605.60

Note 14

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.

	2019 ACTUAL Rs.	2018 ACTUAL Rs.
Gratuity Provision (Long Term Liability)	159,753,034.00	137,248,877.00
	159,753,034.00	137,248,877.00

Note 15

Creditors and Payables

	2019 ACTUAL Rs.	2018 ACTUAL Rs.
Staff Salary Payble	36,449.40	35,165.00
Mobitel Pvt. Ltd	(6,083.85)	
Mobitel Pvt. Ltd	(1,731,149.43)	(761,657.60)
Palga Cell	(19,405.90)	
Unpresented Cheques	1,826,804.92	1,014,588.92
Sundry creditors	1,000.00	1,000.00
creditors on purchasing	9,265,269.90	7,531,659.57
Gratuity Payable (Over 55 Years Age)	40,746,881.00	25,642,236.00
E.P.F. Payble	8,030,821.93	6,301,434.84
E.T.F. Payble	1,095,113.69	859,286.56
Inland Revenus - Sramp Duty	7,723,916.28	4,806,459.78
Payee Tax Payble	58,360.00	38,916.85
V.A.T. Payble	19,629,336.63	44,133,929.91
E.S.Charges Payble	2,895,745.00	3,479,615.00
N.B.T. Payble	4,911,446.04	9,295,513.60
Income Tax Payble	499,613.42	94,863,340.38
Stamp Duty onTPL / HWTPL	4,545.00	0.00
S.V.A.T.Payble	9,279,617.77	2,624,424.92
With Holding Tax Payble	525,284.36	385,898.01
Accrued Exp.on Electricity	823,262.00	695,670.30
Accrued Exp. On Telephone	2,860,511.96	1,085,447.12
Accrued Exp on Cleaning	959,350.00	829,775.00
Acrued Exp. On Security	6,499,407.12	5,682,423.37
Accrued exp on Building rent	464,346.49	495,624.74
Accrued Exp. On Water	55,846.50	29,485.00
Accrued Exp. On Audit Fee	1,800,000.00	3,574,000.00
Accrued Exp on Incentive	127,465,535.36	124,217,395.71
Accrued Sundry Expenses	26,798,689.56	25,007,438.56
Provision For Bad Debts	5,097,526.82	3,727,196.55
Lease Payble Short Term (Vehicle)	13,974,191.82	0.00
Total	291,572,233.79	365,596,268.11

Note. 16

Other Paybles

	2019 ACTUAL Rs.	2018 ACTUAL Rs.
Advance Received On Project	3,745,097.59	(0.00)
Advance Received on Chemical Analysis	39,500.01	479,000.01
Advance on I.E.E.R	137,685.00	137,685.00
Advance On G.S.N Station 17A	11,578,894.86	10,703,147.66
Advance received on Petrological Lab	34,500.00	276,000.00
Advance Received on Exploration Licence	20,431,329.83	21,730,232.83
Advance Received on IML . A.	26,274,185.10	36,137,814.60
Advance Received On I.M.L. - B	34,992,570.65	35,233,499.76
Advance Received on I.M.L. - C	12,947,114.19	7,007,741.88
Advance Received on I.M.L. - D	1,192,208.09	0.00
Advance Received on A.M.L. - A	14,030,888.03	11,929,459.69
Advance Received on A.M.L. - B	8,344,448.62	7,609,358.82
Advance Received on T.D.L. - A	268,525.50	232,900.36
Advance Received b on T.D.L. - B	10,961,307.98	7,453,004.44
Advance Received on T. D. L. - C	13,916.61	16,496.57
Advance Received on T.P. L.	115,867.78	(0.00)
Excess Money On Mining Licence	79,624.80	41,522.86
Advance Received on Royalty	218,445,107.28	195,672,322.85
Bank Gurantee Received from Banks	156,275,430.00	101,955,175.00
Refundable Deposit	6,500.00	6,000.00
Advance Received for Mining Detail Board	6,000.00	0.00
Total	519,920,701.92	438,366,992.33

Note 17**Income**

	2019 ACTUAL Rs.	2018 ACTUAL Rs.
Royalty 17 A	1,997,470,800.40	4,336,254,835.78
Licence Fee 17B	194,053,244.95	182,010,668.01
Inspection (Mineral Exploration) 17C	262,271,679.57	243,540,031.79
Lab 17D	5,303,315.00	4,106,800.00
Project 17E	18,150,108.69	46,863,846.69
	2,477,249,148.61	4,812,776,182.27

17A**Royalty**

Royalty - Building material	1,203,823,399.48	3,643,932,896.07
Royalty - Industrial Minerals	658,726,224.22	520,229,459.92
Royalty on Precious Metals	3,537,944.50	0.00
Previous - Building Material	89,828,267.24	128,392,241.07
Previous - Industrial Mineral	6,204,012.20	5,418,656.34
Penalty - Building Materila	32,949,818.96	36,846,830.22
Penalty - Industrial Mineral	2,401,133.80	1,434,752.16
Penalty on Precious Metal	0.00	0.00
Total	1,997,470,800.40	4,336,254,835.78

17 B**LICENCE INCOME**

	2019 ACTUAL Rs.	2018 ACTUAL Rs.
Exploration License	12,494,000.00	6,247,000.00
Industrial Mining License A	20,730,000.00	23,060,000.00
Industrial Mining License B	14,270,000.00	14,752,000.00
Industrial Mining Licence - C	7,082,000.00	1,840,000.00
Reserved Mineral M. Licence	395,000.00	0.00
Artisanal Mining Licence - A	4,089,000.00	4,548,000.00
Artisanal Mining Licence - B	3,003,000.00	3,058,750.00
Trading Licence - A	82,500.00	75,000.00
Trading Licence - B	19,400,000.00	18,485,000.00
Trading Licence - C	3,000.00	6,000.00
Transport Licence	61,497,360.00	72,768,838.01
Artisanal Mining Licence B for Gold	0.00	0.00
Hardware Transport Licence	47,672,384.95	33,947,280.00
Exports License	3,335,000.00	3,222,800.00
Total	194,053,244.95	182,010,668.01

17 C**Inspection (Reserve Estimation and Mineral Explration)**

	2019 ACTUAL Rs.	2018 ACTUAL Rs.
Inspection Charges	231,191,135.54	215,571,709.99
Major Site Special Inspection	17,789,469.30	15,698,000.00
Special Inspection on IML A	1,260,000.00	802,500.00
Special Inspection on IML B	6,386,868.00	7,765,092.30
Special Inspection on IML C	3,701,168.19	2,232,680.18
Special Inspection on IML D	20,000.00	
Special Inspection on AML A	921,905.46	1,409,049.32

Total	262,271,679.57	243,540,031.79
17 D	2019	2018
<u>Laboratory Income</u>	ACTUAL	ACTUAL
	Rs.	Rs.
Sample Testing Income - Lab	3,395,115.00	2,247,300.00
Petrology Lab Income	1,908,200.00	1,859,500.00
Total	5,303,315.00	4,106,800.00
17 E	2019	2018
<u>Project Income</u>	ACTUAL	ACTUAL
	Rs.	Rs.
Project Income -Highway Drill Meerigama -Neat Soliution		426,090.36
Project Income -Jaffna Silica Sand MGM Mines-2017		2,096,551.03
Project Income - Drill Dodangaslanda - R.S. Mines		3,191,500.00
Project Income - Drilling Thalagala -Modern Pack Lanka		356,000.00
Project Income - Drill. Dedduwa Southern Development Board		4,010,155.00
Project Drill Ball Clay -Akuressa Royal Ceramic		945,291.45
Project Drill -Balangoda Lanka Ceramic		619,579.99
Project Income -Sigiriya Stage 1 - CCF 2017		419,784.37
Project Income - Sigiriya stage 2 -CCF 2017		1,977,093.75
Project Income Sigiriya Stage 3 - CCF 2017		868,490.62
Project Income Sigiriya Stage -4 CCF 2017		1,066,640.26
Project Income - Heath Serv. Southern Prov.Elpitia-2018		590,637.48
Project Income - Health Serv. Sourthern Prov. Balapitiya -2018		517,049.99
Project Income-Drill Lime stone Mannar- C G Cement		3,792,499.95
Project Income Poonarin Tokyo Cement -2016	1,498,000.00	6,279,748.00
Project Income -Geo.Tech.Drill.NilWala - Matara-2018-Jagath GunaThilaka	3,734,863.66	19,706,734.44
Project Income -Geo Tech Drill Deniyaya New Hosp.2019	2,130,451.82	
Project Income Limes Stone sur-Poonarin Tokyo Ce -2019	822,748.30	
Project Income -Vein Quartz Kandy-South Asia & Marble Gea.2019	392,003.13	
Project IncomeMin.Sand explo Dorris Lanka-2019	3,144,374.34	
Project Income Mitigation Measures NARA -2019	712,978.54	
Project Income Ball Clay survey KalutataLanka Ceramic2019-	163,671.00	
Proj.Income Drill Bowathenna Tunnel 12- 2019	1,297,312.50	
Project Income -Viravil Poonaweli- Tokyo Cement 2019	550,001.70	
Project Income -Nawalapitiya Match Hit -2019	3,703,703.70	
Total	18,150,108.69	46,863,846.69

