

Geological Survey & Mines Bureau
Sri Lanka

ANNUAL REPORT

2016

GSMB

ANNUAL REPORT 2016

GEOLOGICAL SURVEY & MINES BUREAU
No.569, Epitamulla Road, Pitakotte.
Tel: 011 2886289/ 0112886290
Fax: 001 2886273
E-mail: info@gsmb.gov.lk
Website: www.gsmb.gov.lk

CORPORATE INFORMATION

GENERAL

The Geological Survey & Mines Bureau (GSMB) is a statutory body established under the Mines and Minerals Act.No.33 of 1992 and the Head office is situated at, No. 569, Epitamulla Road, Pitakotte.There are sixteen regional offices at Matara, Kandy, Kurunegala, Rathnapura, Anuradhapura, Polonnaruwa, Badulla, Monaragala, Ampara, Hambantota, Trincomalee, Kanthale, Batticaloa, Jaffna, Kaluthara and Gampha.

VISION AND MISSION

VISION

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

MISSION

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

THE FUNCTIONS OF THE GSMB ARE

- To undertake systematic geological mapping of Sri Lanka and preparation of geological Maps.

- To identify and assess the mineral resources of Sri Lanka.

- To evaluate the commercial viability of mining for, processing and export of such Minerals. Evalating the commercial viability of exporting minerals.

- Regulating the exploration and mining for minerals and processing, trading in and export of such minerals by the issue of licenses.

- To advice the Minister on measures to be adopted for the promotion of the extraction and production of minerals on a commercial basis.

- To disseminate in appropriate media, information and data acquired during the exercise of functions under the Act. in particular, under paragraphs (a), (b) and (c) of this section.

- To undertake projects in regard to geotecnical engineerings and provide advice and remedial measures caused in respect of geological hazards and disaster

CONTENTS

	Page No.
Chairman's Message	07
Director General's Message	09
Board of Management	11
Senior Management	11
About the Bureau	12
Contact details of the Bureau	14
Historical Background	15
Divisional Performance	16
Geology Division	16
Mines Division	33
Financial Review	42
Legal Division	43
Review on Human Resources	45
Corporate Governance	46
Financial Reports	48
Statement of Financial Position	54
Statement of Financial Performance	56
Notes to Financial Statement	58
Auditor General's Report	74
Auditor General's Report – Answer	102
Audit Committee Report	119
Corporate Social Responsibilities	121

CHAIRMAN'S MESSAGE

On behalf of the Board of Directors, the management and the staff of the Geological Survey and Mines Bureau (GSMB), it is with great pleasure for me to bring you this short message for the Annual Report of 2016 as the Chairman of (GSMB). I take this as a unique opportunity to recollect the key achievements of the Bureau in the year 2016.

2016 was a year of profound changes. However, despite many difficulties, GSMB was able to achieve its highest recorded turnover since its inception, and it was an increase of almost Rs. 567,703,967.00 above its revenue compare with previous fiscal year. As such the bureau has earned more than Rs. 2,283,508,758.00 implementing its functional activities and contributed Rs.1,010 million to the General Treasury as well.

Our vision is to be the premier national geoscience agency that generates and disseminates geo-scientific information and regulates mining and processing of Sri Lanka's mineral resources in the most sustainable manner while addressing the environmental and sociological issues related to mining and processing activities in Sri Lanka.

The growth of Sri Lanka's construction industry has become a hot topic today. The housing construction sector in particular has seen rapid growth due to the rise in housing demand, as well as government incentives for new housing projects. As office space continues to plummet, skyscrapers and high-rises have begun to mushroom. Therefore demand for river sand and rock aggregates and other raw materials for construction industry has increased tremendously. River sand mining may cause river bank erosion, river bed degradation, river buffer zone encroachment and deterioration of river water quality and ground water availability, sea water intrusion and increase the salinity of the river water and it may directly affect to the national water supply system as well.

Extraction of Limestone for cement and other industrial purposes is an economically important in Sri Lanka and has existed for a long times. However, in spite of its remarkable contribution towards economic development, some adverse impacts have been noticed, especially where extraction is carried out without proper planning and use of modern technology and scientific methods such as dust emission, water logging during rainy season in the mine pits may cause for mosquitos breeding and other common health cases recorded were acute respiratory tract infection, ear and eye infections, cough and pneumonia.

Rock quarrying continues to play major role in many part of Sri Lanka to supply aggregate requirement of the construction industry. However, the rock quarrying may cause serious environmental degradation and socio-economic conflicts. The major environmental and socio-economic problems related to quarrying include, landscape alteration, hill cutting affecting local biodiversity, generation of unproductive wastelands, dust pollution, noise pollution, illegal stone extraction, accidents and in some areas lowering of groundwater table, dust and noise.

However, it is difficult to completely ban all those mining and quarrying activities related to supply materials for construction industry and therefore, implementation of sustainable mining practice is an

essential need today considering current environmental and sociological issues.

In year 2016, Mining and Quarrying sector contributed more than 3% to the national economy and it indicates more than 12.0% growth rate. Mineral export sector also contributed significant impact to the national economy.

The affiliation of the GSMB with the Ministry of Mahaweli Development and Environment is viewed upon with high expectations for developing mining sector more sustainable manner while protecting the environment and all lives in Sri Lanka.

This year Geology Division published four 1:250,000 basement geological maps based on 1:100,000 geological maps completed in previous years. These four maps will cover the entire Island and finally emerge as a single 1:500,000 updated geological map of the country. The Geology division also published 03 numbers of quaternary maps in 1:50,000 scales and one provincial mineral map which also published in this year.

In the year 2016, the Bureau has reached the income over expenditure of Rs. 1,564,027,187.46 which consist of Mining Division Income of Rs.2,124,708,452.46, Geology Division Income of Rs.37,994,551.29 and Other Income of Rs.120,805,754.27 Compared to the previous year, profit for the year increased by 50.8% to Rs. 1,564,027,187.46. In the year under review, Bureau revenue increased by 33.08% to Rs. 2,283,508.758.00 (2015: Rs.1,715,804,791.00). Also I am glad to mention that we were able to transfer Rs.1,010 million to the Treasury.

The Board of Management, Director General and the staff of GSMB are mentioned with sincere gratitude for the untiring efforts in achieving sustainable goal in industrial and construction sector.

Thank you.
Dr. Kithsiri Dissanayake

DIRECTOR GENERAL'S MESSAGE

The regulation of mining activities and preparation & publishing of different types of geologically important maps of the country are among the major functions of the Geological Survey & Mines Bureau (GSMB). The annual action plan to achieve GSMB's corporate goals are implemented through its main divisions namely Geology division and Mining division.

The GSMB is presently functioning with sixteen Regional Offices which offer its services through the Head Office. It is mainly responsible for the regulation of mining activities such as site inspection, test blasts, inquiring in to public complaints, issuing of licenses for mining, trading, exploration and transport and minimizing illegal mining activities.

During the year 2016, the bureau has issued 4037 Artisanal mining licenses, 2757 Industrial mining licenses, about 578,733 transport licenses and 269 trading licenses. The GSMB continued to face challenges of socio-environmental issues and illegal mining.

Year 2016 was a remarkable year for Geology Division as it was able to publish 08 no. of maps including geological (04), quaternary (03) and provincial mineral (01) maps within this year.

Publishing of the geological maps covering entire Sri Lanka is one of the major functions of the Bureau. The geological maps contain geo-information of the terrain and 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. To achieve this target, Geology division published four no. of 1: 250,000 scale geological maps covering the entire island.

The quaternary maps include information on quaternary deposits including coastal sediments, alluvial deposits and soil formations. This information is highly significant as they include economically important clay and sand deposits, coral deposits, details on fertile soil cover and ground water bodies. The Geology division published 03 no.s of quaternary maps in 1:50 000 scale. The provincial mineral map which was published this year is on the Central province.

The soil geochemical mapping program studies the geochemical characteristics of soil. These maps are useful in mineral exploration, environmental monitoring, and agricultural research and in geo-health hazard studies. Under this program, First Volume: Volume 1 of Geochemical Atlas of Sri Lanka was completed.

Financially, the bureau has earned a total income of approximately Rs.2284 million (93% from Mining Division, 2% from Geology Division and 5% from other) of which Rs.1010 million has been transferred to the Treasury. This is the highest recorded turnover of the GSMB since its inception, and is an increase of almost Rs. 600 million above its revenue in the previous fiscal year. As such the bureau has earned Rs. 1.5 billion after taxation.

The increase in revenue can be attributed to the Bureau's efforts to control and minimize the illegal activities by the setting up of a special task force to investigate and stop illegal mining activities as well

as upgrading its technology to host maps of available grids on our official website, thereby offering customers a hassle free and speedy service. The bureau intends on investing further in improving its technology to enhance the quality of products and services.

I am glad to note that the Geological Survey and Mines Bureau has made substantial progress during the year 2016 in achieving its targets and I am confident that the experience gained during the past year will direct us to take necessary measures for further improvement. We are confident in achieving GSMB's corporate goals through our strength.

Eng. D. Sajjana de Silva
B.Sc. (Eng), C.Eng. MIE (SL)
Director General (Acting)



BOARD OF MANAGEMENT

Chairman	: Dr. Kithsiri Dissanayake
Members	: Eng. D.Sajjana de Silva
	: Mr.P.Algama
	: Mr.N.K.G.K.Nemmawatta
	: Mr. Colman P.Perera
	: Mr.Rohan Jayathilake
Secretary to the Board /Legal Officer	: Mrs. M .S. K. Fernando



SENIOR MANAGEMENT

Chairman	: Dr. Kithsiri Dissanayake
Director General (Acting)	: Eng. D.Sajjana de Silva
General Manger	: Mr. M.W. Jayamanna
Deputy Director (Geology)	: Dr.C.H.E.R.Siriwardhane
Deputy Director (Mines)	: Eng. D.Sajjana de Silva

ABOUT THE BUREAU

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.

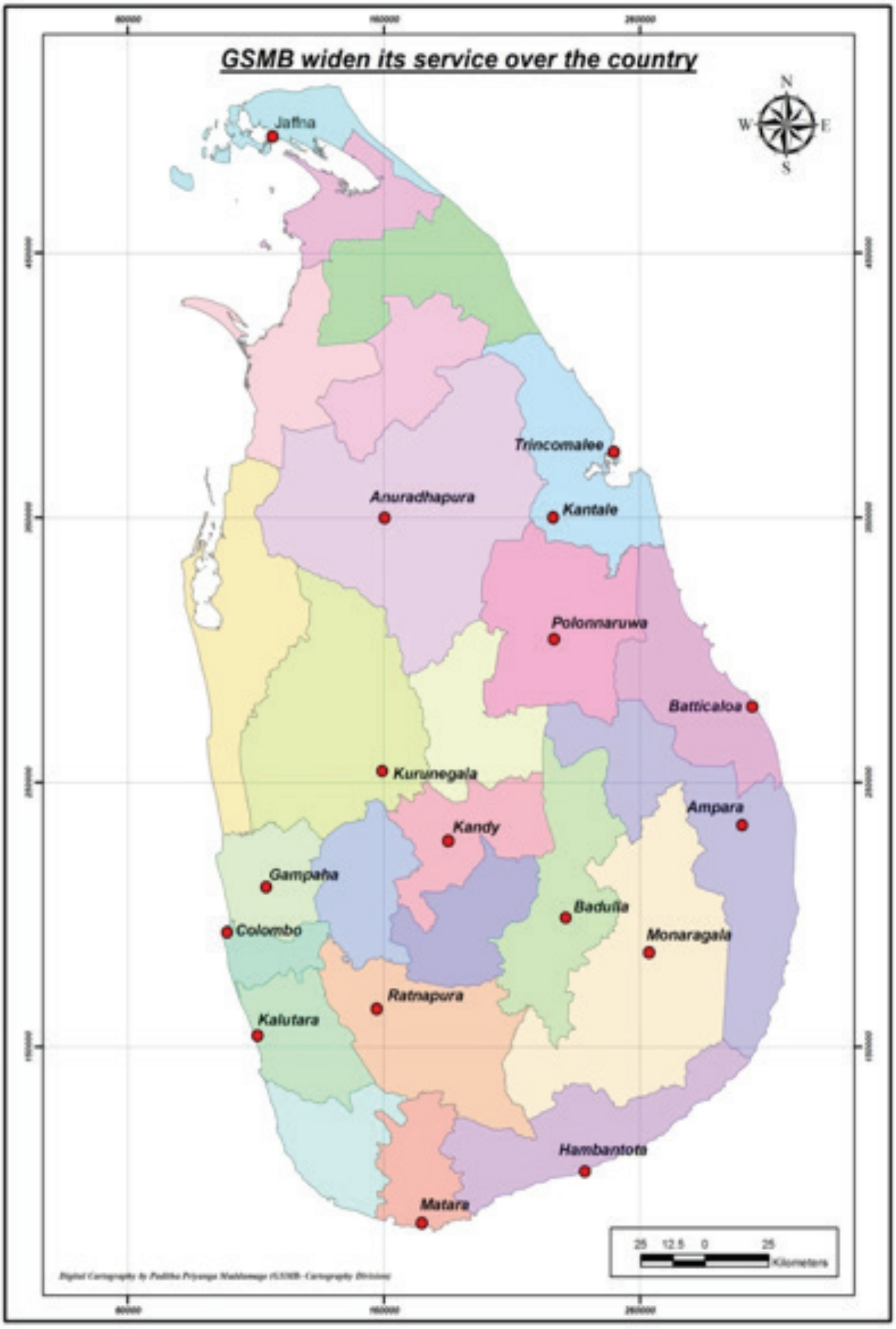
The Geological Survey and Mines Bureau (GSMB), being the authorized agency for the minerals development in Sri Lanka, is the organization for mineral investigations carried out to date and the accrued benefits to the country.

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).

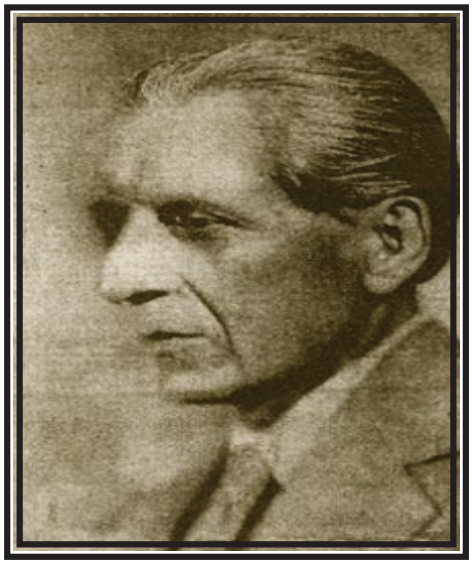
The Mines Division is presently functioning with 15 Regional Offices at Kandy, Matara, Kurunegala, Badulla, Ratnapura, Anuradhapura, Ampara, Monaragala, Hambantota, Trincomalee, Kalutara, Jaffna, Batticaloa, Gampaha and Pollonnaruwa and with 2 sub offices at Hasalaka and Kantale. The major activities 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.


GSMB widen its service over the country
N
W
E
S
Jaffna
Trincomalee
Anuradhapura
Kantale
Polonnaruwa
Batticaloa
Kurunegala
Ampara
Kandy
Gampaha
Badulla
Colombo
Monaragala
Ratnapura
Kalutara
Hambantota
Matara
25 12.5 0 25
Kilometers

CONTACT DETAILS OF THE BUREAU

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

HISTORICAL BACKGROUND



.

The Geological Survey and Mines Bureau is the proud successor to a series of geo scientific departments which spans more than a century, starting as the Mineral Survey of Ceylon (MSC) in 1903 headed by Dr.AnandaCoomaraswamy. 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

GEOLOGICAL SURVEY DIVISION

Geological Survey Division staff includes professional Geologists, Geophysicists and Chemists who possess extensive experience in handling geology related projects and services. The activities of the Division are supported by Technical Officers, Research Assistants and Cartographers. Its major functions are preparation and publishing of Geology, Geochemical and Quaternary geology maps, monitoring seismic activities and providing assistance to issue tsunami warnings.

SERVICES OF THE GEOLOGICAL SURVEY DIVISION

Provide various geo-consultancies in mineral exploration, engineering geology, environmental geology and to mineral based industries.

Laboratories: Analytical laboratory carries out analysis of rocks, minerals, soils and water employing latest analytical techniques. The petrology laboratory provides petrography information by identifying and classifying rocks and minerals using physical, optical, electrical, magnetic and radio-active properties.

Geophysical Section: Geophysical Section has the capability of applying electrical,magnetic, ground penetrating radar (GPR) and seismic techniques for investigating mineral occurrences, ground water resources, archaeological sites and subsurface conditions.

Drilling Section: Drilling services are provided for mineral exploration and geotechnical investigations. The section has four core drills including one wireline drill machine with capacity to reach 500m depth and capable of providing high core recovery using triple tube core barrels.

Seismic Data Analysis and tsunami Alert Centre: Main objective of this centre is to monitor seismic activities in and around Sri Lanka and assist relevant authorities in issuing tsunami warnings. The centre receives real-time seismic data from three local seismic stations at Pallekelle (PALK), Mahakanadarawa (MALK) and Hakmana (HALK) and several overseas seismic stations in the region.

Mineral Intelligence Unit (MIU): Evaluation of project proposals submitted to the Bureau for mineral exploration and value addition to minerals is carried out by the MIU. MIU formulates Mineral Investment Agreements (MIA) for product development as a prior requirement for export.