Note 18

Other Income

	2019 ACTUAL Rs.	2018 ACTUAL Rs.
Mining Div. Income	82,138,554.67	76,706,510.07
Geology Div. Income	3,630,780.63	2,774,632.08
Miscellaneous Income (Admin Other Income)	6,250,260.46	26,354,268.86
Total	92,019,595.76	105,835,411.01

Note 18 A - Detail of Other Income

Other Income

	2019 ACTUAL Rs. June	2018 ACTUAL Rs. June
<u>MINING DIV. OTHER INCOME</u>		
Test Blast	5,316,000.00	4,812,000.00
Office Charges on Refund Licence	150,623.50	443,225.00
Technical Services & others	0.00	0.00
Sale of Posters	0.00	21,765.00
Transfer Fee _Mining	0.00	5,500.00
Mining Income - Sundry	654,946.14	568,356.64
Penalty on not forward Previous Licence	0.00	1,024.00
Penalty on not prev. Licence	45,129,342.59	45,252,590.77
Letter for Exports of sample	71,500.00	53,640.00
Office Charges on Refund Bank Gurantee	1,147,400.00	615,500.00
Photocopy Charges (Collection)	8,164.94	21,190.00
Traning Course Fee	8,000.00	513,000.60
Communication Fee on Exploration Licence	205,000.00	120,000.00
Service Charges on TPL - SLLRDC	2,150,556.80	3,003,980.42
Income From DS Office	24,864,019.92	18,924,812.64
Mine Site Monitoring	98,000.78	0.00
Mining Licence Detail Board	2,335,000.00	2,349,925.00
Total	82,138,554.67	76,706,510.07
<u>GEOLOGY DIV. OTHER INCOME</u>		
Field Supervision - Consultancy	1,736,597.63	1,318,278.53
Export of Sample Letters	1,001,350.00	745,964.22
Equipment Hiaring Income	-	-
M.I.Unit Income -Geology	-	-
Inspection Chgs.on Export of Sample -Geology	130,900.00	-
Sundry Income Geology	8,500.00	26,566.33
Sale of Publications - Library	111,133.00	575,673.00
Sale of Maps	387,300.00	108,150.00
Sale of Mineral Boxes	-	-
Membership Fee	-	-
Registration Fee for Providing Technical Reports To GSM	255,000.00	0.00
TOTAL	3,630,780.63	2,774,632.08
<u>MICELLANIOUS INCOME (ADMIN OTHER INCOME)</u>		
Supplier Registration	810,000.00	830,000.00
Sundry Income	19,196.16	530,629.94
Discount Income	0.00	0.00
Dividents Income	2,236,000.00	3,440,000.00
Suspense A/C	0.00	0.01
Rental Income	0.00	0.00
Profit on Disposal Assets	(19,104,344.40)	(151,442.47)
Differed Income	3,276,492.84	3,003,451.77
Interest on Staff Distress Loan Comb.	2,094,291.59	2,166,442.91
Interest on FD GSMB Distress Fund	(0.00)	1,751,818.80
Interest Income on FD - Gratuity Fund	16,918,624.27	14,783,367.90
TOTAL	6,250,260.46	26,354,268.86

Note 19

OPERATING EXPENSES

	2019 ACTUAL Rs.	2018 ACTUAL Rs.
LIBRARY	3,207,685.39	2,389,387.33
GEOLOGICAL DIVISION	84,862,718.21	54,484,741.22
TSUNAMI EXPENSES	4,600,352.76	4,656,333.49
G.F.Z. STATIONS EXPENSES	1,267,072.07	894,035.63
LABORATORY EXPENSES	19,014,062.81	15,456,899.96
MAPPING FIELDS EXPENSES	20,196,065.68	11,021,982.37
ISLAND WIDE CONSTRUCTION RAW MATERIAL SURVEY	1,691,585.46	4,135,448.06
RESEARCH STUDIES EXPENSES	168,515.00	285,927.00
GEOPHYSICAL SURVEYS & INVESTIGATIONS	178,110.00	-
DRILLING PROJECT FIELD EXPENSES 19 A	19,951,789.89	22,144,716.99
REGIONAL OFFICE EXPENSES 19 B	391,223,848.62	304,643,830.10
MINING DIVISION	93,858,604.50	59,016,856.12
PAYMENT TO TREASURY	1,320,000,000.00	3,721,194,662.40
	<u>1,960,220,410.39</u>	<u>4,200,324,820.67</u>

Note . 19 A

DRILLING PROJECT FIELD EXPENSES

	2019 ACTUAL Rs.	2018 ACTUAL Rs.
Dill -Geo. Tech - Nilwala - Matara 2018 Prof. Gunathilaka	10,501,713.98	14,098,331.48
Drill Deniyaya Hospitale Project	176,800.00	-
Proj.Geo.Tech.Drill.Deniyaya -South.Dev.Board	-	-
Proj. Drill. Mannarama - C G Cement	2,240,001.73	-
Project - Geo-Tech Drill.Deniyaya -2019	2,877,816.63	-
Project Drill Poonarien Tokyo Cement Geo Tech -2019	267,279.34	-
Project-Vein Quartz Survey Kandy South Asia Granit.2019	303,993.40	-
Sand Survey Trincomalee -Doris Lanka 2017	453,204.08	-
Project Mitigation Measures Nara -2019	468,686.40	-
Project -Nawalapitiya -Drill -Match Hit Pvt Ltd.-2020	9,684.82	-
Project Ball Clay Survey Kalutara Lanka Ceramic -2019	566,609.55	-
Project Suthern Development Lanka -Dedduwa -2018	54,000.00	3,959,576.97
Drilling on Dodangaslanda	-	1,728,012.69
Project Drill. Invest Bowathenna Tunnel Naula-2019	2,031,999.96	-
Project Drill. Ball clay Akuressa Royal Ceramic -2018	-	204,693.05
Project Thalagala Modern Pack Lanka -2018	-	195,881.84
Dill -Geo. Tech - Balapitiya -Health Service Dept Sp	-	300,273.40
Project - CCF Sigiriya Stage 1	-	129,725.48
Project CCF Sigiriya Stage 2 -2018	-	631,414.02
Project CCF Sigiriya Stage 3 -2018	-	243,311.97
Project CCF Sigiriya Stage 4 -2018	-	261,137.24
Dill -Geo. Tech -Elpitiya -Health Service Dept Sp	-	392,358.85
DRILLING PROJECT FIELD EXPENSES TOTAL	<u>19,951,789.89</u>	<u>22,144,716.99</u>

Note 19 B

REGIONAL OFFICE EXP

	2019 ACTUAL Rs.	2018 ACTUAL Rs.
KANDY REG. OFFICE EXPENSES	33,119,738.20	33,015,899.50
REGIONAL OFFICE - MATARA	16,546,413.39	14,417,652.87
REGIONAL OFFICE - KURUNEGALA	33,542,328.69	26,807,429.28
REGIONAL OFFICE - ANURADHAPURA	40,361,305.58	40,300,950.34
REGIONAL OFFICE - BADULLA	27,784,667.81	22,009,454.87
REGIONAL OFFICE- POLONNARUWA	20,852,057.48	16,866,826.35
REGIONAL OFFICE - RATNAPURA	18,335,802.66	17,385,182.18
REGIONAL OFFICE -AMPARA	17,909,564.97	12,683,994.29
REGIONAL OFFICE - MONARAGALA	21,348,533.69	15,832,086.49
HAMBANTHOTA REGIONAL OFFICE	18,028,756.69	14,019,116.08
JAFFNA REGIONAL OFFICE	16,697,213.45	13,929,522.28
TRINCOMALEE REGIONAL OFFICE *	24,227,199.28	15,257,779.94
BATTICALO REGIONAL OFFICE	16,787,923.42	13,654,337.91
KALUTHARA REGIONAL OFFICE	20,415,817.50	14,631,151.16
GAMPAHA - REGIONAL OFFICE	20,785,260.35	18,122,581.35
COLOMBO REGIONAL OFFICE	23,125,207.81	15,709,865.21
MATHALE REGIONAL OFFICE	7,292,046.65	-
VAVUNIYA REGIONAL OFFICE	6,394,613.54	-
KEGALLA REGIONAL OFFICE	7,669,397.46	-
Regional Office Total Exp	<u>391,223,848.62</u>	<u>304,643,830.10</u>

Note 20**Administration Expenses**

	2019 ACTUAL Rs.	2018 ACTUAL Rs.
PERSONAL EMOLUMENT (Admini Div. Exp)	228,529,748.78	223,389,422.57
CONTRACTUAL SERVICES	29,834,461.81	23,755,243.25
MOTOR VEHICLE EXPENSES	39,843,385.11	21,413,862.80
INSURANCE	11,806,230.96	11,322,793.71
MAINTANANCE EXPENSES	12,718,017.14	9,115,940.27
SERVICES EXPENDITURE	3,064,219.28	4,531,843.76
TAXES	38,625,539.75	4,768,982.88
YAKKALA STORES COMPLEX EXP.	7,734,945.97	5,499,527.03
OTHER EXPENDITURE - ADMIN	120,917,914.25	96,741,668.59
FINANCE SECTION	15,087,225.52	12,065,532.24
PROCUMENT SECTION	6,023,214.72	3,618,838.43
TRANSPORT SECTION	28,719,589.04	20,363,872.32
STORES SECTION	2,938,641.76	1,835,363.23
INTERNAL AUDIT - SECTION	7,662,192.66	6,078,538.80
LEAGAL SECTION	17,307,673.94	8,494,806.36
GENERAL MANAGER -SECTION	3,224,773.51	3,227,743.49
DIRECTOR GENERAL - SECTION	5,013,430.28	3,923,476.08
CHAIRMAN - SECTION	6,571,245.95	6,039,752.59
MEDIA UNIT	6,523,494.72	3,816,889.52
Administration Expenses Total	592,145,945.15	470,004,097.92

Note 21**Finance Cost**

	2019 ACTUAL Rs.	2018 ACTUAL Rs.
FINANCIAL EXPENDITURE	5,032,021.49	46,648.51
	5,032,021.49	46,648.51

Note 22**INCOME ON INVESTMENTS**

	2019 ACTUAL Rs.	2018 ACTUAL Rs.
Interest on Peoples Bank	20,625,659.26	539,383.56
Interest on Bank of Ceylon	53,722,972.98	8,400,383.56
Interest on Treasury Bills	27,707,125.72	24,288,691.34
Interest on Surplus Trust Fund	497,076.16	465,694.34
Int.Income PPLS Bank Galle Road	124,548,405.65	289,388,903.49
Interest on Peoples Bank G.S.N. Fund		
Interest on Savings Acc. -Peoples Bank Galle Rd -Dehiwala	1,132,479.59	324,199.84
	228,233,719.36	323,407,256.13

NOTE - 23
INCOME TAX EXPENSES
YEAR - 2019

Amount
Rs.

Net Profit as per Accounts			239,998,397.93
<u>Less: Exempt Income</u>			-
			<hr/> 239,998,397.93
<u>Less: Income which does not form part of business</u>			
Dividend Income	2,236,000.00		
Interest Income	228,233,719.36		230,469,719.36
			<hr/> 9,528,678.57
<u>Add: Deductions not Allowed</u>			
Depreciation on Fixed Assets	102,462,187.52		
Gratuity Provision	43,977,263.00		
Foreign Travell Expenses	2,524,406.37		148,963,856.89
<u>Less: Deductions</u>			
Capital Allowances on Fixed Assets	88,933,552.11		
Gratuity Paid	6,368,461.00		95,302,013.11
			<hr/> 63,190,522.35
Profit from Trade or Business			63,190,522.35
<u>Add: Interest income on FD accounts</u>	229,087,223.12		229,087,223.12
Total Statutory Income			292,277,745.47
Assessable Income			292,277,745.47
Taxable Profit			<hr/> 292,277,745.47 <hr/>
Tax Payable thereon Rs.			
Income tax Payable on Interest	228,233,719.36	28%	63,905,441.42
Income tax Payable on Business Profit	63,190,522.35	28%	17,693,346.26
Income tax payable on GSN Advance Acc.	853,503.76	28%	238,981.05
Total Tax Payable			<hr/> 81,837,768.73 <hr/>
Provision for Taxation			81,837,768.73
<u>Tax Account Summary</u>			
Total Income Tax Payable			81,837,768.73
<u>Tax Credits</u>			
<u>ESC</u>			
<u>W.H.T.</u>	31,031,017.69	31,031,017.69	31,031,017.69
			<hr/> 50,806,751.04 <hr/>
Paid Amount			50,307,138.00
Balance Payment - 31-12-2019			499,613.04

AUDITOR'S REPORT



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தேசிய கணக்காய்வு அலுவலகம்
NATIONAL AUDIT OFFICE



My No. IEN/D/GSMB/1/19 Your No.

Date :- 10th September 2020

The Chairman

Geological Survey and Mines Bureau

Auditor General's Report on the Financial Statements and Other Legal and Regulatory Requirements of the Geological Survey and Mines Bureau for the Year Ended as at 31st December 2019

1. Financial Statements

1.1 Adverse Opinion

The audit of the Financial Statements of the Geological Survey and Mines Bureau for the year ended 31st December 2019 comprising the Statement of Financial Position as at 31st December 2019 and the Statement of Financial Performance, Statement of Changes in Equity and the Cash Flow Statement, the Notes to the Financial Statements, and a Summary of the Significant Accounting Policies and Other Explanatory Information for the year then ended was carried out under my direction in pursuance of the provisions of Article 154(1) of the Constitution of the Democratic Socialist Republic of Sri Lanka read in conjunction with Audit Act No. 19 of 2018 and the Finance Act No. 38 1971. My report will be tabled in Parliament in due course in accordance with Article 154(6) of Constitution.

It is my opinion that the financial position of the Bureau as at 31st December 2019 and the financial performance and the financial flow of the Bureau for year then ended do not give a true and fair view as per the Public Sector Accounting Standards of Sri Lanka given the importance of the matters explained in the Section of Basis for Adverse Opinion in this report.



1.2. Basis for the Adverse Opinion

- (a) Even though the Bureau owned 66% of the total equity capital of the GSMB Technical Service (Pvt.) Ltd Company, namely an amount of assets worth 226,727, 773 rupees out of the total assets of 343,526,929 rupees of the Company, Consolidated Financial Statements had not been submitted having consolidated the Financial Statements of the Bureau with the Financial Statements of the Company.
- (b) The royalty charges collected by the Bureau should be credited into the Consolidated Fund as the Sri Lankan Government bear the ownership of all the mineral resources as per section 26(1) of the Mines and Minerals Act No 33 of 1992. Accordingly the amount of 1,190 million rupees had been recorded in the financial statements of the year under review by the Bureau as an advance payment instead of debiting it from the income of the Bureau. Therefore the profit of the Bureau in the year under review has been overstated by that amount.
- (c) The accuracy of the Financial Flow Statement that had been submitted with the Financial Statements was not able to be verified in the audit due to the fact that the net financial flow generated by the investment and financial activities had been overstated by 1010 million rupees as a result of the fact that Financial Flow Statement had been prepared in a manner which is incongruent with Sri Lanka Accounting Standard No. 02.
- (d) An amount 95,060,498 rupees which was an adjustment for the period passed had not been disclosed in the financial statements as per Para No. 54 of Sri Lanka Accounting Standard No 03 and the expenses of 1,877,992 rupees in the year under review had been recorded as an expense of the period passed.
- (e) Though the assets of machinery and plants, drilling equipment and field equipment had been revalued in the year under review, necessary disclosures had not been made as per Para No. 90 of the Sri Lanka Accounting Standard No. 07.
- (f) Even though 46 cases had been filed by outside parties against the Bureau and 14 cases had been filed by the Bureau against outside parties, the said contingent liability had not been disclosed in the financial statements as per Sri Lanka Accounting Standard No. 08.