Library: The library contains a comprehensive collection of texts and journals in geology, mining and related disciplines as well as technical reports of investigations carried out since 1903. They are freely available for reference and the latest research findings are disseminated among the earth science community.

PROGRESS OF THE GEOLOGICAL SURVEY DIVISION- 2016

Action Plan Activities (GSMB Funds)

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 and it was planned to compile another 1:500,000 scale and 1:250,000 scale geological maps of Sri Lanka based on the already published 1:100,000 scale maps.

The preparation of 04 no. of 1: 250,000 scale geological maps were compiled within year 2016 and published on December 2016.

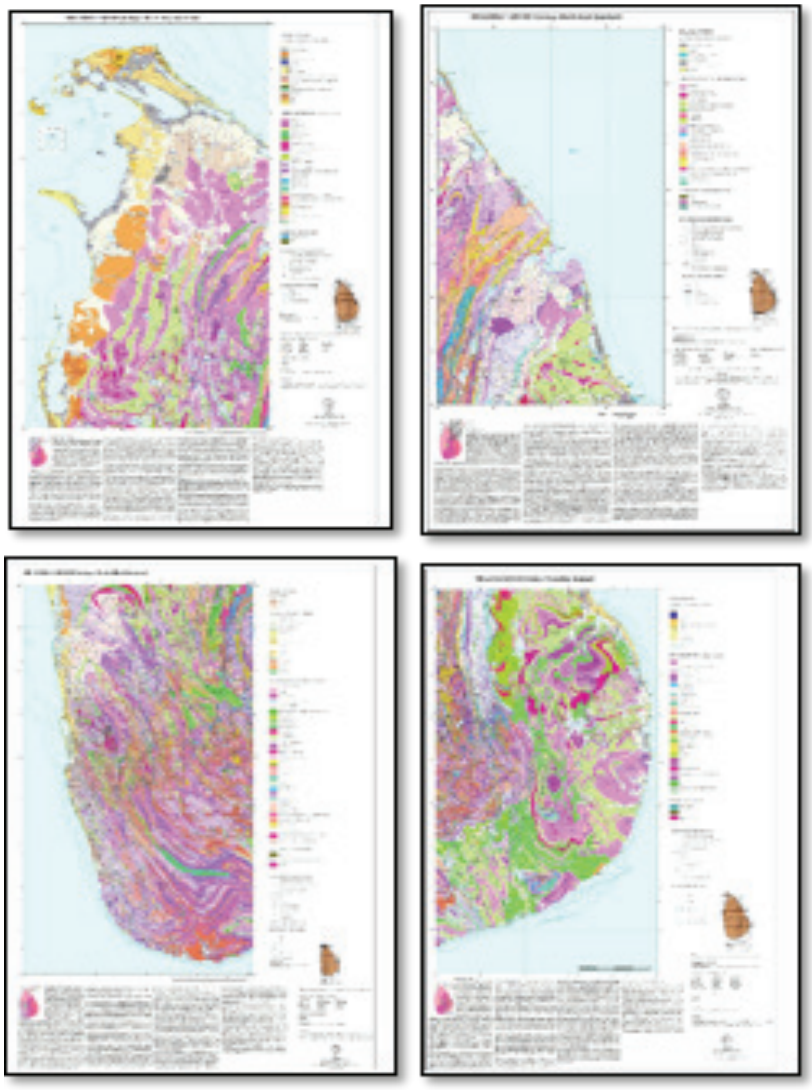


Fig.1: 1:250 000 Geological Maps

Quaternary Mapping (Coastal Zone) Programme

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.

In addition to the earthquake monitoring, the Seismic Data and Tsunami Alert Centre act as the receiving point of the public complaints on GSMB related mining activities. New hotline (011 2 862 862)was introduced and duty officers of the data center recorded the complaints and forwarded to Mines Division.

Printing of Quaternary Mapping Programe

Field work and Compilation work of 1: 50 000 scale quaternary maps including Matara, Kalutara and Ambalangoda-Balapitiya sheets have been completed during the previous years and printing of those 03 maps was done by end of year 2016 and now available for public

Office work of Quaternary Mapping Programme

Compilation of data on Puttalam, Kalpitiya, Hambantota-Tangalle and Tissamaharama sheets were almost completed. Lay out preparation will be continued in first half of year 2017.

Field work of Quaternary Mapping Programme

Drilling of few bore holes to obtain additional data on the sedimentary sequences was newly introduced to the quaternary programe in year 2016. Eight locations were selected to carry-out drilling, covering the area from Puttalam to Silawatturai. Two drill holes were completed in Attavilluwa and Sirambiadiya areas around Puttalam. Field work was carried out from **30th June 2016 to 26th August 2016**. Mr. and Field work was terminated as the drilling machine was requested for another project. (25% complete)

Soil Geochemical Mapping Programe

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).

Compilation and Printing of Soil Geochemical Mapping Programme

Compilation of Geochemical Atlas of Sheet No 20 (Rakwana- Tangalle) using analytical data of six 1,50,000 sheets Thimbolketiya, Matara, Rakwana, Tangalle, Morawaka and Hambantota was completed and handed over to the printer for printing.

Laboratory work of Soil Geochemical Mapping Programe

The laboratory analytical work of Sheet No. 08 : Anuradapura-Pollonnaruwa (1:100 000) was carried out during 2016 and analysed samples as follows.

1: 50,000 sheet Name	Number of samples	Element analyzed	Unit price (Rs)	Total Value of the analysis (Rs)
Anuradapura	Completed the analysis in year 2015			
Polonnaruwa	**250**	15 elements as given below	**14,000.00**	**Rs 3,500,000.00**
Kaudulla	**250**	15 Elements as given below	**14,000.00**	**Rs 3,500,000.00**
Kekirawa	Sample preparation and analysis is in progress			
Total value of the analytical work done in year 2016 for geochemical mapping				**Rs 7,000,000.00**

Field work of Soil Geochemical Mapping Programme

The field work of sheet no. : Kakirawa (1:500000) scale was completed by second quarter of the year 2016.

The "Minerals Year Books -2015" and "Minerals Year Books -2016"

Data collection for the "Minerals Year Book 2015" has been done during year 2015 and compilation was almost completed by the end of year 2016. Data collection and analyzing for Mineral Year Book 2016 have been also carried out during second half of the year 2016.

Provincial Mineral Surveys and Provincial Mineral Maps

Printing of Provincial Mineral Maps.

The compilation of Mineral maps using available data of Central and Uva provinces were almost completed during year 2015 and remaining was completed in 2016. Finally, the Provincial Mineral Map of Central Province was printed by the end of year 2016.

Field work and the compilation of Provincial Mineral Maps

The mineral survey in Sabaragamuwa Province was started in the third quarter of the year 2015 and completed in first quarter of the year 2016. Data base preparation and the report writing have been completed and the map preparation is still in progress.

The IAEA Assisted Nuclear Raw Material Survey and Allied Activities

The field work work of Matale, Dambulla, Elahera , Pallegama, Kandy, Gampola, Mahiyanganaya and Hanguranketha 1:50 000 topographic sheets were completed by the third quarter of year 2016. The interim reports have been submitted while the samples are being analyzed at laboratories. The initial field visit was carried out to investigate the thorium and uranium occurrences in Bamabarakotuwa, Rathnapura area. The detailed geological investigation of Thorium anomaly at Naula area which was identified during the carbon gamma ray survey was commenced in third quarter.

The nuclear raw material survey from coastal stretch from Talaimnnar to Galle which was started at the end of 2016 will be continued in year 2017. The field work upto Wilpattu bounndry from Talaimnanar has been completed.

Improvements to the Seismic Data and Tsunami Alert Centre and Maintenance of the three seismic stations

Although, there were some minor troubles, three seismic stations installed by the GSMB together with other donor agencies are functioning smoothly and data from these stations were transmitted to the Data Center at the Head Office, GSMB. The data availability of the three seismic station was nearly 98% which is in satisfactory level. The Data Center has successfully responded to public complaints on earth tremors, earth vibrations and Indian Ocean earthquake events.

Although there are is a lightning protection system was available at PALK site currently, still PALK is badly effected by lightning. Therefore CTBTO and the UCSD with the assistance of the GSMB have planned to upgrade the available lightning protection system at the PALK. A site visit was made by chief engineer of the Project IDA, UCSD and a consultant engineer from CTBTO together with GSMB officers to prepare a project proposal on October 2016. The upgrading will be done in early 2017. The trouble shooting activities at GFZ (MALK and HALK) seismic stations included (1) problem with the power system at MALK seismic station (2) VSAT problem at both GFZ stations and BGAN communication problem with MALK seismic station. The communication problems were solved with the assistance (instruments and technical assistance) of GFZ in early 2016.

In addition to the earthquake monitoring, the Seismic Data and Tsunami Alert Centre act as the receiving point of the public complaints on GSMB related mining activities. New hotline (011 2 862 862)was introduced and duty officers of the data center recorded the complaints and forwarded to Mines Division.

Recovery and Storing the Dilapidated Core Boxes

It was planned to recover rock cores stored in decayed wooden boxes stored at Yakkala premises. Core boxes were in dilapidated conditions and only about 60% of the material could be recovered with proper information. Recovered cores were stored in more than 900 galvanized core boxes during year 2013, 2014 and 2015. This project was almost completed by the end of year 2015 and final arrangements and finishing work was completed within first half of year 2016.

Brick and Tile Survey in North Western Area

Survey was carried out along the Ma Oya and Deduru Oya and the field work was completed. The samples collected were stored in Yakkala area for further analysis.

Upgrading the GSMB-Library

(a) Journal Subscription

Library Committee gave an approval to buy the 11 journals title. Also, submitted to journal lists for Director General Approval. Geological Magazine,Gems and Gemology,Bulletin of Seismological Society of America, Journal of the Geological Society of India, Geophysical Prospecting, Journal of Metamorphic Geology,Geophysics,The Leading Edge, National Geographic, New Scientist and Economic Geology

(b) Purchasing Library Textbook 2016

The Library Committee has selected the 33 textbooks purchase for the year 2015. (21.10.2015) 08 (Eight) request from GSMB staff were considered and were selected to be purchased. The estimated total cost is LKR 561118.00/=. These textbooks received in 2016.

(c) Museum Development

The proposal of the Museum development was submitted to the Director General through Deputy Director (Geology). Requested and submitted to the documents related to create display cabinets and display holders to Purchasing division. It's still proceeding.

d) Other Work

2.1. Library Digitization Project

Geological Survey and Mines Bureau Library was started of the Digital Library Project Phase 2 collaborations with National Science Foundation on end of the year 2016.

<u>Phase 02 part 1</u>

1. Selected to scan pages: 20000

2. Create a tag systems for above 20000 pages

3. Document type: Technical Reports & other reports, Newspaper Clipping

Phase 02 part 2

1. Rechecked scanning documents are correct

Phase 02 part 03

- Data entered to above software
- Digitization Projects Phase 02 Finished 100% Data entering process.
- Reading Newspaper and collected the newspaper clipping.
- Checked e-mails (Official mail)
- Received 32 textbooks to the Library and entered to the Accession Register.
- Classifications 32 textbook according to Dewey Decimal Classifications and Data entered to the GSMB Automated Online Library System.
- Generate and barcoded 32 textbook.
- Photocopy Services.
- 1088 journal records entered to the Accession register and entered to the GSMB AOLS. And create 1088 barcode and 1088 journals are barcoded.
- Prepared the newspaper cutting index for 2013, 2014 and 2015

The Library committee met 3 times for the year.

Library Income

Library has earned Rs. 400, 014 /= by selling maps, publications, Unpublished Reports and Mineral Boxes and others for the period January to December 2016.

The Petrology Laboratory

(a) Samples From outside Organizations (Analyzed for a fee)

		Total Amount Earned (Rs.)
1. Mineralogical Analyses of sand samples (160)	-	671,600.00
2. Thin Section Preparation and petrographic analysis	-	15,000.00
3. Other (Mineral Identification, Particle size Analyzer)	-	74,600.00
Total Amount	**-**	**761,200.00**

Printing of Quaternary Mapping Programme

Field work and Compilation work of 1: 50 000 scale quaternary maps including Matara, Kalutara and Ambalangoda-Balapitiya sheets have been completed during the previous years and printing of those 03 maps was done by end of year 2016 and now available for publi

Library Committee

(b) Samples generated by Geological and Minerals surveys carried out by GSMB scientists

1. Walawe Gaga gold survey (Work in process -36 samples)	-	180,000.00
2. Thin Sections preparation		
- Mr.A.S.Jayakody -Projects-(thin Sections-20)	-	100,000.00
- Mr.A.M.M.Ratnayake - Research-(Thin Sections-04)	-	20,000.00
3. Cutting of Rock Slices		
- Mr.A.M.M.Ratnayake & Mr.Leo Kiriegman	-	20,000.00
Total Amount	**-**	**140,000.00**

(c) Magistrates Courts Samples

- Wariyapola – (Samples -07)	-	45,500.00
- Polgahawawela- (Samples-08)	-	52,000.00
- Mallakam –(Samples-17)	-	110,500.00
- Deyyandara – (Samples-02)	-	13,000.00
- Ampara –(Samples-05)	-	32,500.00
- Marawila-(Samples-03)	-	19,500.00
- Mathara-(Samples-02)	-	13,000.00
- Kilinochchi-(Samples-04)	-	26,000.00
- Nuwara Eliya (Samples- 02)	-	13,000.00
- Point Peduru (Samples -02)	-	13,000.00
Total Amount	-	338,000.00

(d) Participation at exhibitions and school science programs and preparation of sample sets (free of charge)

1. Polonnaruwa – world environment day	- Exhibition *
2. Kaluthara Balika Vidyalaya	- Exhibition
3. Pitakotte St.Antony college	- Exhibition
4. Uwa Wllassa University	- Exhibition
5.BMICH (Jewells Exhibition)	- Exhibition
6.BMICH (Sri Lankan Next)	- Exhibition
7.World Environment Day	- 50 Sample sets prepared
8.Geological society of Sri Lanka	- 50 Sample sets prepared

Services contributed by Petrology Laboratory for the routine work of the GSMB during year 2015.

Analytical Laboratory

(a) Chemical Analysis carried out for outside

Analysed 335 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 2,664,833.35 (without taxes) as Analytical laboratory income.

(b) Chemical Analysis done for the projects undertaken by Geology Division

1. Analyzed 205 clay samples under the "Secondary raw material (clay) survey carried out in Mannar District for Tokyo Cement Company Lanka Ltd- Geologists In Charge – Mr. A.S. Jayakody."
Income from the analysis is Rs 1,845,000.00 (without taxes)

2. Analyzed 170 limestone samples under the limestone survey carried out in Poonaryn area for Tokyo Cement Company Lanka Ltd. Geologist-in-charge – Mr. A.S. Jayakody. Income from the analysis is Rs 1,530,000.00 (without taxes)

(c) Chemical Analysis done for other surveys carried out by GSMB

1. Analyzed two Quartz samples collected by Mr. Ajith Prame, Geologist.
Value of the analysis- Rs 18,000.00 (without taxes)

2. Analyzed two water samples collected from H.E President's residential premises by Mr. Nalin De Silva, Geophysicists
Value of the analysis- Rs 18,000.00 (without taxes)

3. Analyzed three rose quartz samples of Namal Uyana area collected by Mr. Ajith Prame, Geologist on the request of Presidential Secretariat.
Value of the analysis- Rs 36,000.00 (without taxes)

4. Analysed 13 beach sand/quarry dust samples for chlorides and carbonates to check the suitability for construction sand on the request of Chairman, GSMB
Value of the analysis – Rs 32,500.00

(d) Action Plan Work –Geo Chemical Mapping

Completed the compilation of Geochemical Atlas of Sheet No 20 (Rakwana- Tangalle) using analytical data of six 1,50,000 sheets Thimbolketiya, Matara, Rakwana, Tangalle, Morawaka and Hambantota and handed over to the printer for printing.

Geophysical Surveys carried out in year 2016

Survey Date	Programme
04/01/2016 to 13/01/2016	Ambilipitiya, Hambantota, Polonnaruwa and Somawathiya sand survey
20/01/2016 to 25/01/2016	Beliatta - MAGA proposed Quarry site Rock Volume Calculation
05/02/2016 to 11/02/2016	2nd step of Beliatte Maga Proposed Quarry site Rock Volume Calculation
02/03/2016 to 07/03/2016	3rd step of Beliatte Maga Proposed Quarry site Rock Volume Calculation
09/03/2016 to 12/03/2016	Resistivity Surveying of Anuradhapura Dhamma Chetiya Vihara Proposed Building (Mahamewnawa)
05/05/2016 to 09/04/2016	Sand Survey - Wasgamuwa, Dehiattakandiya
28/04/2016 to 02/05/2016	Geophysical Survey regarding Hot Water Springs & Dolorite Dykes
28/06/2016	Geophysical works for CEB proposed sub grid stations at Deraniyagala
12/07/2016 to 20/07/2016	Padiyathalawa, Mahawa - Geophysical works for Hot Water Springs & Dolerite Dykes
	Geophysical works for proposed CEB sub grid station at Wewalwatte
08/08/2016 12/08/2016	Geophysical works for proposed CEB sub grid station at Nawalapitiya
13/08/2016 to 20/08/2016	Geophysical works at Maduru Oya, Mahawa, Kaurella for Hot water Springs & Dolerite dykes
20/09/2016	Geophysical works for proposed CEB sub grid station at Rikillagaskale
	Special GPR Survey at Nawala and Wellawatta locations by the request of CID

Research Programmes

In addition to our routine activities, the geology division provide facilities and guided for Post Graduate Research students and GSMB staff to carry out their research activities.