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 NATIONAL AUDIT OFFICE

- (g) The value of the final stock had been recorded in financial statements as 33,314,238 rupees, which was its value, without identifying the net realizable value as per Para No. 15 of Sri Lanka Accounting Standard No. 09.
- (h) Royalty revenue had been identified on monetary basis and recorded in financial statements as 2477 million rupees in contravention of Sri Lanka Accounting Standard No. 10 and the accounting principle that had been used to identify the royalty revenue had not been disclosed in financial reports as per Para No. 39 (a) of the Accounting Standard. The field inspection charges collected at the time of receiving license applications had been identified as an income on that occasion itself without paying concern to the fact that a transaction which includes the provision of services had been concluded. However a total amount of 996,820 rupees had been refunded on 78 occasions in the year under review due to the rejection of the grant of licenses.
- (i) The minimum lease amount of 10 motor vehicles purchased on lease basis had not been calculated on the current value with a discount as per Public Sector Accounting Standard No. 12 but the undiscounted value of 102,600,000 rupees had been recorded in accounts.
- (j) The amount of 5,097,526 rupees ,which was the provision for doubtful debts in the year under review ,had been recorded under liabilities as “Creditor” and “Payable” instead of deducting it from “Trade” and “Receivable” values. The amount of 28,000,000 rupees, which was the purchasing cost of the regional office building of Kurunegala and the land in which it is situated, had not been recorded in accounts having identified it separately as “land” and “buildings” but had been recorded only under “land”. At the same time even allocations had not been made for the depreciation of the building. The total amount of 1,238,200 rupees spent for assessment fees, registration fees and stamp fees had not been recorded under capital but had been recorded as an expense.

The Audit was conducted by me in accordance with Sri Lanka Auditing Standards. My responsibility under these Auditing Standards is further explained in the section of “Auditor’s Responsibility for the Audit of Financial Statements” in this report. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

1.3 The Responsibility of the Management and the Governing Body for 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 presentation of financial statements that are free from material misstatements, whether due to fraud or error.

It is a responsibility of the Management to determine the going concern of the Bureau when preparing the financial statements and it is also a responsibility of the Management to disclose the matters related to the going concern of the Bureau and also to maintain the accounts of Bureau on the basis of going concern except on the occasion when the Management intends to liquidate the Bureau or to discontinue the operations when no other option is available.

The responsibility of the process of financial reporting of the Bureau is vested in the Management.

The Bureau should duly maintain books and records of its income, expenses, assets and liabilities in order that its annual and current financial statements could be prepared in accordance with section 16(1) of the National Audit Act No. 19 of 2018.

1.4. Auditor's Responsibility for Financial Statements

My objective is to deliver a reasonable assurance to the effect that the financial statements are as a whole devoid of material misstatements that may be caused by frauds and errors and issue the Auditor's Report which includes my opinion. Though the aforesaid reasonable assurance is an assurance of higher level, it does not confirm the fact that material misstatements are disclosed all the time when the audit is conducted in accordance with the Sri Lanka Auditing Standards. Material misstatements may be made by the single or collective impact of frauds and errors and it is expected this may make some impact on the economic decisions taken by the users of the aforesaid statements based on the contents of those statements.

I conducted the audit in accordance with the Sri Lanka Auditing Standards with professional judgment and inquisitiveness. Furthermore,

- The basis of my observation depends on the adequate and appropriate evidence gathered



to overcome the risk that could be made by frauds and errors by the formulation of audit procedures in a timely manner in assessing and identifying the risks of the material misstatements that may be found in financial statements due to frauds and errors. The effect created by a fraudulent incident is more enormous than the effect created by a material misstatement and frauds can occur as a result of collusion , preparation of forged documents, intentional evasion or the evasion of internal controls.

- Even though some understanding of the internal controls of the Bureau was obtained for planning the appropriate audit procedures it is not intended to express some opinion about the effectiveness of the internal controls of the Bureau.
- The reasonableness of the accounting policies and accounting estimates used and the appropriateness of the related disclosures made by the management were evaluated.
- The relevance of using the basis of going concern of the Bureau for accounting was decided based on the audit evidence obtained in regard to the fact whether there is a material uncertainty in regard to the going concern of the Bureau as a result of incidents and situations. If I conclude that there is a material uncertainty, I have to pay attention in my audit report to the disclosures in the financial statements in that regard and I should change my audit opinion if the said disclosures are not sufficient. However going concern may come to an end due to future incidents or situations.
- The presentation, structure and the contents of the financial statements which contained the disclosures were evaluated and it was evaluated that the transactions and incidents which provided a basis for it were included in the financial statements in an appropriate and fair manner.

The Management was educated in regard to the important audit findings, deficiencies in the internal controls and other matters that were identified in my audit.

1. Report on other Legal and Regulatory Requirements.

Special provisions are included in regard to the following requirements of the National Audit Act No. 19 of 2018

- All the information and explanations required for the audit were obtained by me, except for the impact made by the matters described in the section of Basis for the Adverse Opinion in my report, as per the requirements of section 12(a) of the National Audit Act No.19 of 2018 and according to my examination the Bureau has not duly maintained the financial records.
- The financial statements presented by the Bureau are consistent with those presented in the previous year in terms of section 6 (1) d (III) of National Audit Act No. 19 of 2018.
- The other recommendations excluding the recommendations included in Para Nos. 1.2 (a), 1.2 (b),1.2 (f) and 1.2 (h) ,which made by me in the previous year ,are included in the financial statements presented in terms of section 6 (1) d (W) of the National Audit Act No. 19 of 2018.

Nothing which was sufficient enough to make the following statements was brought to my attention based on the procedures followed and the evidence obtained and due to the fact of being confined material information.

- The fact that any member of the Board of Management of the Bureau has direct or indirect connections outside the ordinary business activities in regard to some agreement related to the Bureau in terms of section 12 (d) of the National Audit Act No 19 of 2018.
- The fact that action has been taken in a manner which is inconsistent with some relevant written law or general or special directions issued by the Board of Management of the Bureau in terms of Section 12(f) of National Audit Act No. 19 pf 2018.



Reference of Rules/ Regulations	Description
(a) Mines and Minerals Act No 33 of 1992	Even though action should be taken to rehabilitate the lands within a period of 2 months to 09 years subsequent to the mining activities, action has not been taken to get this task completed through 874 Industrial Mining License holders.
(I) Mines and Mining Regulation No. 21(a) amended by Gazette No. 958 dated 10 th January 1997 and Section 55(2)	Similarly even though the bank guarantees worth 156,275,430 rupees that had been taken from the aforesaid license holders had been encashed, the aforesaid money has been recorded in financial statements as a payable balance without using it for rehabilitation activities.
	Action had not been taken to submit recommendations to the Secretary in regard to the specified market value of mining products, allowable reduction and royalty payments programme and make timely amendments in regard to those activities.



(II) Mining regulation No. 33 (4) amended by Gazette No. 958 dated 10th January 1997.

Action had not been taken to submit recommendations to the Secretary in regard to the specified market value of mined products, allowable reductions and royalty payment programme and make timely amendments in regard to those activities.

(b) Section 6.2 (c) of the Part II of Payment of Gratuity Act No 12 of 1983 and the letter No. 02/09/01 CP/2018 dated 05th July 2018 of the Secretary to the Ministry of Mahaweli Development and Environment

An over payment of 8,352,114 rupees had been made to make gratuity payments to 21 employees who had resigned from service during the period 2016-2019 ,due to the fact that gratuity payment had been calculated based on the salary of a full month though it should have been calculated based on the salary of a half a month and an amount of 159,753,034 rupees had been allocated to make gratuity payments calculated based on the salary of a full month.

The Director General of Public Enterprises Department had informed by his letter dated 10th May 2018 to recover the amount overpaid as gratuity payments but the aforesaid money has not been recovered.

(C) Section 2(1) (a) of the Value Added Tax Act No. 14 of 2002

Action had not been taken to collect the value added tax from the clients when collecting the field inspection charges during the period from the year 2011 up to 2014. An amount of 93,068,185 rupees had been paid to the Commissioner of Inland Revenue as the aforesaid Value Added Tax and it is a loss incurred by the Bureau. Action has not been taken to identify the officers responsible for it and take necessary action against them.

(d) Para Nos. 38 (f) and 42 (a) of the National Audit Act No. 19 of 2018 and Financial Regulation No.155

The Bureau had not provided answers to 8 audit queries issued in the year under review.

(e) Extra – Ordinary Gazette Notification No. 772/22 dated 24th June 1993 issued by the Minister of Environment in terms of Section 23V of National Environment Act No. 47 of 1980 amended by Act No.56 of 1988

Even though mining should not be done on the surface of the earth extending up to an accumulated area of land of 10 hectares when extracting minerals, the mining licence No. IML/A/Ho/1623 had been issued to extract mineral sand in an area of 18 hectares in contravention of the aforesaid rule.

(f) Financial Regulation No. 757(2) and 507 (03) of the Code of Financial Regulations of the Democratic Socialist Republic of Sri Lanka

Survey Reports had not been presented to the audit having surveyed the fixed assets of which the cost was 1,208,686,416 rupees.



(g) Financial Regulation No. 371(2)(b) and 371(5) of the Code of Financial Regulations amended by Public Finance Circular No. 03/2015 dated 14th July 2015.

The shortcomings of providing advances up to 810,000 rupees exceeding the limit of 100,000 rupees on 70 occasions, providing advances to 06 non executive employees, providing advances up to 200,000 rupees to the employees on contract basis ,the fact that an amount of 8,600,840 rupees due from one officer due to the fact of providing advances back while the advances already obtained had not been paid and the fact that the repayment of the advances that had already been taken had been delayed for a period from 1 month to 1 year were observed.

(h) Sections 31.11 and 31.15 of Chapter XLVIII of the Establishment Code

Disciplinary inquiries had been commenced against 2 officers who had been interdicted with effect from 17th August 2017 under criminal charges and an amount of 1,386,394 rupees had been paid as half salary along with 184,113 rupees as professional allowances and 505,485 rupees as incentives and bonuses to one officer during the period of interdiction . Those officers have been reinstated upon the approval of the Board of Directors with effect from 15th August 2019 without an order of the disciplinary inquiry.



(I) Public Enterprise Circular No. PED/12 dated 02nd June 2003

(1) Para NO. 6.5.3

The Annual Reports of the years 2017 and 2018 had not been tabled even by 30th June 2020.

(II) Para No. 8.8.3

Even though the maximum incentive/ bonus that should be paid to employees is the gross salary of two months, an amount similar to the salary of 08 months had been paid as incentives to employees in contravention of the above rule without the approval of the Treasury.

(J) Public Enterprise Circular No. PED/17 dated 28th October 2003

12 officers had been given 07 foreign tours without the approval of the Treasury.

(K) Sections 03 (iv) and 03 (v) of circular No. EC/EDR/PRE/INQ dated 30th September 2019 of the Elections Commission and Public Administration Circular No 29/2019 dated 18th September 2019.

146 employees had been confirmed on their posts with effect from 1st October 2019 exceeding the number of vacancies available. Among them were five employees of the position of Technical Assistant, which is not included in the approved cadre and 2 employees who had not fulfilled the conditions applicable for confirming on posts.



- | | |
|---|---|
| <p>(I) The letter No. DMS/1625 –Vol II dated 23rd December 2016 of the Director General of Management Services</p> | <p>An amount of 3,657,843 rupees had been paid to the employees taken from GSMB Technical Services (Pvt.) Ltd Company as incentives although the agreement for obtaining employees from that company did not contain the relevant conditions.</p> |
|---|---|

Action has been taken in a manner which is inconsistent with the powers, duties and functions of the Bureau except for the following observations in terms of the section 12 (g) of the National Audit Act No 19 of 2019.

- (a) A methodology had not been prepared to grant licenses for the transport of granite products in terms of section 28(4) of the Mines and Minerals Act No. 33 of 1992. Issue of transport licenses for the transport of sand, soil and clay had been stopped during the period from 4th December 2019 up to 16th March 2020 as the Cabinet Decision No 19/□□□/(064) dated 13th December 2019 in contravention of the relevant provisions. Royalty charges of the aforesaid minerals were being collected when issuing the transport licenses and an optional methodology had not been introduced for collecting the royalty charges when the issue of transport licenses was abolished.
- (b) Plumbago, mineral sand and quartz were being exported as a raw material as the Bureau had not introduced the steps to be followed in adding value to minerals in accordance with section 2(e) of Mines and Minerals (Amendment) Act No.66 of 2009.
- The resources of the Bureau had not been procured and used in a frugal, efficient and effective manner which is consistent with the relevant rules and regulations during the period under review in terms of section 12(h) of the National Audit Act No. 19 of 2018 except for the following observations.

(a) An amount of 2,581,633 rupees had been paid to getting the corporate plan and action plan prepared for the period 2019-2023 through a company selected without following the procurement process.

(b) A total amount 4,556,463 rupees had been paid for the construction of a protective fence in 3 phases around the land in which Gampaha Regional Office and the warehouse are located but the aforesaid task could have been completed as one single task. The first



phase had been assigned to the Land Reclamation and Development Board having called quotations only from that company but without entering into an agreement with that company and the other two phases had been assigned to a Farmer Organization after calling quotations. Provisions of the Sections 4.3,6.33,7.3.4(b), 8.13.3 and 8.13.4 of the Code of Procurement Guidelines had not been followed in this task.

- (c) A land and a building had been purchased at a cost of 28000000 rupees to house the Regional office of Kurunegala without paying attention to the requirement. This building had not been suitable for the relevant purpose and due to that reason an amount of 1,080,000 rupees had been spent additionally to house the office at a monthly rent of 90,000 rupees.
- (d) A rock sample conservatory and a laboratory had been constructed in the premises of the Regional Office of Gampaha in contravention of the procurement guidelines and 2 rooms out of the 3 rooms available on the ground floor had been allocated for the use of officers without using them for the relevant purpose.

2. Other Audit Observations

- (a) Even though incentives should be paid based on mineral exploration income, an amount of 111,592,069 rupees had been paid as incentives based on field inspection income of 13,588,600 rupees and test blast income of 4,812,000 rupees.
- (b) An advance payment of 1,500,000 rupees had been paid to the Chairman in the year 2014 to conduct an awareness programme to educate the public on the functions of the Bureau but the aforesaid task had not been carried out or the advance payment had not been settled.
- (c) The Electric Distance Measuring Equipment that had been purchased at a cost of 795000 rupees in the year 2016 to measure volume of the mineral deposits had been kept in an inactive state for a period of three years without being used. 43 toner cartridges purchased at a cost of 601,640 rupees for the printer machines which are not used in Bureau at present were in a state in which they could not be used.
- (d) The total amount 27,419,690 rupees that was due from the contract company as royalty charges of 26,876,200 rupees and 543,490 rupees for 1,343,810 cubes of soil and 3397 cubes of sand respectively used for the construction of the Yan Oya Reservoir Project.
- (e) The technical defects that had occurred when operating the field inspection monitoring system that had been purchased at cost of 1,176,552 rupees three years ago to monitor the duties of the field inspectors had not been corrected and the inspection expected from the system had not been properly carried out as well.



- (f) The royalty charges had been collected less than the due amount due to the fact that mined amount of granite had been calculated on the basis that the mined amount of granite should be twice the amount of explosives used without following a scientific methodology to calculate the amount of granite mined. Royalty charges had been collected 65% or 1,427,174,239 rupees less than approved amount in the mining licenses for granite in the years 2016, 2017 and 2018.
- (g) An amount of 4,213,320 rupees was due as royalty charges for 210,666 cubes of gravel that had been used for development projects in Anuradhapura district in the years 2017 and 2018.
- (h) Action had been taken until the day of the audit to prepare national policy on mineral resources and obtain approval for it in accordance with the notice given by the Cabinet of Ministers on 09th August 2017.
- (i) The approval of the Department of Wild Life Conservation, Central Environmental Authority, Department of Irrigation, Department of Archaeology and Sri Lanka Mahaweli Authority had not been obtained to remove sand deposits in the Mahaweli River in the areas of Kanthale, Suriyapura and Thummodara.
- (j) The annual approval that should be obtained from the Department of Coast conservation, Urban Development Authority and Local Administrative Bodies had not been obtained due to the fact that; 03 mining licenses had been granted to Ceylon Minerals Lanka Mineral Sands Company for a period of 09 years and 6 months to mine sand in Pulmidei, Thivikkalu and Koduvakattu areas; 3 mining licenses had been granted to 2 private institutions for a period of 10 years to mine sand in Sampur, Palachchenei and Verugal areas and the regulatory activities that should have been done by the aforesaid institutions had not been done. Lanka Mineral Sand Company had done mining activities in contravention of the conditions mentioned in the licenses exceeding the approved extent of land but no action had been taken against three private parties in regard to the mining of 142,486 metric tons of sand from other lands without licenses and selling that sand to Lanka Mineral Sand Company.