Involvement of GSMB Staff Members	Student's Name/Institute	Research Area
Done by Mr. AMM Rathnayake	M.Phil Research	Detailed mapping in the southwestern part of the Sri Lanka
Guided by Ms. DTDS Wijesundara	Ms. Nadeeka Gunaratne M.Phil research student, PGIS, Peradeniya	
Guided by Ms. SNB Thaldena	Mr. Dinusha M.Sc. Student, PGIS	Statistical Analysis of Earthquakes occurred in Indian Ocean Region
Guided by Ms. SNB Thaldena	P. A. G. W. S. Lokeshwara T. N. M. Thilakarathne Undergraduates, OUSL	Seismic Performences of Ancient Stupas in Sri Lanka
Guided by Ms. DTDS Wijesundara	Ms. D.D. Upeksha and Ms. Saranga Wickramasinghe, Graduate Trainees	scan and georeference aerial photographs from Puttalam to Mannar area, make mosaics from them, digitize man-made and natural features needed for Quaternary mapping using above mosaics, google earth and other satellite images and transform all into common coordinate system

Guided by Ms. SNB Thaldena and Zahra Juhoor	No. of A/L Students for their A/L Projects	Earthquake and Tsunami related topics
Done by Ms. SNB Thaldena	M.Phil Research	Seismic Velocities of the Sri Lankan Basement Rocks

Client Responsive Projects and Activities (Income Generating)

Table 1: summary of the income generated from various projects during the year 2016

Name of Project and Clent (Company)	Income (Rs.)
Koslanda, Gatamanna & Beliatta Geophysical Investigation of Metal Quarry **Maga Engineering (Pvt) Ltd**	500,000
Cement Raw Material Survey Poonerine - 2015 **Tokyo Cement Company Lanka PLC**	
Drilling Project at Jaffna / Sengupitiya **Ceylon Electricity Board**	1,545,057
Resistivity Survey at Ragala, Maliboda & Nawalapitiya **Ceylon Electricity Board**	900,000
Kalugaga - Moragahakanda Drilling, Rock Testing Survey **Mahaweli Water Security Investment Program - (Mahaweli Con. Bureau)**	3,206,533
Drilling Investigation at Poonerine - Vallaipadu **Tokyo Cement Company Lanka PLC**	3,617,895
Soil Investigation at Deniyaya **Department of Health Services - Southern Province**	337,613
Silica Sand Exploration Vallipuram & Champi. - Jaffna **M.G.M. Mines & Mineral**	2,000,000
Drilling Investigation - Colombo Expressway at Mirigama **Neat Solutions (Pvt) Ltd**	4,762,905
Padukka Drilling Project **Access Engineering PLC**	327,556

1.0 Other Activities

Mangement Plan for Ma Oya :

Annual meeting was held with EFL, CEA officers, Police Officers and Divisional Scretariets related issuing of sand mining licences for Ma Oya in 2016 under the work programe of the Management Paln of Ma Oya.

Gin Ganga Sand Survey

The sand survey started in mid-December 2015 was continued until 1st week of January and Report was submitted.

Ma Oya Sand Survey

Annual sand survey at Ma Oya was carried out and the report with present situation of sand resources and reccomendations on issuing mining lecence was submitted.

Deduru Oya

Satellite images at Deduru Oya area was studied and sand accumulations /deposited areas were noted.

Kachchative Drilling Programme

A core drilling programme was carried out in Kachchative island under Quaternary mapping project (04th to 12th May 2016). Sri Lanka Navy provided facilities for the programme and a drill hole was drilled down to 17m depth. The programme was conducted to study the coral sequence of the Kachchative island and the depth to the Miocene basement. Visits were made to neighboring small islands Palaitive, Iranaitve and Kakarative to study sedimentary and coral sequences of the islands **(10th May 2016)**

Field Inspections and other short period activities

Mr. AMM Rathnayake /Geologist

- Investigated the problems occurred after constructing an underground tunnel at Uma Oya and submitted a report to Presidential office on February.

- Carried out field work and submitted a report on reserve estimation of vein quartz deposit at Deltota state on April.

- Carried out field work to identify an old tunnel which was accidentally appeared at the Mailapitiya area in jandy on October.

Mr. AMM Rathnayake /Geologist and Mr. DMS Dissanayake/Geologist

- Investigated the failure of the rail track between Balan-Ihala Kotte rail way stations on November

Mr. DMS Dissanayeke/Geologist

- Conducted geological investigation to make recommendations to extend the mining licence of ongoing broadland hydropower project at Kithulgala area.

Dr. WIS Fernando

- Carried out an investigation in Jaffna peninsula for find out the reason for sudden earth cracks on January

- Carried out a joint inspection in Kirinda for Garnet Sand mine in May

- Collected samples around Arangala Granite for rock weathering research with Prof. Takahashi from Tokyo University in September

- Carried out an investigation in Galaha at a site where natural smoke emission has been observed for few weeks

- Carried out a joint inspection at Gravel mine in Hambantota

Ms. DPR Weerakone /Geologist

- Engaged in the joint inspections at six sites of mechanized clay mining at Ma Oya drainage basin. To decide the suitability of the applied locations prior to issuing the IML grade licences.

- Visited to NGJA for mineral meteorite identification

- Involved in group field work at Gin Ganga

- Attended the meeting regarding the current situation of sand availability and issuance of licences to Gin ganga and Kelani Ganga

- Attended a meeting at the Construction Industry Development Authority and submitted the write up on consumption and supply of construction material of past 5 years.

- Attended a meeting at BOI, regarding the value addition proposals on eappawala phosphate deposit on production of TSP and SSP.

Ms. DTDS Wijesundara/Geologist

- Engaged in joint inspections in landslide investigations in Kegalle with National Building Research Organization (NBRO). Field investigations were carried out in Bulathkohupitiya, Warakapola, Kegalle and Aranayaka divisional secretariats to assess landslide risk and inspect suitable lands for resettlement from 10th to 17th July 2016.

- Made a short field visit on 30th September 2016 to investigate a possible and slide or slope failure at the Magistrate's Bunglow in Kandy. A report titled "Geological Investigation of Cracks Developed at the Premise of Magistrate Bunglow, Kandy" was submitted in early October.

- Made Field visits to Meerigama, Thulhiriya and Ruwanwella areas on 24th, 25th and 27th of October 2016 respectively to investigate few quarries where soil excavation has been carried out of which their licenses have been temporary held due to objections of the neighbours. Reports titled "Investigation of Soil Excavations in Meerigama and Ruwanwella" and "Investigation of Soil Excavations in Thulhiriya" were submitted in November.

- Carried out Follow-up activities were carried out with regard to a news article transmitted in a TV channel regarding land subsidence in Bandarawela area, which had been interpreted as a result of Uma Oya Project. This was done on a request made by the line ministry. National Building Research Organization (NBRO) was consulted to obtain information on the step which they had taken regarding the issue and a report was sent to the ministry on December 2016.

Mr. AMDU Abeysinghe/Geologist involved in

- Field visit to Maskeliya for drilling 01.03.2016

- Preliminary sand survey in Kelani river beyond hanwella upstream, report submitted

- Feld work-23 to 24 February 2016 and 17 to 21 March 2016

- Inspection Sewanagala - Kovul ara feldspar quarry - 17.03.2016.

- Auger hole in president house – 23.03.2016.

- Rajagiriya drilling site visit – 28.03.2016.

- Foundation Inspection in Maliban hospital new ward Galle - 19.04.2016

- Site visit to Ratnapura new office building and arrangements for drill holes - 11.05.2016
- Land slide hazard monitoring with NBRO, assistance to the disaster situation.- 25.05.2016 - 03.06.2016.
- Nuclear raw material survey in the Jurassic sediments in Andigama Thabbowa, Pallama and Eppawala phosphate and Negambo coastal stretch.14 to 17 June 2016.
- Sri Lanka next exhibition – 16 TO 18 October 2016.
- Eppawala sampling for analysis in SLAEB.

Exhibitions/Seminars/Awareness Programs

Mr. ST Kalubandara/Geologist and Ms. SNB Thaldena /Geophysicist carried out a one day training programe on Tsunami and Earthquakes for participants of the DM course conducted by SL Airforce at Base Camp, Mulathiv 17th December

Participation for Exhibitions arranged for students/public

1. Polonnaruwa – world environment day	-	Exhibition	*
2. Kaluthara Balika Vidyalaya	-	Exhibition	
3. Pitakotte St.Antony college	-	Exhibition	
4. Uwa Wllassa University	-	Exhibition	
5.BMICH (Jewells Exhibition)	-	Exhibition	
6.BMICH (Sri Lankan Next)	-	Exhibition	

Participation for Local and International programs

Table 2: Participation for Local and International programs

Programme	Officer's Name	Venue	Duration
Workshop on Amendment of Regulations to the Mines and Minerals Act organized by GSMB	Ms.D.T.D.S.Wijesundara Ms. DPR Weerakone	Kukuleganga Resort	29th-30th January 2016
Stakeholder workshop organized by the Disaster Management Centre (DMC) in collaboration with the Survey Department	Ms.D.T.D.S.Wijesundara Ms. S.N.B. Thaldena	Disaster Management Center	21st January 2016
Leadership Training Programme organized by GSMB	Dr. CHER Siriwardena Mr. KTUS de Silva Mrs. YPS Siriwardena Mr. Ajith Prema Mr. ST Kalubandara Ms. DTDS Wijesundara Ms. SNB Thaldena	MAS Fabric Park, Thulhiriya	12th-13th November 2016
Familiarization Activity in Nevada, USA organized by CTBTO	Ms. DTDS Wijesundara	USA	14th to 23rd May 2016
2nd workshop on Review of Disaster Management Mechanism of Sri Lanka Based on the Experiences Gained in Sri Lanka and Japan" organized by JICA Sri Lanka	Mr. Ajith Prema Ms. SNB Thaldena	Taj Samudra Hotel, Colombo	14th January 2016
3rd Joint Project Team Meeting for Sentinal Asia Step 3" organized by DMC and JAXA	Ms. SNB Thaldena	Mt. Lavinia Hotel, Colombo	19th January 2016
3rd workshop on Review of Disaster Management Mechanism of Sri Lanka Based on the Experiences Gained in Sri Lanka and Japan" organized by JICA Sri Lanka	Ms. SNB Thaldena	Cinnamon Lakeside Hotel	24th January 2016
training course on Geochemical mapping and environmental geochemical investigation for developing countries at China Geological surveys	Mrs. H.A.P. Jayalath	China	9th-29th September 2016
an assessor training for accreditation of Testing and Calibration laboratories	Mrs. Y. P. S. Siriwradana	Sri Lanka Accreditation Board	17th-21st October 2016
IEAE workshop	Mr. AMDU Abeysinghe	Galadari Hotel	11th – 15th July 2016
Seminar	Mr. AMDU Abeysinghe	China	12th – 27th September 2016

MINES DIVISION

Major Functions of the Mining Division

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

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

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

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

Services available

- Mine inspection (mobile service – issuing licenses, technical advices)

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

- Awareness programs (Awareness programmes for public officers & license holders, Workshop 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. There are three categories of Industrial Mining Licenses.

Category A (include one or more of following conditions)

- Blasting method - multi-borehole using delay elements
- The depth of the bore hole - more than 3.0 meters
- Production volume - more than 1500 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)

- The blasting method - single borehole
- The depth of boreholes - not less than 1.5 meters and not more than 3.0 meters
- The production volume - between 1500 m3 and not more than 1500 m3 per month
- Only jack hammers to be used

Category C (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 600 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.

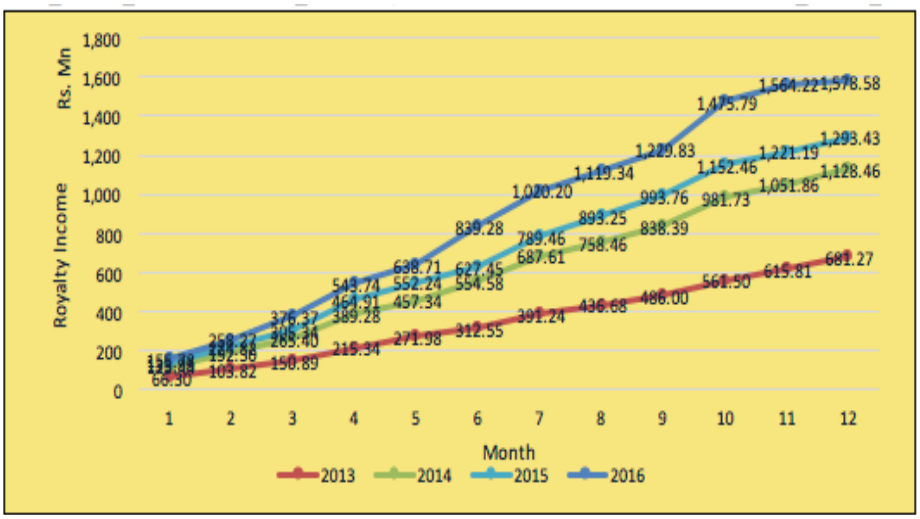


Fig.1: Royalty income during the period of 2013 to 2016

Year	Royalty Income (Rs. Mn.)
2013	681.27
2014	1,128.46
2015	1,293.43
2016	1,578.58

Income generated by Mines Inspection

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

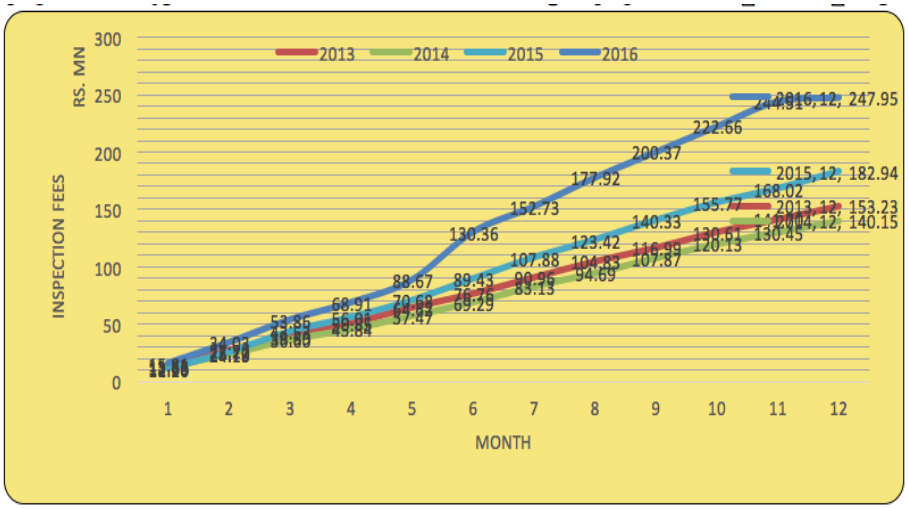


Fig. 2: Income generated by mines inspection during the period of 2013 to 2016

Year	Inspection Fees (Rs. Mn.)
2013	153.23
2014	140.15
2015	182.94
2016	247.95

Income generated by Issuing Licenses

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

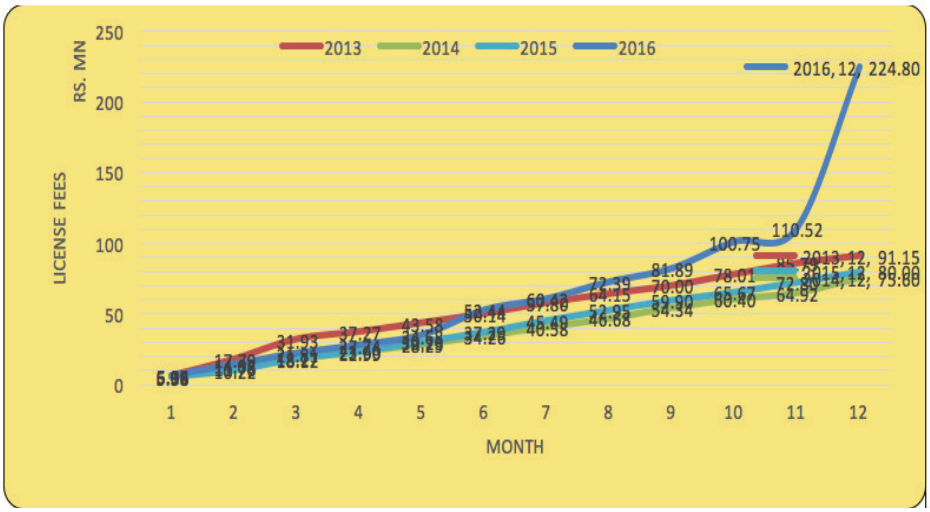


Fig.3: Income generated by issuing licensesduring the period of 2013 to 2016

Year	License Fees (Rs. Mn.)
2013	91.15
2014	75.60
2015	80.00
2016	224.8

Summary Performance (Financial and Physical) Year 2016

Rs. Million

	Components/Activity	** F P*	*Type of Funds*	*Unit*	*Annual Allocation & Target*	*Financial and Physical Progress*
1	Issuing licences as per the Mines & Minerals Act No.33 of 1992					
1.1	Artisanal Mining Licences (AML)					
1.1.1	AML - A	F P	Income	Rs. Mn. No.	3.120 1040	5.445 1820
1.1.2	AML - B	F P	Income	Rs. Mn. No.	3.759 3007	2.756 2217
1.2	Industrial Mining Licences (IML)					
1.2.1	IML - A	F P	Income	Rs. Mn. No.	3.160 158	125.745 142
1.2.2	IML - B	F P	Income	Rs. Mn. No.	12.600 1575	13.600 1885
1.2.3	IML - C	F P	Income	Rs. Mn. No.	6.092 1523	3.036 730
1.3	Trading Licences (TDL)					
1.3.1	TDL - A	F P	Income	Rs. Mn. No.	0.112 15	0.090 12
1.3.2	TDL - B	F P	Income	Rs. Mn. No.	4.830 966	9.690 1938
1.3.3	TDL - C	F P	Income	Rs. Mn. No.	0.000 0	0.006 5
1.4	Transport Licences (TPL)	F P	Income	Rs. Mn. No.	41.108 456,750	48.879 543,105
1.4.1	Hardware TPL	F	Income		0.000	5.206
1.5	Export Permits	F P	Income	Rs. Mn. No.	2.965 593 593	2.455 491

1.6	Exploration Licences (EL)	F	Income	Rs. Mn. No.	2.541	7.889
2	Minimizing illegal mining activities and environmental damage by monitoring mineral transport	F P			20.000 500	0.000 0
3	Telecasting awareness programme on environment friendly mining and rehabilitation	F P			9.000 40	0.000 0
4	Collection of Royalty	F	Income	Rs. Mn.	1431.889	1578.584
5	Inspection Charges of Mining	F	Income	Rs. Mn.	154.324	247.954
6	Conducting of Test Blast	F	Income	Rs. Mn.	4.725	4.737
7	Refund and Bank Guarantee	F	Income	Rs. Mn.	0.586	0.146
8	Sundry Income - Mining	F	Income	Rs. Mn.	0.400	0.407
9	TPL issued from DS office	F	Income	Rs. Mn.	1.975	Included in 1.4
10	Export of Samples	F	Income	Rs. Mn.	0.105	0.080
11	Conduct Educational Programmes on Blasting	F P	GSMB	Rs. Mn.	0.347 2	0.454 1
12	Conduct Awareness Programmes	F	GSMB	Rs. Mn.	(8.420)	(0.241)
13	Intensifying of Rehabilitation Intensifying Monitoring Activities	F P	GSMB	Rs. Mn.	(3.600) 12	(0.023) 0

Regional Offices:

The Mines Division is presently functioning with 16 Regional Offices at Kandy, Matara, Kurunegala, Badulla, Ratnapura, Anuradhapura, Ampara, Monaragala, Hambantota, Trincomalee, Kalutara, Jaffna, Batticaloa, Gampaha, Polonnaruwa and Colombo and with 2 sub offices at Hasalaka and Kantale. The 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 2016 are as follows:

Regional Office	Regional Mining Engineer
Kandy	Mr. Dammika Prasad, Mr. S.A.I.J. Rodrigo
Kurunegala	Mr. S.A.I.J. Rodrigo, Mr. N.W.C.P. Lanka, Mr. Dammika Prasad
Matara	Mr. U.H.T. Priyantha, Mr. K.V. Jagath
Badulla	Mr. T.M.W. Bandara, Mr. W.A.S.Rupawansa
Anuradhapura	Mr. Chamila Karunananda, Mr. K.N.W.K. Wimalarathna
Ratnapura	Mr. T.S. Kumara, Mr. A.M.H.V. Adhikari
Ampara	Mr. H.K.C.K.W. Bandara, Mr. M.R.M. Farees
Monaragala	Mr. W.G.S. Kokila, Mr. T.M.W. Bandara
Hambantota	Mr. W.A.S. Rupawansa, Mr. U.H.T. Priyantha
Trincomalee	Mr. K.N.W.K. Wimalarathna, Mr. D. Mayooran
Batticaloa	Mr. M.R.M. Farees, Mr. H.K.C.K.W. Bandara
Jaffna	Mr. D. Mayooran, Mr. Chamila Karunananda
Kalutara	Mr. K.V. Jagath, Mr. T.S. Kumara, Ms. I.M.T.N. Ilankoon
Gampaha	Mr. H.K.M. Gunasekara, Mr. S.A.I.J. Rodrigo, Mr. N.W.C.P. Lanka
Polonnaruwa	Mr. A.M.H.V. Adhikari, Mr. Shelton
Colombo	Ms. U.N. Dilanthi

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

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

Regulation Amendment

In order to discuss regulation amendments, two day residential work shop was conducted at "Laya Leisure Hotel" Kurunegala with the participation of executive staff of GSMB and former Directors and Director Generals of GSMB.

The Regional Mining Engineers attached to the Regional Offices in Year 2015 are as follows:

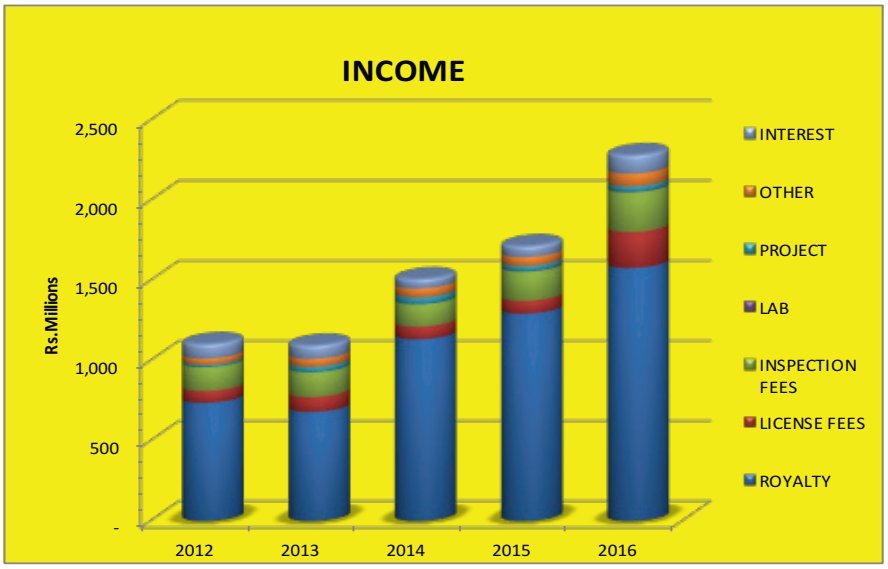
Regional Office	Regional Mining Engineer
Kandy	Mr. Dammika Prasad
Kurunegala	Mr. S.A.I.J. Rodrigo
Matara	Mr. U.H.T. Priyantha
Badulla	Mr. T.M.W. Bandara
Anuradhapura	Mr. Chamila Karunananda
Ratnapura	Mr. T.S. Kumara
Ampara	Mr. H.K.C.K.W. Bandara
Monaragala	Mr. W.G.S. Kokila
Hambantota	Mr. Asanka Rupawansa
Trincomalee	Mr. K.N.W.K. Wimalarathna
Batticaloa	Mr. M.R.M. Farees
Jaffna	Mr. D. Mayooran
Kalutara	Mr. K.V. Jagath
Gampaha	Mr. H.K.M. Gunasekara

FINANCIAL REVIEW

Geological Survey and Mines Bureau achieved year-on-year growth in revenues and profit before tax in the financial year 2016. The Bureau recorded a net profit of Rs.1,564 million for the financial year ended 31st December 2016 (2015: Rs. 1,037 million). In the year under review, Bureau revenue increased by 33.1 percent to Rs. 2,283 million (2014: Rs.1,715 million)

Revenue mainly comprise the Royalty (2016: Rs. 1,578 million, 2015: Rs. 1,293 million), Licence Fee (2016: Rs.224.7 million, 2015: Rs. 80 million), Inspection (2016: Rs. 248 million, 2015: Rs.183 million), Lab Income (2016: Rs. 3.2 million, 2015: Rs.3.5 million), Project income (2016: Rs.33million, 2015: Rs. 30 million) and Interest Income (2016: Rs.116 million, 2015: Rs.69 million).

Compared to the previous year, profit for the year increased by 50.8% to Rs. 1,564 million. (2015:Rs.1,037 million)



LEGAL DIVISION

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

There were 25 Cases Pending in Courts. (Supreme Court, Court of appeal, District Court, High Court, Provincial High Court, Labour Court and Human Rights Commission) 06 Cases were filed against those who were engaged in unauthorized mining activities and carried out in sand stores. Ten Consultations were held with Attorney General's Department to discuss the issues of above cases.

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

Action has been taken to finalize the "amendments", proposed for the Regulation of Mines and Minerals Act of Geological Survey & Mines Bureau. A work shop has been held on 09.01.2016 at Kukuleganga Holiday Resort at Molkawa with Resources Persons and Members of Board of Management and Officers of Geological Survey Mines Bureau.

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

Many discussions have been held at Geological Survey & Mines Bureau Head Office, further actions have been taken for implementation for Environment Protection Area and to find out the Land use pattern along river Man Oya and proposed not permission of sand mining within the distance of 100 m from Ma Oya, and also to gazette the above area under the Environment Act.

Legal Division coordinated to establish an Enforcement Unit to stop unauthorized Mining /Transport and attend to public complaints and offence under the Mines and Minerals Act No. 33 of 1992. Accordingly many were discussions held at Geological Survey & Mines Bureau with Special Task Forces officers of Enforcement Unit.The meetings of Board of Management have been conducted and Minutes were prepared and followed up actions have also been taken .accordingly to the discussions taken at the Board of Management.

The meetings of Committee of Audit & Management Minutes were prepared and followed up actions have also been taken .according to the discussions taken at the Committee of Audit & Management and Board of Management.The meetings of Functional Heads have been conducted and minutes were prepared.

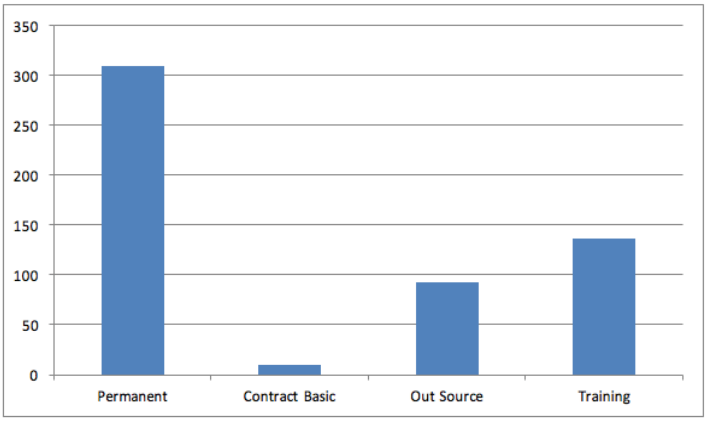
Five Site Inspections have been arranged by Mining Division to visits the Mining sites at Pannala – Kurunegala, Wetakoluwewa – Glaha, Dutuwewa – Kibithigollawa, Walallavita, Watagala - Galewela. Legal Officer has been participated for above visits for the purpose of evaluating the Mineral Investment Agreement for export their export products and following the order given by Secretary of Ministry of Environment at the appeal hearing.Many files and letters were taking Legal Actions on Royalty Arrears,

Rehabilitated lands and Projects debtors scrutinized, prepared and followed up the each files.

An Inspection has been arranged by the Legal Section to visit the reserved land for Katharagama Circuit Bungalow with Director General of Geological Survey & Mines Bureau.The titles of Regional Office properties have been checked and necessary arrangement were made to execute the relevant Lease Agreements for Regional Offices.

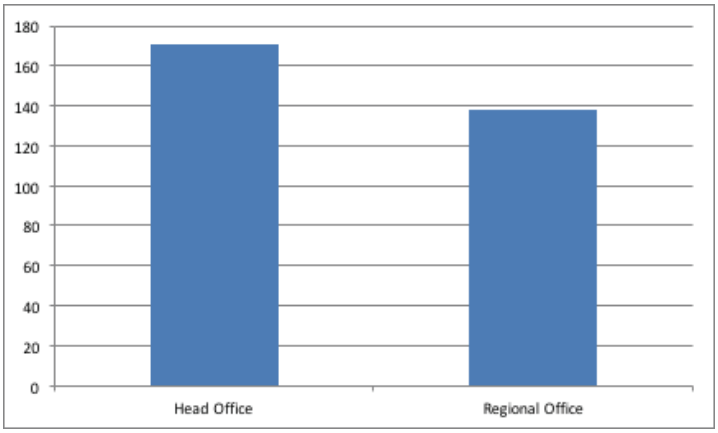
Eleven Agreements have been prepared for Drilling Projects undertaken by Geology Division.Non Notarial Agreements of Geological Survey & Mines Bureau relevant to the GSMB projects, Mineral Investigation Unit, Janitorial Servicers, Security Servicers, Vehicle Agreements were prepared execute and provide the necessary advices.

REVIEW ON HUMAN RESOURCES



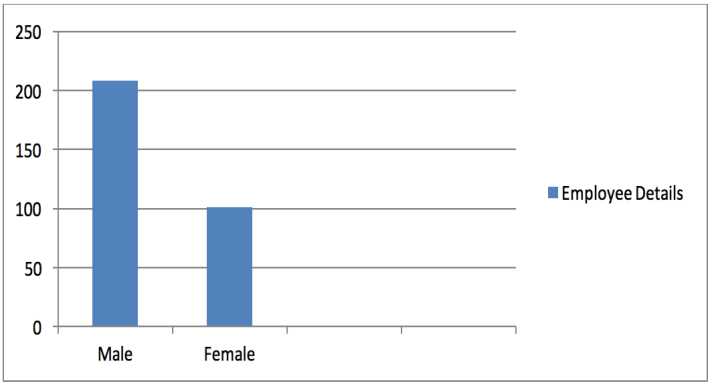
All Employees	
Permanent	309
Contract Basic	10
Out Source	92
Training	136

EMPLOYEES LIST – HEAD OFFICE & REGIONAL OFFICES



Employees List – Head Office & Regional Offices	
Head Office	171
Regional Office	138

PERMANENT EMPLOYEES DETAILS



Male	208
Female	101
Total	309

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. Minster in charge of the subject as per the requirements of the Mines and Mineral Act. The Board of Management is consisted of 7 members and they are as follows. The Legal Officer of GSMB serves as the Secretary to the BOM.

- ***The Secretary to the Ministry of the Minister in charge of the subject of industries or his representative***

- ***The Secretary to the Ministry of the Minister in charge of the subject of environment or his representative***

- ***Three members who appear to the Minister to have demonstrated practical experience and possess knowledge in the field of Geology, Mining, Business Management, Finance and Law***

- ***One member appointed by the Minister in consultation with the Minister in charge of the subject of Finance***

- ***The Director General of Geological Survey and Mines Bureau***

Board Meetings

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

Seven (07) board meetings were held during FY2016. The Agenda and draft minutes for Board meetings are prepared by the Board Secretary with details of decisions reached, any concerns raised and dissenting views expressed and are circulated to all members for comments before each meeting with Board papers within three business days before the intended date of the Board of Management. At each regular Board meeting, Head of the divisions of the Bureau made presentations to the Board on various aspects, including the Bureau performances, financial performances etc.

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

FINANCIAL REPORTS



GEOLOGICAL SURVEY & MINES BUREAU ACCOUNTING POLICIES - 31ST DECEMBER 2016

1. COPERATE INFORMATION

1.1 General

The Geological Survey & Mines Bureau (GSMB) is a statutory body established by Act No. 33 of 1992 and the principal place of business is situated at No. 569, Epitamulla Road, Pitakotte

1.2 Principal Activities

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

1.3 Number of Employees

The number of permanent employees at the end of the year was 318.

2. GENARAL ACCOUNTING POLICIES

2.1 General

Statement of compliance

The financial statements of the Bureau have been prepared in accordance with the requirement of the Sri Lanka Public Sector Accounting Standards laid down by the institute of Chartered Accountants of Sri Lanka.Basis of preparation Financial Statements have been prepared under the historical cost convention. No adjustment has been made for inflationary factors affecting the accounts. Wherever there are exceptions and wherever appropriate, the accounting policies followed have been disclosed in the notes.

2.2 Going Concern

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

2.3 Comparative Information

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

3. ASSETS AND BASES OF THEIR VALUATIONS

3.1 Accounts Receivable

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

3.2 Inventories

Inventories have been valued at cost. Costing this context is confined to aggregate cost of purchase and includes all expenses incidental to purchasing.

3.3 Investments

Investments are stated at cost.

3.3.1 GSMB Technical Services (Pvt) Ltd

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

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

3.4 Property Plant and Equipment

Property Plant and Equipment are stated at a cost or valuation less aggregate depreciation. The cost of an item of property plant & equipment comprises its purchase price and any directly attributable cost of bringing the assets to working condition for it intended use. Depreciation of property, plant and equipment of the Bureau is provided on straight line basis, over the period appropriate to the estimated useful life of the assets as follows.

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

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

3.5 Leasing of Property Plant & Equipment

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

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

3.6 Cash & Cash Equivalents

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

4 LIABILITIES & PROVISIONS

4.1 Provisions

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

4.2 Defined Benefit Plan – Gratuity

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

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

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

5. COMPREHENSIVE INCOME STATEMENTS

5.1 Revenue Recognition

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

a) Rendering of Services

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

b) Interest

Interest Income is recognized on an accruals basis.

c) Others

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

d) Royalty income

Income received under royalty has been accounted on a cash basis.The mines & Mineral Act allows royalty of a particular year to be paid in the following year up to 20th April of the year. As the Royalty cannot be ascertained until the declaration is made a provision cannot be made in this regard. A change to the regulations in the year 2006 allowed GSMB to collect an advance on Royalty. This could be set off any unpaid Royalty at the end of the licensing period or will have to be refund in full to the license's holder.