A license had been issued to mine sand in the Sampur area in Trincomalee district, to a company of which 75% of the ownership was held by foreign nationals and had not even entered into a project agreement with the Board of Investment of Sri Lanka in terms of the Gazette No. 2045/06 dated 17th November 2017.

- (k) When exporting sand royalty charges had been collected on a lesser value due to the fact that it had been collected at a price prepared by adding the transport charges to the value at which sand was sold locally instead of collecting the royalty charges on FOB value in terms of Regulation No 33 amended by Extra Ordinary Gazette No. 18/33/11 dated 23rd October 2013.

**AUDITOR'S REPORT -
ANSWER**

02.02.2021

Your No : IEN/D/GSMB/1/19

My No : FN/A/KIT/2019

The Auditor General
Auditor General's Department
No. 306/72, Polduwa Road
Battaramulla

Auditor General's Report on the Financial Statements and Other Legal and Regulatory Requirements of the Geological Survey and Mines Bureau for the year ended 31st December 2019 in terms of section 12 of the National Audit Act No 19 of 2018

1. Financial Statements

(a) Adverse Opinion and Basis

- (a) The accounting year of the both institutions should be the same if we are to prepare consolidated financial statements. The Inland Revenue Department had not given approval to the GSMB Technical Services (Pvt.) Ltd. Company to amend its accounts year to be effective from January up to 31st December in the year 2019. However this approval was given to GSMB Technical Services (Pvt.) Ltd Company in the year 2020. Accordingly consolidated financial statements can be prepared with GSMB Technical Services (Pvt.) Ltd. Company with effect from the year 2020.
- (b) The matters pointed out by the audit have been rectified by now.
- (c) Contravention of Public Sector Accounting Standard No. 02.
- Action will be taken to record this in the Financial Flow Statement as a non-monetary item having debited it from the profit with effect from the next year as has been pointed out by the audit.
- (d) This could not be allocated due to the fact that the details of the expenses of the year under review were not received even by the time when the final accounts were prepared and action will be taken to make some allocation for such expenses with effect from the next year.
- (e) This has been rectified by now and the amended Financial Flow Statement has been prepared.
- (f) It is informed that action will be taken to disclose it with the statements of accounts in the future.

- (g) Action has been taken to record in accounts the stock available in the Bureau at the less value out of the cost and net realizable value with effect from the next year as has been pointed out by the audit.
- (h) Contravention of Public Sector Accounting Standard No. 10

The recipients of licenses should present to the Bureau the production volume related to mining licenses under the form No. 14 in the Regulations for issuing licenses. The Bureau is not able to determine the royalty charges that can be charged by it for the relevant year until it receives this form which contains the production volume. It is not possible even to forecast the royalty charges without knowing the aforesaid production volume. It is informed that the Bureau is not able to record the royalty charges on accrual basis due to the aforesaid practical problem.

However discussions are being held to solve these practical problems. Field inspection charges are collected on the basis of settling the expenses incurred for examining whether it is possible to grant the relevant license to the place for which the license has been applied. However steps will be taken to manage this situation having made discussions with the relevant section.

- (i) The relevant correction has been done by now as has been pointed out by the audit.
- (j) Action will be taken to make deductions from receivable value to make allocations for doubtful debts in the future as has been pointed out by the audit.

1. **Reference to Rules / Regulations**

(a) **Mines and Minerals Act No. 33 of 1992**

- (a) A mining site should be rehabilitated after mining activities as per the rehabilitated plan submitted along with a mining license as per the Mines and Minerals Act No. 33 of 1992 amended by Act No. 66 of 2009.

An agreement is signed for it on a bank guarantee. The bank guarantees of the license recipients who do not do the rehabilitation activities properly are signed by the Bureau and the Bureau takes action to rehabilitate the mining sites of those license recipients. The relevant bank guarantees are released by the bank after the rehabilitation work. Furthermore a Mine Security Section too has been established by the Bureau to monitor this.

- (b) Necessary steps are being taken to make the necessary amendments in this regard.
- (b) The Bureau has acted in accordance with the Gratuity Act and even the Department of Labour has confirmed that fact. Therefore there is no need for the recovery of money as an overpayment has not been made. All the relevant approvals have been referred to the Treasury by now as was discussed in the Committee on Public Enterprises.

- (c) Action has been taken by now to pay the VAT for all the incomes.
- (d) Answers have been given to the audit queries by now.
- (e) The regulations for issuing licenses were made by Gazette No. 772/22 dated 26th November 1993 under the Mines and Minerals Act No 33 of 1992 amended by Act No. 66 of 2009. Lanka Mineral Sands Company had been mining sand using machines even before the aforesaid Gazette and Act were issued, and the aforesaid Gazette had given a grace period to the license holders who had been mining using machines by then to obtain Industrial Mining Licenses before 26th April 1994. Therefore a legal impediment did not arise in issuing these licenses to these license holders who had held those licenses for more than 20 years, to engage in mining activities in an area exceeding 10 hectares.
- (f) A survey of stocks was conducted in regard to the stocks existing in the Bureau as at 31st December 2019 and the relevant reports have been submitted to the audit by now.
- (g) The advance payment of 81000/- rupees had been made to carry out the Green Sand Ferry Programme created in the year 2018 with the approval of the Board of Directors, and this advance payment had been settled by 30.06.2019. All the Sectional Heads of the Bureau have been informed by now to make advance payments only to the staff officers of the Bureau.

Action has been taken by now to stop the payment of advances to the officers who have not repaid the advance payment that they have already taken.

All the advance payments except one have been settled by 31.12.2019.

- (h) Necessary action is being taken at the moment to recover the relevant money.
- (i) .
 - (a) The annual reports of the year 2017 and 2018 are being printed at the moment, and further action will be taken expeditiously.
 - (b) PED 12 has mentioned about bonuses not about incentives.
- (j) Only the incidental allowances, VISA charges, warm cloth allowances and course charges have been paid to these officers but no compound allowances have been paid to them. It is not necessary to obtain the approval of Public Enterprises Department as the period of the tour has not exceeded 30 days.
- (k) The appointments of the position of Management Assistant have been confirmed as per Election Circular No. EC/EDR/PRE/INO.
- (l) Incentives have been paid even to the employees working on a contract/ assignment basis upon the approval of the Department of Management Services as they too contribute to the revenue of the Bureau.

- It is informed that the Bureau acts in accordance with procurement rules.
 - (a) The Public Enterprises Department has informed the Bureau to prepare a statement which indicates the interests of the Bureau for the next 3 years as the corporate plan had not been prepared after 2017. Therefore this plan has been prepared with the approval of the Board of Directors. The services of a professional body had to be obtained for this task (Preparation of the corporate plan) as there are no officers available in the Bureau to do that task. It is informed that action will be taken not to let such incidents happen in the future.
 - (b) The relevant corrections have been made by now.
 - (c) Action will be taken in the future as has been pointed out by the audit.
 - (d) The matters pointed out by the audit will be looked into and action will be taken in that regard in the future.

2. **Other Audit Observations**

- (a) The Bureau has paid these incentives in a systematic manner subject to the approval given by the letter No. PEI/000/6 of the Treasury dated 02nd August 1996. Even the approval of the Board of Directors has been obtained based on approval given by the Treasury.
- (b) Steps have been taken to take legal action to recover this amount from the relevant persons.
- (c) It is informed that action will be taken not to let such incidents happen in the future.
- (d) Several letters have been sent by the Bureau to the relevant company informing them to pay the relevant arrears of the royalty charges ,with copies to the Department of Irrigation. In addition to that memoranda too have been sent.
- (e) It has been informed to the company which prepared this software to update it as per the requirement of the Bureau as there are defects in the software.
- (f) License recipients have been informed in regard to the relevant royalty charges and legal action has been taken to recover the unpaid royalty charges.
- (g) Different public institutions have obtained licenses to mine soil and gravel for various development projects in Anurdapura district. The Bureau has collected the royalty charges relevant for the transport of the number of cubes approved by the Bureau.
- (h) The policy was prepared by the Geological Survey and Mines Bureau and subsequently it was handed over to the Ministry of Science and Technology to submit as a cabinet paper with the approval of the Secretary to the Ministry. It is informed that the Bureau finalized the activities related to this policy and sent it to the Ministry on 14th July 2018(Two years ago)
- (i) The amount of sand to be removed from the sand deposit at Kantale, Suriyapura, Thummodara area had been estimated before the license was issued for removing sand. The sand license has

been issued with the main objective of constructing a dam to control floods under the recommendations of the other institutions as well.