5.3 Expenses

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

6. CASH FLOW

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

7. TAXATION

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

8. POST BALANCE SHEET EVENTS

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

STATEMENT OF FINANCIAL POSITION



GEOLOGICAL SURVEY & MINES BUREAU

STATEMENT OF FINANCIAL POSITION AS AT 31 ST DECEMBER 2016

	Note	*2016 ACTUAL Rs.*	*2015 ACTUAL Rs.*
ASSETS			
Non Current Assets			
Property, Plant & equipment	1	525,923,902.73	544,174,181.25
Working Progress	2	2,102,992.40	1,505,000.00
Total Non – Current Assets		528,026,895.13	545,679,181.25
Investment	3	4,000,000.00	4,000,000.00
Current Assets			
Inventory	4	17,703,073.21	21,352,047.94
Trade & Other Receivables	5	157,752,554.57	110,456,075.08
Fixed Deposits	6	1,762,682,571.27	1,068,000,572.47
Cash & Cash Equivalents	7	10,345,805.68	37,925,813.36
Total Current Assets		1,948,484,004.73	1,237,734,508.85
Total Assets		**2,480,510,899.86**	**1,787,413,690.10**
EQUITY & LIABILITIES			
Equity			
Consolidated Fund	8	27,652,883.05	27,652,883.05
Departmental Fund	9	1,746,725.68	1,746,725.68
Capital Fund	10	68,916,655.00	68,916,655.00
Foreign Fund	11	16,968,107.86	1,984,210.00
Local Grants	12	10,399.80	1,373,648.24
Revaluation Reserves		129,978,094.46	129,978,094.46
Distress Fund	13	8,592,291.67	
Retained Earnings		1,648,805,133.54	1,110,852,578.03
Total Equity		**1,902,670,291.06**	**1,342,504,794.46**
Non Current Liabilities			
Provision on Gratuity	14	131,042,055.66	125,128,193.32
Current Liabilities			
Creditors and Payables	15	213,514,014.21	151,933,552.62
Other Payables	16	233,284,538.93	167,847,149.70
		446,798,553.14	319,780,702.32
Total Equity & Liabilities		**2,480,510,899.86**	**1,787,413,690.10**

STATEMENT OF FINANCIAL PERFORMANCE



GEOLOGICAL SURVEY AND MINES BUREAU STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 31 DECEMBER 2016

	Note	2016 ACTUAL Rs.	2015 ACTUAL2``` Rs.
Income	17	2,087,912,668.07	1,590,377,799.45
Other Income	18	79,632,423.60	56,841,607.51
Operating Expenses	19	(306,977,448.55)	(287,560,815.22)
Administration Expenses	20	(385,188,483.01)	(372,653,632.52)
Operating Profit		**1,475,379,160.11**	**987,004,959.22**
Net Finance Income	21	115,963,666.35	68,585,384.20
Profit Before Tax		**1,591,342,826.46**	**1,055,590,343.42**
Income Tax Expenses	22	27,315,639.00	18,496,473.00
Net Profit for the Year		**1,564,027,187.46**	**1,037,093,870.42**

NOTES TO THE FINANCIAL STATEMENTS



Note 01
Property, Plant & Equipments

	Balance as at 01.01.2016 Rs.	Additions during the Year Rs.	Adjustment Rs.	Disposal Items Rs.	Balance as at 31.12.2016 Rs.
At Cost					
Land, Building and Land Fencing	639,713.50				639,713.50
Land	224,787,057.75		9,391,549.00		215,395.508.75
Building	77,116,363.10				77,116,363.10
Building Partioning	14,257,187.72	851,660.00			15,108,847.72
Plant & Machinery	83,981,006.01	6,493,000.00		173,062.00	90,300,944.01
Motor Vehicles	227,515,299.00	9,950,000.00			237,465,299.00
Mapping Equipment	9,396,268.44				9,396,268.44
Drilling Spares	26,474,039.71	36,366.27		5,095.00	26,505,310.98
Lab Equipment	157,011,914.67	47,050,621.63			204,062,536.30
Field Equipment	14,444,018.46	29,863.00		1,215.80	14,472,665.66
Office Equipment	127,496,158.38	135,568.01		116,622.90	140,936,336.48
Communication Equipment	6,134,812.65	10,39372.14			7,174,184.79
Furniture & Fittings	14,623,038.60	4,858,540.90			19,481,579.50
Maps	475,824.75				475,824.75
Library Books	28,298,953.40	774,297.50			29,073,250.90
Museum Items		812,055.87			812,055.87
	1012,651,656.14	85,452,578.31	9,391,549.00	295,995.70	1,088,416,689.75

Depreciation

	Balance as at 01.01.2016 Rs.	Charge for the Year Rs.	Disposal Items Rs.	Balance as at 31.12.2016 Rs.
Land Fencing	549,048.73	37,515.96		586,564.69
Building	46,086,875.93	3,902,963.79		49,989,839.72
Building Portioning	4,959,449.18	2,937,246.57		7,896,695.75
Plant & Machinery	41,561,708.05	8,516,895.98	82,323.44	49,996,280.59
Motor Vehicles	140,413,293.66	28,810,851.91		169,224,145.57
Mapping Equipment	7,806,503.93	608,079.57		8,414,583.50
Drilling Spares	10,781,384.01	3,221,554.49	3,235.59	13,999,702'91
Lab Equipment	82,005,035.02	30,048,847.53		112,053,882.55
Field Equipment	10,756,619.08	1,086,832.04	1,215.80	11,842,235.32
Office Equipment	102,050,726.51	11,512,566.08	116,622.90	113,446,669.69
Communication Equipment	3,044,131.18	673,268.64		3,717,399.82
Furniture & Fittings	6,834,113.44	1,410,206.69		8,244,320.13
Maps	241,007.15	23,791.20		264,798.35
Library Books	11,387,579.02	1,428,089.41		12,815,668.43
	468,477,474.89	94,218,709.86	203,397.73	562,492,787.02
Net Book Value	**544,174,181.25**			**525,923,902.73**

Note 02 - Working Progress

	2016 ACTUAL Rs.	**2015** ACTUAL Rs.
Proposed GPR/ERP System	1,505,000.00	1, 505, 000.00
Proposed Building for Lab	143, 145.00	
Proposed Building – Rathnapura	454, 847.40	
	2, 102, 992.40	**1, 505, 000.00**

Note 03 - Investments

Investments	4, 000, 000.00	4, 000, 000.00
	4, 000, 000.00	**4, 000, 000.00**

Note 04 - Inventory

	2016 Rs.	**2015 Rs.**
Stock Stationary	2, 088, 803.05	1, 994, 078.18
Stock - Hardware	12, 329, 004.96	14, 076, 887.66
Stock Library Books / Maps	668, 527.30	668, 527.30
Stock - License	2, 616, 737.90	4, 612, 554.80
	17, 703, 073.21	**21, 352, 047.94**

Note 5 - Trade & Other Receivables

	2016 Rs.	**2015 Rs.**
Debtors - Project	5,005,990.56	4,970,255.82
Debtors - Others 05B	1,706,000.11	1,737,923.21
Debtors - Return Cheques	87,760.75	314,180.70
Debtors - GSMB Tec. Services		545,916.95
Prepayments	4,811,743.04	7,500,165.25
Staff Loans	77,331,044.34	59,385,490.16
Festival Advance	72,600.00	54,950.00
Special Advance	7200.00	9500.00
Advance - Field Officers	862,455.88	824,090.88
Advance - Other Officers	3,092,656.25	1,914,700.00
Advance Foreign Journals	-	316,207.42
Advance - Purchases	2,647,820.33	19,471,423.14
Advance & Advance B loan	208,775.20	208,775.26
Building Deposit	141,000.00	66000.00
Refundable Deposits	343,000.00	418,000.00
Rent Advance	2,572,437.50	3,009,312.50
Treasury Bills - Interest Account	3,048,655.01	1,825,698.85
Peoples Bank - Interest Account	**157,752,554.57**	**110,456,075.08**

Note 05B – Debtors

	2016 Rs.	**2015 Rs.**
Chemical Analysis	149,917.50	149,917.50
Sundry Debtors	378,410.46	371,221.56
Inland Revenue GST Receivable	973,143.00	973,143.00
Insurance Claim	-	39,112.00
H & S Insurance	113,732.35	113,732.35
Debit Notes	90,796.80	90,796.80
	1,706,000.11	**1,737,923.21**

Note 6 - Fixed Deposits

	2016 Rs.	2015 Rs.
Deposit - Peoples Bank (Critical Fund)	8,587,556.16	5,900,000.00
Deposit - Peoples Bank (GSN Station)	6,890,389.20	6,404,510.32
Deposit- Peoples Bank (Gratuity Fund)	128,033,799.53	54,683,764.98
Deposit - Peoples Bank (Galle Rd)	1,362,072,134.83	762,978,559.12
State Surplus Fund	6,826,756.58	6,249,362.84
Treasury Bills	250,271,934.97	231,784,375.21
	1,762,682,571.27	**1,068,000,572.47**

Note 7 - Cash & Cash Equivalents

	2016 ACTUAL Rs.	2015 ACTUAL Rs.
Bank Of Ceylon - Current Account	520,611.20	1,830,454.84
Commercial Bank - Current Account	293,757.56	350,143.15
Sampath Bank - Current Account	4,217,634.45	1,348,867.63
Sapath Bank GSN - Current Account	931,590.15	548,973.49
Peoples Bank - Matara	147,652.84	1,028,863.87
Peoples Bank - Wellawatta	177,387.39	424,059.73
Peoples Bank -Galle Rd	2,659,636.58	31,130,798.70
Peoples Bank -Pitakotte	14,735.51	8,136.95
Stamp Imprest	5,800.00	18,515.00
Petty Cash Imprest - Regional Offices	1,365,000.00	1,225,000.00
Petty Cash Imprest - Head office	12,000.00	12,000.00
	10,345,805.68	37,925,813.36

Note 08 - Consolidated Fund

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

Note 09 - Departmental Fund

GSMB had to use funds allocated for GSD at the initial stage this represent such funds use by GSMB

Note 10 - Capital Fund

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

Note 11 - Foreign Fund

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

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

Note 12 - Local Grants

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

Note 13 – Distress Fund

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

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.

Note 15 - Creditors and Payables

	2016 Rs.	2015 Rs.
Creditors	(114,493.40)	59,135.54
Creditors on Purchasing	10,377,550.46	11,344,366.10
E.P.F/E.T.F Payable	2,765,920.10	2,508,623.47
Stamp Duty Payable	1,082,959.48	1,770,276.00
Payee tax	954,591.66	58,339.02
VAT Payable	32,540,445.93	25,183,362.71
ESC Payable	3,032,637.00	1,123,971.00
NBT Payable	7,831,390.25	6,180,103.48
Income Tax Payable	15,377,490.00	7,321,411.00
Vehicle Insurance claims from insurance companies	-	22,642.74
Accruals Expenses	139,665,522.73	96,361,321.56
	213,514,014.21	**151,933,552.62**

Note 16 - Other Payables

	2016 Rs.	2015 Rs.
Advance On G.S.N Station 16A	7,821,979.35	6,887,885.35
Advance on I.E.E.R	137,685.00	137,685.00
Advance On Project	2,749,532.07	12,024,414.90
Advance On Chemical Analysis	200,300.00	8,500.00
Advance on MIA	-	14,000.00
Rehabilitation Deposit	-	32,012.00
Advance On Royalty	90,052,365.07	53,064,259.76
Advance On Mining License 16B	80,308,677.44	58,284,392.69
Bank Guarantee	52,014,000.00	37,394,000.00
	233,284,538.93	167,847,149.70

Note 16A - Advance On G.S.N Station

GSMB Received funds from university of California to maintain the activities at Pallekelle G.S.N.Station. This represent such money received.

Note 16B - Advance on Mining License

This is the Money Held for Processing of Licenses Applications. Once the Licenses is Granted this is taken for income. If the License is rejected the money held is paid back to Client.

	2016 Rs.	2015 Rs.
Advance Received on Exploration License	15,527,732.83	15,605,352.83
Advance Received on IML. A.	15,371,275.63	7,319,416.96
Advance Received On I.M.L. - B	26,315,455.05	17,325,336.71
Advance Received on I.M.L. - C	6,755,297.75	6,401,066.30
Advance Received on A.M.L. - A	8,353,189.23	6,542,548.87
Advance Received on A.M.L. - B	4,155,149.81	3,248,902.12
Advance Received on T.D.L. - A	158,650.36	131,150.36
Advance Received b on T.D.L. - B	3,615,793.50	1,662,225.14
Advance Received on T. D. L. - C	19,796.55	14,427.40
Excess Money On Mining License	36,336.73	33,966.00
	80,308,677.44	58,284,392.69

Note 17 - Income

	2016 Rs.	2015 Rs.
Royalty 17A	1,578,584,414.25	1,293,433,031.76
License Fee 17B	224,798,381.13	80,002,819.08
Inspection (Mineral Exploration) 17C	247,954,045.63	182,943,929.26
Lab 17 D	3,247,333.33	3,568,174.29
Project (Drilling) 17E	33,328,493.73	30,429,845.06
	2,087,912,668.07	1,590,377,799.45

17A - Royalty

	2016 Rs.	2015 Rs.
Royalty - Building material	976,297,424.94	729,914,696.68
Royalty - Industrial Minerals	431,489,987.19	397,746,549.61
Previous - Building Material	129,541,294.48	121,198,115.71
Previous - Industrial Mineral	4,109,071.52	12,977,493.39
Penalty - Building Material	35,571,489.98	28,942,518.98
Penalty - Industrial Mineral	1,575,146.14	2,653,657.39
	1,578,584,414.25	1,293,433,031.76

17B - License Fee

	2016 Rs.	2015 Rs.
Export	2,455,000.00	2,305,000.00
Exploration	7,889,000.00	7,874,000.00
IML	142,381,200.00	19,104,000.00
AML	8,201,250.00	7,194,500.00
Trading	9,786,000.00	5,612,000.00
TPL	54,085,931.13	37,913,319.08
	224,798,381.13	80,002,819.08

17C- Inspection

	2016 Rs.	2015 Rs.
Inspection	222,488,420.57	168,187,722.53
Special Inspection - IML A	767,500,.00	730,000.00
Special Inspection - IML B	6,889,585.58	1,182,500.00
Special Inspection - IML C	4,255,579.48	300,000.00
Special Inspection - AML A	827,860.00	80,320.00
Special Inspection - AML B	129,500.00	5,000.00
Major site special Inspection	12,595,600.00	12,458,386.73
	247,954,045.63	182,943,929.26

17 D –LAB

	2016 Rs.	2015 Rs.
Analytical	2,691,733.33	3,568,174.29
Petrology	555,600.00	
	3,247,333.33	3,568,174.29

17E - Project Details

	2016 Rs.	2015 Rs.
Geophy.Inv. of Metal Quarry – Koslanda	500,000.00	
Getamanna,Beliatta – Maga Engineering (pvt) Ltd Cement Raw Material Survey – Poonarine 2015	1,545,057.40	
Tokyo Cement Company Lanka PLC Drilling –Jaffna /Sengupitiya	900,000.00	
Ceylon Electricity Board Resistivity Survey –Ragala,Maliboda,Nawalapitiya	636,750.29	
Ceylon Electricity Board Drilling Rock Testing Survey – Kalugaga / Maragahakanda	3,206,533.08	
Mahaweli Water Security Investment Program Drilling-Poonarine- Tokyo cement Drilling-Habarana - Huruluwewa- Mahaweli		3,183,375.00
Consultancy Bureau Drilling Investigation –Poonarine /Valleypadu	15,120,487.50	
Tokyo Cement Company Lanka PLC Drilling Investigation – Colombo Expressway	3,617,895.83	
Meerigama – Neat Solution (pvt) Ltd Soil Investigation – Deniyaya – Dep.of Health Services Southern Province	4,762,905.79	
Drilling - Padukka – Access Engineering PLC	337,618.24	
Rock Conservation – Sigiriya 01A and 01-CCF	327,556.97	
Drilling -Warakapola- MRL Graphite	2,009,651.83	
Min Ex-Uwa cen/Kandy - MIC		3,080,110.00
Min Ex-Mulathive- Lanka Mineral Sand		3,458,527.58
Min Ex.- Pothuwil /Ampara- Eastern Mineral		1,789,375.00
Drilling -Aluketiya- MRL		1,081,012.22
Mineral Sand Sur.-Chilaw/Waikkala- VVML		5,566,206.37
Drilling-Melsiripura - Plumbago	364,036.80	161,588.42
Drilling-Jaffna - ITI		10,830,747.97
Drilling -Battaramulla - SL Sustainbility Authority		735,775.00
		543,127.50
	33,328,493.73	30,429,845.06

Note 18 Other Income

	2016 Rs.	2015 Rs.
Test Blast Income	4,737,000.00	4,326,000.00
Sale Of Publication	226,091.78	178,086.00
Field Supervision	468,397.24	40,000.00
Export Sample Income - Mining	80,250.00	78,749.98
Export Sample Income- Geology	480,459.50	540,750.00
Supplier Registration	112,000.00	158,000.00
Int On Distress loan	2,789,876.18	2,192,441.80
Sundry Income - Mining	407,082.25	447,066.34
Dividend Income 18A	720,000.00	720,000.00
Transfer Fee - Mining	11,000.00	11,663.22
Penalty On Not Providing Previous License	37,466,681.32	28,566,859.55
Training Course Fee	454,000.00	0.00
Sale Of Maps/Mineral Boxes	190,434.29	236,570.00
Office Chargers On Refund on License	37,750.00	44,250.00
Office Chargers On Bank Guarantee	107,812.50	133,900.00
Photocopy chargers	4,065.00	6,428.00
Communication Fee On EL	95,000.00	280,000.00
Sundry Income - Geo	51,091.42	33,373.28
Rental Income	-	918,000.00
Service Charge on TPL - SLLRDC	1,824,100.00	328,442.00
Inspection charges on Export of Samples	8,250.00	5,500.00
Income from DS Offices	28,140,870.38	16,746,059.25
Sundry Income	1,220,211.74	849,468.09
	79,632,423.60	56,841,607.51

Note 18A - Dividend Income

Rs. 720,000 net dividend has been received after deducting withholding tax from the GSMB Technical Services pvt Ltd.