- (j) The Bureau has issued conditional licenses to Lanka Mineral Sand Company to mine sand in Pulmudei, Thevikakalu and Koduwakattu areas. The relevant company had done mining activities exceeding the approved extent of land and the Bureau has later given instructions to submit applications for obtaining licenses for the extent of land for which approval has not been obtained. The company is taking action at the moment to obtain the license.

Furthermore it has not been reported to the Bureau that three private parties are mining mineral sand in private lands without obtaining license.

Licenses with a validity period of 10 years have been issued to mine sand in Palachchanedi and Verugal areas in Batticaloa district based on Economic Achievement Report, which is submitted , subject to the condition that annual licenses of the Department of Coast Conservation should be obtained.

- (k) Action has been taken to calculate the royalty charges based on the Act and the Regulations. This matter was explained even in the meeting of the Committee on Public Enterprises held on 18th September 2019.
- (l) The Bureau has issued licenses to mine mineral sand in the Trincomalee district. Licenses have been issued with a validity period of 10 years upon the powers vested with the Director General to observe the validity period of the licenses of the ‘‘A’’ category based on the Economic Achievement Report submitted , as per the License Issuing Regulations made under the Mines and Minerals Act No. 33 of 1992 amended by Act No 66 of 2009.
- (m) Relevant recruitments have been made by now for all the positions for which vacancies exists.
- (n) An Annual Mineral Report is prepared using the data which is collected, analyzed, processed and published by the Bureau. These reports have been issued up to 2015. These reports have not been prepared thereafter due to some oversight and action is being taken at the moment to prepare these reports.
- (o) Job lists related to the Scheme of Recruitment have been submitted to the Director (Mineral Surveys) and the Director (Mine Security)
- (p) A member of the Board of Directors monitored the yearly, half yearly and quarterly performance reports prepared by each Division of the Bureau. However these reports have not been received by the Accounts Division to be submitted to the audit. Action will be taken not to allow such an incident happen in the future.

The Chairman
AnuraWalpola

AUDIT & MANAGEMENT COMMITTEE REPORT

Audit & Management Committee Report

Rules & Responsibilities of 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 the good governance.

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

The Audit Committee of the Geological Survey & Mines Bureau is comprised of three non-executive 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. Mapa Pathirana**
(State Secretary – State Ministry of Mahaweli Development & Environment)
- . **3. Member - Mr. Mashanka H. Liyanage**
(Asst. Director – (Policy Development) - Ministry of Industry & 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:

1. Review of the Annual Audit Plan, Work Program, Corporate Plan, Action Plan, Procurement Plan, Annual Budget and Capital Budget.
2. 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.
3. Review and evaluate the internal control system covering Accounting Financial and operational aspects based on audit reports and Management decisions of Board of Directors.
4. Review compliance of statutes, rules, regulations, Treasury circulars & directives.
5. Submit recommendations of the Committee to the Board of Management.
6. Review of the matters pertaining to organization's staff discipline, performance elimination of wasteful expenditure and corrupt practices with the objective of making the GSMB cost conscious and productiveness.
7. Carrying out appropriate investigations to mitigate the fraud risk.

Meeting of the committee

During the financial year ended 31st December 2019, four (04) 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. On the invitation of the committee the representative from Auditors General Dept. attended committee meetings during the year.

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.

The Committee is satisfied with the appropriateness of application of the accounting policies and thus gives a reasonable assurance that the Financial Statement of the GSMB are reliable. Further, the committee is satisfied that the Compliance framework of the GSMB ensures that the GSMB complies with applicable laws, rules and regulations and corrective and preventive actions were taken with regard to the reported non – compliances during the year under review.

Mr. P. Algama
Chairman
Audit and Management Committee

CORPORATE SOCIAL RESPONSIBILITIES

Corporate Social Responsibilities

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

Geological Survey and Mines Bureau took some special steps towards Environment Protection and the implementation of Sustainable Mining. Projects such as Wanaropa and Jala Nimna Haritha arana, can be considered as Major movement towards encouraging the public and the private organizations, to protect the Environment. “Green Sand Ferry Project” is a special movement to promote sustainable Mining in Sri Lanka. In addition, GSMB conducted several other Community Building projects, as a step towards developing the living standards of the rural population.

1. Green Sand Ferry

In accordance with the view of the general public of Sri Lanka , illicit ,excessive and improper river sand mining is said to be caused savior problematic issues to the riverine eco systems of the country, including effects such as deepening of river bed ,River bank destructions ,erosional and stability effects on the to the river banks & associated slopes , salinity instructions ,etc. Apart from the physical, chemical and geo technical impacts it is been recognized indirect sociological impacts.

With the identification of all above problematic environmental and distresses, it is been realized to make actions against the prevailing behavioral and natural effects without any dely. The proposed “Haritha Weli Thotupala” Green Sand Ferry, will be an appropriate & timely important apparently implementable environmental & sociological remedial concept which could be effectively make into action. The proposed Green Sand Ferry, creational environmental completion could be successfully implemented through all river sand mining license holders, on all respective river banks executed as large scale Island wide program in order to re green, restore and rehabilitate.

Island wide competition was on placed to and winners of Green sand ferry competition was felicitated during “Buu Abimani” ceremony which was held on 18th march 2019 at lotus pond theater as president Mithripala Sirisena being the chief guest.



2. Awareness Programs on Explosive issuing

After April 21st Easter attacks issuing of explosives to mining activities was temporary suspended and new procedure was introduced. To inform the public on new procedures, a series of awareness programs was conducted to cover the whole country.





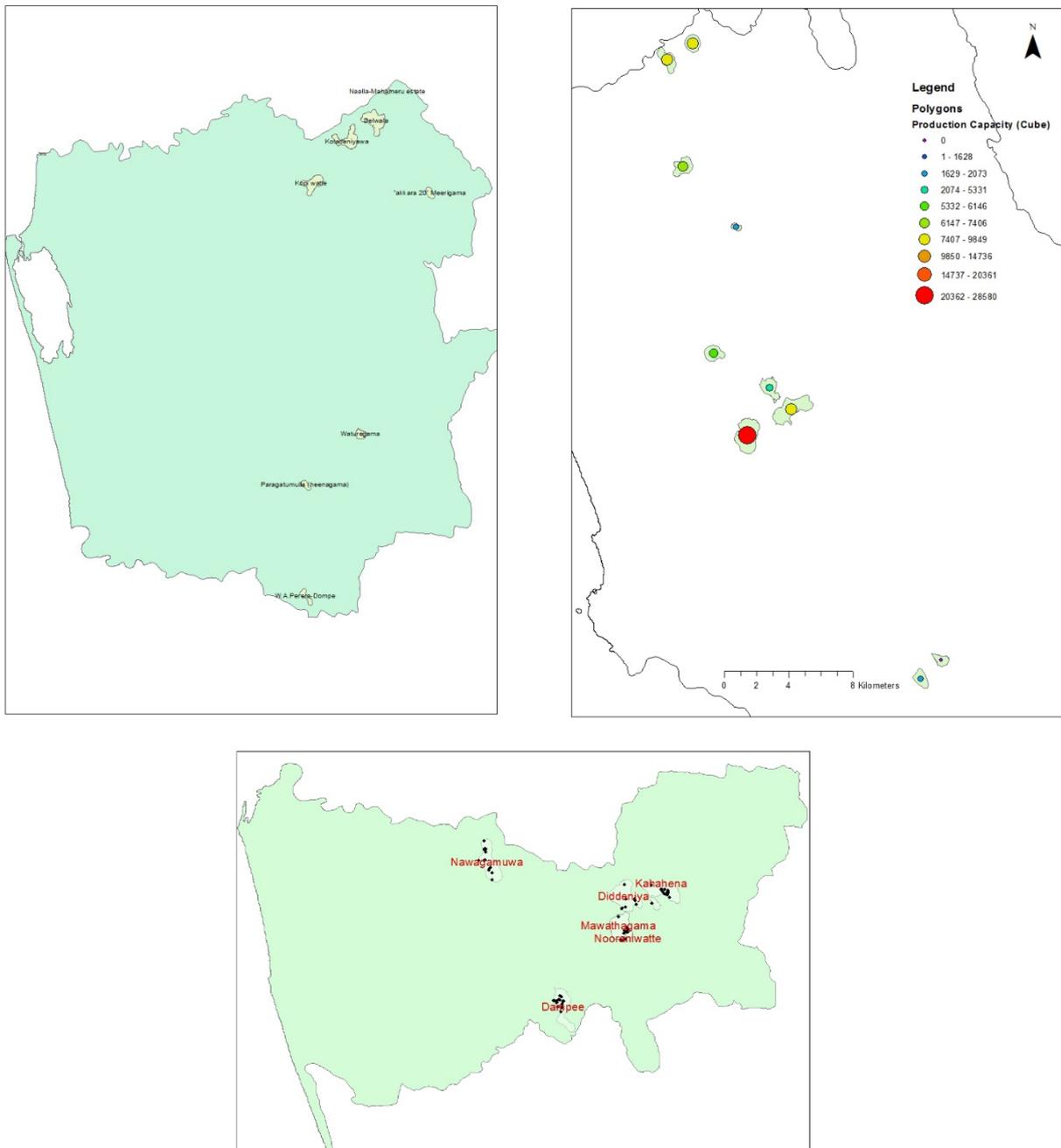
No	Date	Province	Place
1	2019.06.20	Western	Garden Beach Hotel, Kalutara
2	2019.06.27	Wayaba	Mahagedara Ceremony Hall, Kurunegala
3	2019.07.09	South	Grand Navarro Hotel, Matara
4	2019.08.23	Central	Auditorium of the Provincial Council Office, Kandy
5	2019.08.30	Uva	Capital City Hotel, Badulla
6	2019.09.17	Eastern	East Lagoon Hotel, Batticaloa
7	2019.11.28	North Central	Auditorium of Anuradhapura District Secretariat