Note 19 - Operating Expenses

	2016 Rs.	2015 Rs.
Geology 19.A	55,816,814.94	60,936,938.27
Mapping 19.B	6,769,793.08	8,201,413.15
Project 19.C	13,216,437.84	13,308,901.10
Regional 19.D	197,997,860.79	167,317,920.49
Mining 19.E	33,176,541.90	37,795,642.21
	306,977,448.55	287,560,815.22

Note 19A - Geology

ACCOUNT TYPE Rs.	GEOLOGICAL Rs.	TSUNAMI Rs.	LIBRARY Rs.	LABORATORY Rs.	2016 TOTAL Rs.	2015 TOTAL RS.
Salaries	14,897,143.92	-	345,891.10	3,688,042.38	18,931,077.40	16,283,147.41
Allowances	10,941,074.29	766,950.00	322,433.50	2,728,729.82	14,759,187.61	19,362,090.99
E.P.F	2,280,758.11	-	62,136.13	576,622.93	2,919,517.17	2,725,142.54
E.T.F	571,866.18	-	15,534.03	144,155.76	731,555.97	681,021.97
Wages	2,144,050.27	-	229,847.00	2,063,028.60	4,436,925.87	4,803,672.28
Overtime	540,194.35	-	-	5,167.36	545,361.71	670,683.38
Travelling	258,877.00	-	-	-	258,877.00	381,602.00
Fuel	144,715.00	-	-	-	144,715.00	88,230.00
Stationary	464,687.20	-	27,216.16	2,502,051.98	2,993,955.34	3,527,738.70
Newspaper	-	-	307,830.00	-	307,830.00	288,352.00
Courier Chargers	-	-	104,221.67	-	104,221.67	59,457.66
Research - Office	428,972.63	-	-	-	428,972.63	471,259.84
Research - Intern	1,637,639.88	-	-	-	1,637,639.88	1,697,926.40
Other	750,632.63	5,176,495.22	20,841.00	1,669,008.84	7,616,977.69	9,896,613.10
	35,060,611.46	5,943,445.22	1,435,950.59	13,376,807.67	55,816,814.94	60,936,938.27

Note 19B - Mapping

ACCOUNT TYPE	Restroation Of Dilapidated Core Boxes-2015 Mapping Rs.	Geo Chemical Kekirawa Mapping Rs.	Geo Chemical Naula/ Matale Elahera Mapping Rs.	Mineral Exploration Sabaragamuwa Mapping Rs.	Geo chemical Naula / Kandy Mapping Rs.	Quartanary Yala Mapping Rs.	Quartanary kalpitiya to Silawathura Mapping Rs.	Hot Spring Survey at Padiyathalawa / Wahawa Mapping Rs.	Brick & Tile Clay Survey North Western province Mapping Rs.	Nuclear Raw Material Mannar to Galle Mapping Rs.	Kegalle District Investigation Mapping Rs.	Mineral Sand Surveys Mapping Rs.	2016 TOTAL Rs.	2015 TOTAL Rs.
Salaries	81,550.00	126,946.21	80,738.71	122,820.00	247,584.48	17,842.76	274,998.19	64,605.87	442,674.50	118,531.03	-	-	1,578,291.75	1,406,768.80
Allowances	69,592.50	121,370.00	59,173.55	200,864.00	188,424.66	26,876.62	224,927.99	53,302.47	193,325.22	79,912.58	-	-	1,217,769.59	1,630,195.04
Wages	143,000.00	83,400.00	33,000.00	178,625.00	37,600.00	22,500.00	462,500.00	38,000.00	269,650.00	58,050.00	-	77,400.00	1,403,725.00	1,827,540.80
Overtime	-	14,432.71	5,239.16	4,243.48	15,603.54	-	36,370.44	14,165.86	42,090.65	-	-	-	132,145.84	208,804.69
E.P.F	13,389.60	19,486.09	12,132.52	23,294.40	37,393.96	3,343.92	46,976.98	10,737.21	67,041.18	20,213.23	-	5,641.80	259,650.89	227,265.45
E.T.F	3,347.40	4,871.53	3,033.13	5,823.60	9,348.49	835.98	11,744.25	2,684.31	16,760.29	5,053.31	-	-	63,502.29	57,241.83
Travelling	-	82,725.00	19,200.00	101,250.00	103,800.00	-	78,850.00	-	127,850.00	21,025.00	-	38,385.14	573,085.14	642,445.00
Fuel	-	21,375.00	6,840.00	88,500.00	66,025.00	16,750.00	144,080.00	22,690.00	68,875.00	70,140.00	40,375.00	96,475.00	642,125.00	814,246.00
Stationary	-	-	-	-	-	-	98,007.00	-	-	-	-	-	98,007.00	-
Other	9,022.45	27,724.22	34,653.00	43,020.00	16,000.00	49,179.38	204,032.53	78,850.00	57,280.00	14,680.00	2,205.00	264,844.00	801,490.58	1,386,905.54
	319,901.95	502,330.76	254,010.07	768,440.48	721,780.13	137,328.66	1,582,487.38	285,035.72	1,285,546.84	387,605.15	42,580.00	482,745.94	6,769,793.08	8,201,413.15

Note 19C - Project

ACCOUNT TYPE	Koslanda Gatamanna Beliatta Geophysical Investigation of Metal Quarry Maga Engineering (Pvt) Ltd Rs.	Poonarine 2015 Cement Raw Material Survey Tokyo Cement Company Lanka PLC Rs.	Jaffna Sengupitiya Drilling Ceylon Electricity Board Rs.	Ragala Maliboda Nawalapitiya Resistivity Survey Ceylon Electricity Board Rs.	Kaluganga Moragahakanda DrillingRock Testing Survey Mahaweli Water Security Investment Program Rs.	Poonarine Vallaipadu Drilling Investigation Tokyo cement Company Lanka PLC Rs.	Colombo Expressway at Mirigama Drilling Investigation Neat Solution(Pvt) Ltd Rs.	Deniyaya Soil Investigation Depatment of Health Services Southern Province Rs.	Padukka Drilling Access Engineering PLC Rs.	2016 TOTAL Rs.	2015 TOTAL Rs.
Salaries	34,705.00	84,032.20	65,623.30	93,703.50	298,924.50	176,783.80	403,609.33	125,280.00	53,228.07	1,335,889.70	1,875,716.45
Allowances	20,314.27	91,143.70	59,242.60	54,848.50	295,725.10	195,435.80	366,545.27	108,490.00	51,750.48	1,243,495.72	1,393,931.56
Wages	22,000.00	191,700.00	145,050.00	21,000.00	1,279,440.00	974,000.00	2,053,400.00	150,200.00	209,000.00	5,045,790.00	3,393,650.00
Overtime	3,350.33	11,341.83	22,915.20	9,045.90	123,340.22	73705.35	146,989.47	3,003.33	27,545.60	421,237.23	472,301.74
E.P.F	5,240.60	12,257.70	11,254.80	14,149.62	54,199.10	32,764.40	68,504.22	22,233.60	9,660.32	230,264.36	225,085.97
E.T.F	1,310.15	3,064.40	2,813.70	3,537.40	13,549.80	8,191.10	17,126.06	5,558.40	2,415.08	57,566.09	56,271.49
Travelling	-	29,250.00	37,000.00	-	101,500.00	85,828.00	227,350.00	36,465.00	12,900.00	530,293.00	851,029.88
Stationary	-	0.00	-	-	225,000.00	196233.76	94,933.91	-	-	516,167.67	1,878,590.08
Fuel	14,250.00	75,810.00	104,045.00	16,300.00	295,905.00	350,350.00	360,845.00	37,685.00	91,920.00	1,347,110.00	1,225,073.00
Other	77,165.00	13,685.00	109,878.00	114,935.00	757,907.89	945,054.00	376,974.18	52,910.00	40,115.00	2,488,624.07	1,937,250.93
	178,335.35	512,284.83	557,822.60	327,519.92	3,445,491.61	3,038,346.21	4,116,277.44	541,825.33	498,534.55	13,216,437.84	13,308,901.10

Note 19D - Regional

ACCOUNT TYPE	Kandy	Matara	Kurunegala	A'pura	Badulla	Polonnaruwa	Ratnapura	Ampara	Monaragala	Habantota	Kanthale	Jaffna	Trinco	Baticaolo	Kalthara	Gampha	Colombo	2016 TOTAL	2015 TOTAL
	RS	RS	RS	RS	RS	RS	RS	RS	RS	RS	RS	RS	RS	RS	RS	RS	RS		RS
Salaries	4,126,229.42	3,060,523.03	3,552,560.61	2,765,933.54	2,625,034.34	1,575,026.14	2,512,316.75	2,143,956.69	1,936,662.67	1,372,054.50	431,256.00	1,576,824.28	1,841,125.95	1,454,463.14	2,437,199.15	2,588,357.86	3,483,703.35	39,483,227.42	28,839,328.83
Allowances	3,951,648.44	2,781,971.12	3,683,614.02	3,091,158.78	2,846,901.72	1,340,572.71	2,639,763.10	1,979,915.65	2,124,365.78	1,511,461.61	471,050.00	1,874,750.10	2,080,651.15	1,713,961.27	2,676,143.61	2,847,163.68	3,687,051.34	41,302,144.08	41,573,721.64
Wages	9,467,694.41	191,938.28	2,391,418.39	1,637,547.50	2,075,677.67	2,544,695.59	1,006,339.28	738,863.27	2,963,729.29	1,902,746.93	283,167.09	2,171,158.98	1,955,631.07	1,785,200.49	836,000.00	2,165,564.79	599,500.00	34,716,873.03	26,553,305.16
Overtime	540,268.42	107,358.23	233,837.96	123,352.57	126,091.62	185,753.56	108,851.93	95,783.00	223,489.00	89,094.00	44,207.29	81,715.28	128,886.88	76,655.69	156,881.08	224,696.12	49,386.51	2,596,309.14	2,446,847.27
E.P.F	722,332.13	511,811.55	634,475.67	497,143.33	478,928.72	255,648.13	444,871.14	366,461.60	350,959.11	245,128.77	80,052.72	281,432.76	319,089.10	262,311.59	435,193.39	464,102.45	625,313.60	6,975,255.76	5,472,745.88
E.T.F	180,583.04	127,952.90	158,618.92	124,285.83	119,732.18	63,912.04	111,217.77	91,615.40	87,739.79	61,282.20	20,013.18	70,358.19	79,772.29	65,577.89	108,798.36	116,025.63	156,328.40	1,743,814.01	1,368,186.59
Travelling	470,439.80	182,922.00	389,929.00	346,290.00	237,170.00	532,405.00	257,090.00	218,450.00	399,850.00	222,417.00	-	339,222.00	138,392.00	162,700.00	200,640.00	192,750.00	171,260.00	4,461,926.80	3,572,570.95
Rent	530,838.70	660,000.00	600,000.00	-	885,041.67	-	597,000.00	380,100.00	650,315.00	740,500.00	338,000.00	475,156.20	-	411,250.00	502,416.13	-	-	6,770,617.70	6,437,787.61
Fuel	1,068,820.00	470,784.00	887,118.80	832,923.00	542,589.00	956,152.00	723,632.00	611,195.05	884,909.00	289,307.42	-	828,158.85	537,178.00	616,836.00	517,485.50	388,413.00	187,592.00	10,343,093.62	8,809,416.57
Telephone	564,876.84	329,054.58	332,364.13	321,059.29	334,724.93	197,166.99	320,362.42	342,411.60	331,681.43	358,512.39	26,024.00	301,671.44	293,969.17	301,517.31	357,107.37	302,928.92	-	5,015,432.81	4,560,808.30
Electricity	90,226.30	42,727.93	80,893.00	93,625.00	79,310.17	11,522.60	53,195.00	16,218.90	91,891.00	98,042.08	18,698.00	105,048.20	81,851.00	55,563.60	85,379.35	95,165.00	-	1,099,357.13	1,010,739.22
Stationary	2,284,166.06	479,416.66	1,309,946.26	983,213.42	929,100.78	1,821,795.81	473,797.67	671,026.60	1,102,381.10	484,943.71	-	871,435.66	916,175.31	767,453.59	553,055.27	521,782.95	375,439.04	14,545,129.89	10,540,662.53
Security	1,584,950.00	507,920.00	695,240.00	543,640.00	541,170.00	382,990.00	389,540.00	389,050.00	388,600.00	518,670.00	362,070.00	493,680.00	190,320.00	477,100.00	415,890.00	559,065.00	127,750.00	8,567,645.00	9,454,400.00
Water	68,425.24	79,398.51	108,180.00	109,375.00	60,790.31	106,057.31	54,656.49	62,048.51	114,308.00	85,636.54	12,901.00	50,200.00	51,932.00	128,855.00	68,353.90	29,900.00	-	1,191,017.81	1,039,666.56
Repair	241,258.22	165,634.38	397,997.85	404,195.01	361,935.87	185,786.64	417,537.83	405,952.70	629,457.55	160,877.57	-	272,279.50	191,031.82	291,036.26	475,890.85	241,229.77	-	4,842,101.82	4,102,876.19
Cleaning	249,050.00	121,550.00	195,500.00	212,995.83	224,400.00	194,154.17	238,850.00	242,250.00	178,500.00	198,050.00	200,175.00	243,100.00	209,950.00	218,450.00	255,000.00	215,711.11	-	3,397,686.11	3,171,055.58
Awarness	100,445.00	-	77,900.00	18,760.00	-	12,045.00	5,500.00	-	-	-	-	21,490.00	-	-	4,780.00	-	-	240,920.00	268,510.00
Rehabilitation	12,895.00	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	12,895.00	24,723.00
Insurance	433,585.98	97,696.37	173,020.66	252,026.58	241,199.08	24,008.64	98,194.54	127,595.91	133,456.04	90,893.24	17,809.93	55,201.68	81,496.44	19,530.63	105,814.51	368,004.19	6,825.44	2,326,359.86	2,095,342.46
Mainteneance Of offi	122,707.89	130,963.40	138,236.21	236,894.73	146,515.02	15,989.94	159,156.32	90,360.44	125,662.10	111,559.09	43,664.78	85,824.92	109,589.95	101,299.89	218,149.72	165,674.53	-	2,002,248.93	1,811,484.54
Other	1,160,790.92	290,797.00	863,519.25	448,094.00	491,090.14	267,586.50	403,887.80	173,953.19	351,781.50	252,812.26	62,742.50	218,983.48	202,796.00	268,273.67	411,729.00	375,018.96	119,948.70	6,363,804.87	4,163,741.61
	27,972,231.81	10,340,419.94	16,904,370.73	13,042,513.41	13,347,403.22	10,673,268.77	11,015,760.04	9,147,208.51	13,069,738.36	8,793,989.31	2,411,831.49	10,417,691.52	9,409,838.13	9,178,036.02	10,821,907.19	11,861,553.96	9,590,098.38	197,997,860.79	167,317,920.49

Note 19E – Mining

ACCOUNT TYPE	2016 Total Rs.	2015 Total Rs.
Salaries	11,028,115.65	11,632,878.61
Allowances	10,104,433.11	14,727,460.44
Wages	4,379,156.22	3,332,263.69
Overtime	872,048.88	959,877.91
E.P.F	1,895,186.99	2,148,064.61
E.T.F	473,796.79	536,750.71
Travelling	235,779.00	519,019.00
Fuel	337,890.00	549,620.00
Awareness	926,029.65	102,376.85
Stationary	1,835,614.66	1,837,381.26
Other	1,088,490.95	1,449,949.13
	33,176,541.90	37,795,642.21

Note 20 - Administration

TYPE OF ACCOUNT	2016 Total Rs.	2015 Total Rs.
Salaries	19,423,013.77	15,887,343.30
Allowances	18,300,115.44	19,582,860.67
Wages	10,844,601.29	8,417,933.83
Overtime	4,062,501.59	3,261,397.00
E.P.F	3,421,978.87	3,261,397.00
E.T.F	855,494.45	736,453.63
Travelling	827,436.39	928,371.00
Travelling - Foreign	5,084,127.90	5,113,770.59
Uniforms	938,473.29	2,357,520.03
Medical	9,827,942.00	9,424,415.00
Incentive	100,000,000.00	70,000,000.00
Bonus	3,705,974.18	3,973,721.91
Welfare	7,433,298.26	5,099,611.56
Staff Training	497,647.38	478,940.00
Membership Fee	201,482.06	268,645.38
Rent	-	676,232.50
Security	3,335,026.19	5,102,355.13
Cleaning	4,461,800.00	4,046,834.56
Electricity	6,522,346.00	6,165,570.52
Water	543,071.57	336,525.59
Telephone	4,177,818.99	3,203,749.32
Fuel	6,501,976.03	5,761,482.02
Gratuity	13,284,441.88	33,602,380.33
Vehicle Loan Interest Reim	146,644.49	301,726.92
Housing Loan Interest Reim	7,083,343.62	4,470,006.88
MV - Other	594,716.74	837,298.49
Insurance - Personnel Accident	460,811.73	512,312.51
Insurance - Other	2,232,963.49	2,011,950.19

Insurance - H&S	3,264,477.23	3,214,183.70
Insurance - MV	3,892,001.26	4,530,862.79
Insurance - Building	497,070.12	325,006.58
Maintenance - Building	3,831,300.04	2,701,822.15
Maintenance - Plant & Machinery	772,240.50	147,530.00
Maintenance - Elevator	263,303.59	232,981.52
Maintenance - Office Equip	2,657,647.34	2,642,636.45
Maintenance - Software	536,065.61	772,403.54
Maintenance - Generator	312,225.76	269,512.08
Board Exp.	390,204.00	310,682.20
Legal Fee	785,953.00	299,350.00
Audit Fee	1,096,225.46	1,512,843.70
Bank chargers	23,852,.23	13,705.84
Postage	853,884.99	660,882.00
Stamp Fee	277,725.00	190,475.00
Stationary	3,377,280.46	3,215,181.58
Advertisement	1,991,600.00	2,051,753.75
Trade Promotion	398,120.00	200,000.00
Depreciation	92,658,195.18	106,408,827.96
V.A.T/N.B.T/E.S.C	13,192,691.20	7,077,027.07
Donation	348,187.50	750,900.00
Rehabilitation	9,951.00	73,000.00
Other Exp - Note 20A	10,001,962.91	12,095,582.81
	385,188,483.01	372,653,632.52

Note 20A - Other Expenses

	2016 Total Rs.	**2015 Total Rs.**
Interview Board	101,304.00	6,000.00
Environmental Day / CSR	2,049,743.16	1,172,633.51
Municipal Council Tax	591,855.60	591,855.60
Tender Board	87,000.00	110,300.00
Yakkala Lease Exp	1,801,407.47	1,771,875.00
Staff Transport	-	1,958,780.00
Inventory - Below than 5000	600,740.25	1,215,573.39
Consultancy Fee	2,500.00	27,500.00
Donation - Scholarship Exam	45,000.00	45,000.00
Donation -University Entrants	-	45,000.00
Other office Exp.	4,628,102.43	5,151,065.31
Enforcement Unit Exp.	94,310.00	0.00
	10,001,962.91	12,095,582.81

Note 21 - Finance Income

	2016 Total Rs.	***2015 Total Rs.***
Peoples Bank - Galle Rd	92,722,607.60	52,440,860.69
Peoples Bank (Gratuity Fund)	2,953,149.09	2,526,552.76
Int. On Treasury bills	19,710,515.92	13,617,970.75
Int. On Surplus Fund	577,393.74	-
	115,963,666.35	68,585,384.20

Note 22 - Income Tax

As per the section 07 (b) of Inland Revenue Act No 2006 GSMB is liable to pay Income Tax Accordingly. Rs.27,315,639.00 Have been paid for the year 2015.

Note 23 – Legal Actions instituted against

Outside party had filed a case against the bureau in Badulla District Court.

Note 24 - Disclose the transactions with related parties

The payment of Rs.42,766,124.33 made for obtaining employees on hired basis from GSMB Technical Services (pvt) Ltd during the year under review.

AUDITOR'S REPORTS



විගණකාධිපති දෙපාර්තමේන්තුව
கணக்காய்வாளர் தலைமை அதிபதி திணைக்களம்
AUDITOR GENERAL'S DEPARTMENT

මගේ අංකය எனது இல. My No. } IEN/D/GSMB/1/16 මෙහි අංකය உமது இல. Your No. } දිනය திகதி Date } 02 November 2017

The Chairman

Geological Survey and Mines Bureau

Report of the Auditor General on the Financial Statements of the Geological Survey and Mines Bureau for the year ended 31 December 2016 in terms of Section 14(2)(c) of the Finance Act, No. 38 of 1971

The audit of financial statements of the Geological Survey and Mines Bureau for the year ended 31 December 2016, comprising the statement of the financial position as at 31 December 2016 and the statement of financial performance, statement of changes in equity and cash flow statement for the year then ended and a summary of significant accounting policies and other explanatory information was carried out under my direction in pursuance of provisions in Article 154(1) of the Constitution of the Democratic Socialist Republic of Sri Lanka read in conjunction with Section 13(1) of the Finance Act, No.38 of 1971 and Section 18(3) of the Mines and Minerals Act, No.33 of 1992. My comments and observations which I consider should be published with the Annual Report of the Bureau in terms of Section 14(2)(c) of the Finance Act appear in this report. A detailed report in terms of Section 13(7)(a) of the Finance Act was issued to the Chairman of the Bureau on 26 September 2017.

1.2 Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Sri Lanka Public Sector Accounting Standards and for such internal control as the management determines is necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

1.3 Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Sri Lanka Auditing Standards consistent with International Auditing Standards of Supreme Audit Institutions

අංක 306/72, පොල්දූව පාර, බත්තරමුල්ල, ශ්‍රී ලංකාව. - இல. 306/72, பொல்துவ வீதி, பத்தரமுல்லை, இலங்கை. - No. 306/72, Polduwa Road, Battaramulla, Sri Lanka
+94-11-2887028-34 +94-11-2887223 oaggov@sltnet.lk www.auditorgeneral.gov.lk

(ISSAI 1000 – 1810). Those Standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatements of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Bureau's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bureau's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of financial statements. Sub-sections (3) and (4) of Section 13 of the Finance Act, No.38 of 1971 give discretionary powers to the Auditor General to determine the scope and extent of the audit.

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

1.4 Basis for Adverse Opinion

Had the matters described in paragraph 2.2 of this report been adjusted, many elements in the accompanying financial statements would have been materially affected.

2. Financial Statements

2.1 Adverse Opinion

In my opinion, because of the significance of the matters described in paragraph 2:2 of this report, the financial statements do not give a true and fair view of the financial position of the Geological Survey and Mines Bureau as at 31 December 2016 and its financial performance and cash flows for the year then ended in accordance with Sri Lanka Public Sector Accounting Standards.

2.2 Comments on Financial Statements

2.2.1 Consolidated Financial Statements.

Even though the Bureau has 66 per cent ownership of GSMB Technical services Company affiliated to the Bureau with net assets of Rs.108,272,097 as at 31 December of the year under review, consolidated financial statements had not been furnished by consolidating the financial statements of that Company with the financial statements of the Bureau.

2.2.2 Sri Lanka Public Sector Accounting Standards

(a) Sri Lanka Public Sector Accounting Standard 01

(i) In disclosing provisions for gratuity in the financial statements in terms of Sections 82, and 83(a) of the Standard, the total provision for gratuity amounting to Rs.131,042,056 had been shown as non-current liabilities instead of showing the gratuity payable to the employees who had exceeded the age of retirement, as current liabilities and the balance as non-current liabilities.

* The whole balance of Rs.7,821,979, out of the amount received from a Foreign university for maintenance activities of the Tsunami Communication Centre, Pallekele, had been brought to account as a current liability instead of accounting as a non-current liability.

(ii) In terms of Section 118 of the Standard, 2 funds amounting to Rs.25,560,400 and a grant of Rs.10,400 which do not come under equity of the statement of changes in equity, had been shown under equity.

(iii) In terms of Sections 82, 83 (a) of the Standard, information in respect of 16 Regional Offices of the Bureau and other information which should be disclosed through Notes, had not been disclosed accordingly.

(b) Sri Lanka Public Sector Accounting Standard 03

Even though the rate of depreciation on buildings had been decreased from 20 per cent to 5 per cent, the said change had not been disclosed in the financial statements in terms of Section 44 of the Standard.

(c) Sri Lanka Public Sector Accounting Standard 07

Even though depreciation of an asset should commence from the date on which that asset was available for use in terms of Section 69 of the Standard, property, plant and equipment valued at Rs. 525,923,903 had been depreciated on the value existed as at the end of the month in which those were purchased.

2.2.3 Accounting Policies

The following observations are made.

(a) The Policy on issuance of stocks had not been revealed in the accounts.

(b) The minimum value of an asset which should be brought to account as fixed assets, had not been revealed through accounting policies.

(c) An accounting policy had not been identified by the Bureau for accounting local and foreign government capital grants and local grants of Rs. 10,399 and foreign grants of Rs. 16,968,107 had been shown under the equity of the statement of financial position as at 31 December of the year under review.

2.2.4 Accounting Deficiencies

The following observations are made.

(a) Assets valued at Rs. 2,046,540 purchased for clients and of which the expenditure was reimbursed, had been brought to account as assets of the Bureau.

(b) Even though lands valued at Rs. 199,962,533 owned by the Bureau had been vested legally with other Government institutions in preceding years, those had been further shown in the accounts as fixed assets.

(c) Action had not been taken to vest and account the land of 129 perches in extent and the building of the Ministry of Mahaweli Development and Environment, in which the Head Office functions, which were vested by the Urban Development Authority with the Bureau.

(d) Even though the expenditure on gratuity relating to the year had been Rs. 13,892,899, it had been shown as Rs. 13,282,442 in the statement of financial performance and as such expenditure on gratuity had been under stated by Rs. 610,457.

(e) A sum of Rs. 5,447,160 had been paid by cash as the gratuity in the year under review. However, when recording it in the cash flow statement, the interest on Gratuity Fund of Rs. 646,884 to be adjusted under working capital changes and distress loan of Rs. 2,570,304 recovered in the payment of gratuity had been adjusted and shown as gratuity payment of Rs. 7,370,580.

(f) Under provisions for incentive amounting to Rs. 1,161,325 of the preceding year had been adjusted to the profit of the year under review instead of accounting in retained earnings.

(g) Tax of Rs. 6,156,849 collected from income from investments had not been shown in accounts. As such, income and assets had been understated by the similar amount.

(h) Even though the income tax of the Bureau of the year under review amounted to Rs. 33,514,439, a sum of Rs. 27,315,639 had been shown in the statement of financial performance as the income tax payable after setting off the withholding tax.

(i) Fifty two bottles of Acid and 171 bottles of various chemicals remained in the analysis laboratory as at the end of the year had not been computed and shown as closing stocks in the year under review.

(j) Expenditure on the staff, renovating of offices and projects amounting to Rs. 9,499,181, Rs. 1,450,874 and Rs. 1,618,283 incurred from the year 2011 to the year 2016 by the GSMB Technical Services Company on behalf of the Bureau, had not been brought to account.

(k) Even though out of trade and other debtors of Rs. 157,752,554 a sum of Rs. 1,671,390 had exceeded 5 years as at the end of the year under review, provisions for bad debts had not been made therefore.

2.2.5 Unexplained Differences

In the reconciliation of the financial statements with reports on physical verification, a difference was observed in a stock of books and maps valued at Rs. 668,527.

2.2.6 Lack of Evidence for Audit

Evidence for confirmation of assets valued at Rs. 1,984,210 received from foreign grants, which had been remaining from 23 years, had not been made available to Audit.

2.3 Accounts Receivable and Payable

The following observations are made.

(a) Even though the Goods and Services Tax had been cancelled in the year 2002, a sum of Rs. 973,143 paid in excess had not been settled in the relevant years, thus indicating as a balance receivable in accounts.

(b) Advances of Rs. 1,500,000 granted in the year 2014 to a then Chairman of the Bureau for a public awareness programme had been shown in accounts as a balance receivable without taking action to settle them.

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

The following instances of non-compliance were observed.

Reference to Laws, Rules and Regulations	Non-compliance
(a) Sections 26(1) and 44 (b) of the Mines and Minerals Act, No.33 of 1992	Even though the royalties recovered by the Bureau for the Government should be sent to the Treasury, royalties of Rs.428,601,622, Rs.438,810,229 and Rs.568,348,602 received in the years 2014, 2015 and 2016 respectively had been retained without remitting to the Treasury.
(b) Finance Act No.38 of 1971 Section 9(2)(f)	A sum of Rs.1,010,235,812 remitted to the Treasury in the year under review had been understated in accounts as an equity instead of accounting as expenditure.
Section 11	Even though sums of Rs.250,271,935 and Rs.1,362,072,135 had been invested in Treasury Bills and fixed deposits respectively as at the end of the year under review, the relevant approval had not been obtained therefor.
(c) Paragraph 6(2)(a) of Part II of the Payment of Gratuity Act, No.12 of 1983	In the computation of gratuity, it had been computed based on the monthly salary instead of half a month's salary since the year 2015. As such, a sum of Rs.4,580,276 had been overpaid to 10 persons.

(d) Establishments Code of the Democratic Socialist Republic of Sri Lanka.	
(i) Section 10 of Chapter XXIV and the National Budget Circular No.142 of 31 December 2008.	Distress loans had been paid to 133 officers exceeding Rs.250,000 based on the gross salary. As such, a sum of Rs.31,991,022 had been overpaid.
(ii) Sections 1.4 and 1.4.1 of Chapter XXX	Three officers had supplied professional services to an affiliated institution of the Bureau without permission of the Secretary and earned a sum of Rs.1,969,500 in the preceding year. However, action had not been taken to recover a certain percentage of the said amount to the Bureau in terms of the provisions of the Establishments Code.
(e) Financial Regulations of the Democratic Socialist Republic of Sri Lanka	
(i) Financial Regulation 104	Action in terms of Financial Regulations had not been taken in respect of 26 motor vehicle accidents in the year under review.
(ii) Financial Regulation 371(5)	Balances of Sub-Impresrts of Rs.1,382,800 unsettled as at the end of the year under review had been brought to account as cash and cash equivalent assets without settling them.
(iii) Financial Regulation 396	Action in terms of Financial Regulations had not been taken in respect of 3 cheques valued at Rs.654,830 exceeded 6 month from the date of issue.

(iv) Financial Regulation 757	Stock verification for fixed assets of the Head Office, Regional Offices and Laboratories had not been carried out and reports thereon had not been furnished to the Auditor General.
(f) Section 6.3.1 of the Public Enterprises Circular No. PED/12 of 02 June 2003	Audit and Management Committee Reports had not been included in the Draft Annual Report for the year 2016.

3. Financial Review

3.1 Financial Results

According to the financial statements presented, the financial result of the Bureau for the year under review had been a profit of Rs.1,564,027,187 as compared with the corresponding profit of Rs.1,037,093,870 for the preceding year, thus indicating an improvement of Rs.526,933,317 in the financial results of the year under review as compared with the preceding year. Even though expenditure on operations of regional offices of the Bureau and provisions for incentive had increased by Rs.30,679,940 and Rs.30,000,000 respectively, the increase in royalty income, license charges, tests income, financial income and other income by Rs.285,151,382, Rs.144,795,562, Rs.65,010,116, Rs.47,378,282 and Rs.22,790,816 respectively had been the main reason for this improvement.

An analysis of financial results of the year under review and 04 preceding years revealed a decrease in the profit of the year 2013 as compared with the year 2012. Nevertheless, a continuous improvement in the profit was observed from the year 2013 up to the year 2016. Taking into consideration the employees' remuneration, Government tax and depreciation on the non-current assets, the contribution of the Bureau which was Rs.907,668,917 in the year 2012 had continuously improved up to Rs.2,081,082,775 in the year 2016.

3.2 Legal action initiated against or by the Bureau

External parties had filed 17 cases against the Bureau while the Bureau had filed 07 cases against external parties.

4. Operating Review

4.1 Performance

In terms of the Mines and Mineral Act, No.33 of 1992, the main objectives of the Bureau were the preparation of geological maps, identification of mineral resources, regulating the exploration and mining for minerals and trading in and export of such minerals. The following observations are made in respect of achieving objectives.

(a) Out of the functions of the Bureau, the progress of the preparation of geological maps, identification and assessment of mineral resources had been at a slow pace and any activity such as evaluation of commercial viability of mining, processing and export of minerals, advising the Minister on the measures to be adopted for the extraction, production and promotion of mineral on a commercial basis had not been carried out.

(b) The following observations are made in respect of the performance of the Geology Division of the Bureau.

(i) According to the Action Plan of the year 2016, provisions of Rs.58,539,100 had been made for 12 activities planned to be performed by the Geology Division. However, the performance according to action Plan and the progress shown in the Draft Annual Report could not be examined due to failure in preparation of Annual / Quarterly Performance Report of those activities or maintenance of documents necessary for each activity.

(ii) It had been failed up to 31 July 2017 to issue the Mineral Manual – 2015 and even though provisions of Rs.6.8 million had been made for the Library and the Museum, adequate physical and financial performance had not been shown in relevant Divisions even in the year under review.

4.2 Management Activities

The following observations are made.

(a) The royalty of Rs.465,546,966 recoverable for 3,909,669 cubes of sea sand mined for the construction of the Colombo Port City, had not been recovered.