3. Mining Zoning unit

Due to the intensification and acceleration of industrialization and urbanization, the impact of humans on natural resources and the opposite has gradually increased leading to serious regional conflicts. On the other hand, Global crisis such as the shortage of resources and the deterioration of the environment has become an issue mankind has to face.

GSMB mining division have established a unit to find out mining cluster which can be reserved and secure for future mining ventures. Under this program 44 different clusters of 2 provinces (Western and southern) have been identified for detailed study for analyze the suitable cluster boundaries and expected to legalized in future.



4. Engineering Design Unit

Engineering design unit was established to provide advance engineering solutions for the mining industry of Sri Lanka. In 2019, Prof.P.G.R.Dharmarathne ,(Senior Professor – University of Moratuwa) and Eng.P.V.A.Hemalal- (Senior Lecturer -University of Moratuwa) worked as consultancies to this unit. Several studies were conducted under following program topics,

1. Designing of Bench Blasting System
2. Design of Tunnel Blasting System
3. Optimizing royalty calculating methodology in aggregate in collaboration with university of moratuwa.
4. Studies on “Determination of specific volume of Quartz, feldspar, Silica sand, Mineral sand, Kaolin and Ball clay”

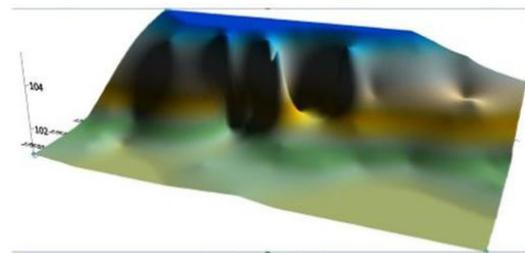


Figure 8: Pre-Blast 3D surface

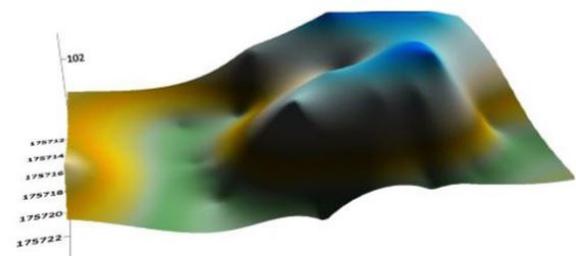
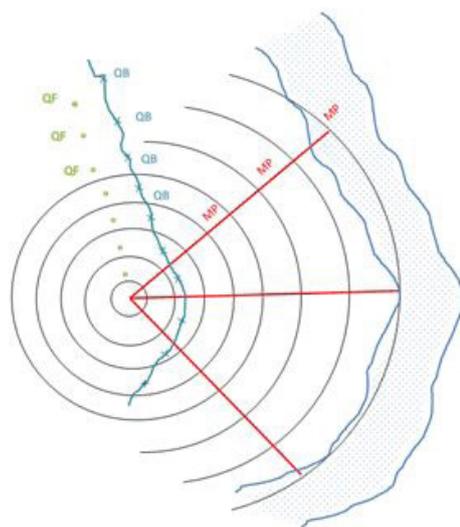
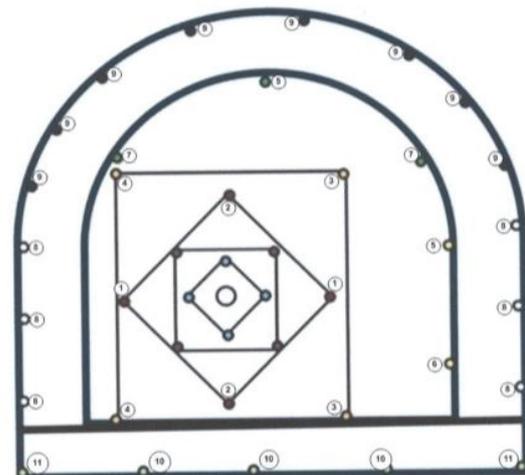


Figure 9: Post-Blast 3D surface



QF – Quarry Face
QB – Quarry Boundary
MP – Measuring Points



5. Awareness programs and tree plantation programs done by RO

The Mines Division has carried-out several seminars and tree plantation programs at various districts in order to sort out major industrial problems related to mining activities and guide to the sustainable mining process.

Workshop/Awareness Program	Date	Purpose
1. Tree Planting Programme at trincomalee RO	04.01.2019	Parallel to the tree plantation program “Wanaropa”
2. Site inspection and Awareness Programme at, Monaragala	07.02.2019	To aware and encourage license holders for Green sand ferry competition
3. Site inspection & awareness Program at Kaluthara RO.	07.02.2019	
4. Inspection on green sand ferry has been done around Yan oya	15.02.2019	
5. Inspection on the progress of Green sand ferry project was conducted around Haldumma area.		
6. Awareness program on green sand conducted by Kandy RO	21.02.2019	
7. Awareness program on the principles of Green sand ferry concept was organized at Kanathale.	11.06.2019	
8. Tree Planting program was organized at hasalaka, Kandy under Kandy RO.	29.10.2019	Tree planting

6. Opening of New Regional Offices

Two more regional offices (RO), a separate office for administrating green sand ferry projects were unveiled during the span of 2019. During the year, some RO were also relocated.

- a. The 18th Regional Office of the Geological Survey and Mines Bureau was opened by the Secretary to the Ministry of Mahaweli Development and Environment Anura Dissanayake on 17.05.2017 at the invitation of the Chairman of the Bureau, Asela Iddawela at Ukuwela, Matale. Heads of the Ministry of Environment and Bureau and officials participated in this event.
- b. 19th Regional Office of the Geological Survey and Mines Bureau with the assistance of the Chairman of the Bureau Mr. Asela Iddawela and the Kegalle District Secretary LJMG Chandrasiri Bandara on the invitation of the Director General of the Bureau, CHERR Siriwardena. It was opened to the public from May 30th 2019.
- c. Anuradhapura Regional office of Geological Survey and Mines Bureau was constructed at the District Secretariat, Anuradhapura declared open to the public on July 17, 2019.
- d. Separate office was unveiled at kurunagala on July 25th 2019 to coordinate the projects conducted in related to green sand ferry and other related environmental protection projects.
- e. The newly relocated Colombo Regional Office of the Geological Survey and Mines Bureau was opened on 26 August 2019.

2019

G S M B



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gsmb.gov.lk