(b) Action had not been taken to recover the royalty of Rs.3,001,788 recoverable due to removal of soil by violating conditions of the licence relating to 4 licences issued for the Extension of Southern Expressway Project. Further, proper supervision in mining or proper evaluation in renewing licences had not been carried out by the Authority and even though one licence holder had violated conditions, licences had been renewed contrary to Section 36(a) of the Mines and Minerals Act.

(c) Even though the employers' contribution and employees' contribution for the Employees' Provident Fund should be to the ratio of 3:2, the employers' contribution and employees' contribution of the Bureau had been 12 per cent and 10 per cent respectively. As such, the employers' contribution had been under paid by 3 per cent. No information whatsoever had been disclosed in notes of accounts as well on the employers' contribution for the Employees' Provident Fund.

(d) Contrary to the objectives of the Bureau, a sum of Rs.6,000,000 had been paid to various institutions on the approval of the Board of Directors for 4 purposes associated with the Ministry of Mahaweli Development and Environment. The relevant files and documents for the confirmation of expenditure therefor had not been made available as well to Audit.

(e) A raiding unit had not been established for the control of illegal mining, and as such, unauthorized mining had continuously taken place island wide. However, the Bureau had failed to take legal action in that connection and to prepare an appropriate methodology for the recovery of royalty for the quantity which had been excessively mined in instances where the mining had been done exceeding the approved amount in the licence.

(f) When deploying officers in field inspection, only two Field Assistants had been deployed to cover 32 Divisional Secretariat Divisions in 3 Districts such as Anuradhapura, Vavuniya and Mannar.

(g) Even though a sum of Rs.1,505,000 had been paid to a private institution for carrying out a system study in the year 2012 for the purpose of implementation of the Policy of Re-mechanism of the Government, that policy had not been implemented even up to the year under review.

(h) Mining licences had not been issued on the results of explorations relating to 42 mineral sand exploration licences issued from the year 2011 to the year 2016.

(i) A document of calling for proposals should be prepared in terms of the Cabinet Decision No.12/1383/527/0121 of 14 November 2012 for arranging necessary activities to carry out mining in compliance with laws, rules in the manner to minimize the environmental and social effects caused by mineral sand mining. However, despite elapse of over 4 years, such a document had not been prepared. Even though follow up action should be taken to check whether the institutions by which mining and exportation of minerals are carried out, do the value addition properly in terms of that Cabinet Decision, steps had not been taken therefor as well.

(j) The full licence fee, the relevant Value Added Tax and the Stamp fee had been recovered along with the application prior to obtaining recommendations required for the issue of lincences. In addition, advances had been obtained for the royalty to be recovered on the quantity of mineral mined under the licence.

As such, a large amount of money relating to the applications for which the licences could not be issued had constantly accumulated in the Bureau and the total thereof as at the end of the year under review amounted to Rs.170,361,042.

(k) Acts of Misconduct in respect of preparation and submission of Fudge Documents

---

(i) According to a report on preliminary investigation conducted in respect of preparation of fudge documents in terms of Chapter XL VIII of Volume II of the Establishments Code of the Democratic Socialist Republic of Sri Lanka, 6 officers had been identified as accused. However, only 3 out of those officers had been issued charge sheets.

(ii) Even though the report on preliminary investigation recommended that two officers should be interdicted, only transfers had been made and a sum of Rs.130,118 had been spent for participation of an officer for a foreign workshop.

(iii) Even though the Department of Police should be informed in this regard, it had not been so done.

(l) The bank guarantees of Rs.52,014,000 had been assigned to the Bureau since the year 2009 due to failure in taking action to rehabilitate the excavation sites(environment) by the licence holders subsequent to the mining. Nevertheless, legal action had not been taken against the licence holders who had violated the conditions or to black list them. The Bureau had not paid attention on environmental and social issues arisen due to failure in carrying out rehabilitation activities in the relevant sites.

(m) Issue of Mining Licences for the Uma Oya Multipurpose Development Project

---

The instances where limits of explosion, stipulated in the Mining Licences and Environment Protection Licences relevant therefor, had exceeded in excavations relating to constructions of Puhulpola Dam and link tunnel of 3,870 meters in length, that joins the dams at Puhulpola and Dyraaba reservoirs and observations thereon are given below.

(i) The prescribed Ground Vibration Particle Velocity of 5 mm/sec had exceeded 19.6 mm/sec in 269 explosions out of 2034 explosions carried out in the construction of the link tunnel during the period from December 2015 to November 2016.

(ii) The Air Blast Over Pressure of 120db had exceeded even in 170 explosions out of 1,607 explosions carried out in the construction of the Puhulpola Dam during the period from December 2015 to November 2016.

(iii) Even though the Supervision Company had informed the contractor with a copy to the Bureau in respect of exceeding of these limits, the contractor had not taken action thereon. The Bureau as well, who had issued mining licenecs, had not taken adequate steps for the control of those activities and extended the mining licence from 24 March 2016 for the link tunnel.

(iv) Despite having revealed that the explosions had been carried out so as to exceed the limit, the Bureau had increased the explosion parameters twice during the relevant year, which are stipulated in the Environment Protection Licence issued by the Central Environment Authority for the link tunnel from 02 October 2015 up to one year. Details are as follows.

	Specified Parameters	Increase in Parameters	
		04 December 2015	13 May 2016
Maximum number of Bore Holes	45	80	75
Maximum Depth of Bore	2.2 m	3 m	3 m
Amount of materials to be used for one explosion			
Emulsion	91 kg	140 kg	149.2 kg
ANFO	12.7 kg	40 kg	48.4 kg
Nonnel Detonator	75	80	75
Electric Detonator	06	10	08
Detonator Code	3 m	3 m	10 m

Even though the contractor had excavated without obtaining mining licenec in the construction of Dyraaba Dam and the main tunnel of 15,650 meters in length, of the Project, no steps whatsoever had been taken therefor by the Bureau.

(n) Payment of Incentive

The following observations are made in respect of payment of incentive of Rs.71,161,325 in the year under review.

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

(ii) Net earnings of Rs.144,326,648 which should not be applicable for incentive, had been based in the computation of incentive.

(iii) Even though marks had been given based on 04 performance criteria for the payment of incentive, those had not been based and incentives for 10 months had been paid to all employees without considering their performance.

(iv) Even though an Action Plan had not been prepared so as to assign all officers with responsibilities, giving 45 per cent out of the marks of evaluation of performance, for the performance according to the Action Plan and failure in considering the attendance and leave of employees in the payment of incentive had been contentious.

(v) Five per cent or Rs.3,823,563 out of the approved amount for the payment of incentive had been credited to a Welfare Fund named Emergency Distress Fund for which approval of the Treasury had not been received.

(vi) In determining the net earnings which were based in the computation of incentive, overhead expenditure of 15 per cent had been deducted from the income. However, the basis on which that percentage is determined had not been disclosed to Audit.

(o) Prompt action had not been taken in respect of audit queries and to furnish replies therefor and replies to 04 audit queries of the year under review had not been furnished even by 30 September 2017.

4.3 Transactions of Contentious Nature

The following observations are made.

(a) Exploration of Mineral Sand and Issue of Mining Licences

(i) Even though a private company had applied mining licences for mining minerals in the Wakare area in the year 2010, excavation licences had been issued by renewing twice without issuing mining

licences. Two mining licenecs for minerals had been issued for 06 and 19 hectares in extent for a period of 10 years from 09 December 2014 contrary to the Mines and Minerals Act, on the agreement entered into in taking legal action by that company.

(ii) Those licences had been issued without considering regulations that the excavation or mining licenecs should be issued only for investors who wish to manufacture output with local value addition in terms of the Cabinet Decision No.12/1383/527/0121 of 14 November 2012. However, when a state company which was in the same position, had applied for the mining licence in the year 2015 for mining minerals in the Kokilai area, it had not been issued due to the Decision of the Cabinet of Ministers and only the excavation licences had been extended.

(iii) Mining licences should be issued for a year and extended annually subsequent to obtaining the relevant approvals to be submitted annually. However, the relevant licences had been issued for a period of 10 years and as such, the proper methodology could not be followed.

(iv) No mining activities whatsoever had been carried out by the company pertaining to these 2 licences from the year 2014 to June 2017. However, in terms of the powers delegated to the Bureau by the Gazette Extraordinary Notification No.794/23 dated 26 November 1993, action had not been taken to terminate the licences or convert into excavation licences.

(v) The said private company had obtained licences for the export of mineral based products and in the payment of royalty for the minerals exported, it had been underpaid due to erroneous computation of royalty for the value of Free on Board (FOB). According to the audit test check carried out by the Audit, it was observed that royalties had

been underpaid by Rs.3,131,588 in the exportation of 8,000 Metric Tons of Non Magnetic Heavy Mineral Concentrate to China.

(vi) This private company had obtained a Trade Licence for a period of 3 months by using a licence issued to a state company for mining minerals in the Thevikkalu area, without a concurrence of the state company. Even though 13,373 Metric Tons of minerals had been exported by stating that those minerals were mined from the Thevikkalu area under that licence, mining had not been carried out in that area and the Bureau had issued licences without examining in that connection.

(b) Issue of Licences for mining Silika

The following observations are made.

(i) Action had not been taken by the Bureau for exploration and mapping in respect of Silika Deposits located in Divisional Secretariats such as Naththandiya, Madampe and Maha Weva in the Puttalam District and to evaluate the commercial viability of mining.

(iii) Even though the approved depth for mining had been indicated as 10 – 15 feet in issuing 08 licences, the manner in which the depth for mining was determined without carrying out an excavation had been contentious.

(iii) Even though the licensees had violated Conditions such as exceeding the approved limit of the depth of the mines, active mining area, the distance that should be kept from boundaries of lands, slope of mines, failure to rehabilitate the mining sites in terms of Conditions and abandoning them without being rehabilitated and failure in taking action in terms of recommendations of the Central Environmental Authority and Water Resources Board, renewal of licences, issue of

new licences and release of surety had been made without taking follow up action in that connection.

(c) Even though the Bureau had paid a sum of Rs.953,258 to two officers of the Bureau in the preceding year as combined allowance and other expenditure for a foreign training, action had not been taken to recover those money even in the year under review.

4.4 Identified Losses

The following observations are made.

(a) Equipment valued at Rs. 597,231 received by a then Director General had not been returned and action had not been taken to recover those losses.

(b) A sum of Rs. 625,731,680 had been deprived of to the Bureau due to failure in obtaining the fee of Rs. 68,000,000 relating to the licence No. IML/A/HO/8328 dated 16 September 2014 issued to the Sri Lanka Ports Authority for mining sea sand for the Port City and failure in taking action to recover the royalty of Rs. 557,731,680 recoverable for 3,485,823 cubes of sea sand mined prior to the year 2016, recoverable in terms of Section 35 and 44 of the Mines and Minerals Act, No.33 of 1992.

(c) Yan Oya Reservoir Project

(i) The royalty recoverable as at the end of the year under review had been under recovered by Rs.34,215,010 under the mining licence issued to 41 licensees including the Chinese Company by which construction activities of the Project are carried out.

(ii) In terms of Section 12(b) of the Mines and Minerals Act No.33 of 1992, action had not been taken to carry out geological excavations and asses the quantity of sand of the Yan Oya Sand Deposit.

(iii) Contrary to Section 36(b) of the Mines and Minerals Act, the period of the licence had been extended without recovering the royalty of Rs.6,100,560 recoverable for 5 licences.

4.5 Staff Administration

The following observations are made.

(a) The approved cadre and the actual cadre of the Bureau had been 407 and 318 respectively. The following observations are made in that connection.

(i) The service of a consultant had been obtained from the year 2009 for restructuring the staff of the Bureau and even though nearly a period of 04 years had elapsed after approving the staff, action had not been taken to prepare the relevant Schemes of Recruitment and to obtain the approval therefor. However, 12 employees had been recruited to the permanent service during the year under review.

(ii) The post of Director (Finance) which is a main active management function of the Bureau had been appointed under the purview of the General Manager.

(b) Ninety two employees had been recruited on contract basis through a company affiliated to the Bureau. Out of them, 60 employees were excess and a sum of Rs. 1,939,995 had been paid per month as salaries and allowances for them.

(i) It had not been confirmed that the employees, who had been recruited to the service on contract basis, had fulfilled the qualifications relevant to the post.

(ii) A retired officer had been deployed in the service on contract basis without the approval of the Cabinet of Ministers for the post of Store Keeper who has the responsibility of custody of assets in terms of the Financial Regulation 315. Payment of a higher salary of Rs.53,004

than the salary entitled to the permanent post to the said officer on contract basis as well had been contentious.

(iii) Salaries for the employees recruited on contract basis had been reimbursed to the company with a marginal of 10 per cent from the salary and the amount so paid during the year under review was Rs.3,463,359. If the Bureau had recruited the employees directly, that amount would have been saved. However, attention had not been paid thereon.

(c) Despite having recruited 12 and 92 persons on permanent and contract basis exceeding the number of vacancies, the Bureau had recruited 148 trainees and they had been deployed in regional offices up to a maximum number of persons of 20 each.

(d) Even though the post of Director (Finance) of the Bureau had been vacant over a period of 5 months, no action whatsoever had been taken to recruit to that post.

(e) Even though 8 vacancies existed in the post of Geological Scientists of the Bureau, two Scientists in service had been released to the Ministry of External Affairs from 17 October 2016. Moreover, action had not been taken to reimburse the salary of Rs.429,966 paid to those officers.

(f) Four officers of the Bureau, who had proceeded abroad for studies had left the service without completing the period of obligatory service. The Bureau had failed even in the year under review to recover the penalty and other expenses amounting to Rs.2,459,663 recoverable from officers due to breach of bonds.

4.6 Commencement of Projects on Lands not properly vested

The following observations are made.

(a) Despite having set out in the agreement that the ownership of developments and constructions carried out on the land is vested with the lessor as at the end of the period of lease and the lessee has not any right to claim any amount in that connection, the Bureau had constructed 02 buildings by spending a sum of Rs.46,035,957 on the Werallawatta land obtained on lease basis.

(b) The Anuradhapura Regional Office had been constructed by spending Rs.4,040,144 in the year 2014 itself without vesting the title of the land. Constructions thereof had not been completed as per the Plans and as such, shortcomings such as lack of space and availability of files in an unprotected manner, were observed.

5. Accountability and Good Governance.

5.1 Corporate Plan

The Corporate Plan prepared for the period of 2015-2017 had not been updated in the year under review.

5.2 Action Plan

The following observations are made.

(a) The Action Plan including the physical and financial performance targets and responsibilities, had not been prepared for every Division which contributes to achieve objectives indicated in the Corporate Plan.

(b) The role of 11 Divisions of the Bureau and 14 regional offices had not been included in the Action Plan.

(c) The total physical targets of the activities indicated in the Action Plan, had not been shown and a procedure had not been formulated for examination of the progress of the activities.

5.3 Internal Audit

The following observations are made

(a) A permanent assistant audit staff comprising 4 officers approved for the Internal Audit Unit, had not been appointed and the internal auditor had been placed on a post at junior management level. As such, powers of the Internal Auditor had been limited.

(b) Adequate training programmes had not been conducted for the improvement of professional knowledge of the Internal Auditor on the subject of auditing.

(c) A proper Internal Audit Plan had not been prepared so as to cover all activities of the Bureau in terms of Financial Regulation 133(2). Moreover, 03 units of the Geology Division and 12 activities of the Human Resources Division had not been included in the Audit Plan and those had not been subjected to audit.

(d) Twelve activities of audit tests relating to the Geology Division to be performed according to the Internal Audit Plan had not been performed.

5.4 Tabling of Annual Reports

The Annual Report for the year 2014 had not been tabled in Parliament even by May 2017.

5.5 Budgetary Control

Significant variances ranging from 11 per cent to 226 per cent were observed between the budgeted and actual income and 12 per cent to 295 per cent between the budgeted and actual expenditure, thus indicating that the budget had not been made use of as an effective instrument of management control.

Further, out of 4 income sources not estimated, a sum of Rs.2.9 million had been earned. The Distress Fund comprised of a balance of Rs.8,592,292 as at 31 December of the year under review, had not been included in the statement of budgeted financial position.

5.6 Performance of Environment and Social Responsibilities

The following observations are made.

(a) Even though the Bureau had taken action not to issue licences for commercial mining of sand in the Mannar Island due to environmental and social problems, the Buraeu had failed to control issues as intended due to reasons such as abundance of unauthorized mining of sand carried out by using non-commercial licences and failure in involvement by the Bureau in preventing such mining.

(b) The Bureau had issued licences contrary to the recommendations made by the Water Resources Board for protecting the ground water level and the quality of water of the area in covering mining sites with soil, subsequent to mining of silica in the Naththandiya Divisional Secretariat Division in Puttalam District.

(c) Even though it had been revealed that severe environmental and social issues had arisen due to excavation of minerals carried out by violating conditions set out in the licence, the Bureau had not taken adequate steps to prevent such mining.

6. Systems and Controls

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

Area of System and Control	Observations
(a) Accounting	Failure to pay attention on the maintenance of books and accounting errors as well as accounting standards and policies.
(b) Stores Control	Failure in carrying out proper receipt, issue and record of stocks in laboratories.
(c) Field Inspection	Failure to issue instructions on procedures to be followed in field inspections, use of diaries, submit reports on monthly work done and future programmes and shortcomings in fields and failure in reporting to regional offices on violation of conditions.
(d) Renewal of licences for sand mining	Failure to charge penalty for delays in renewing licences for sand mining, lack of a methodology to examine whether the mining had been carried out within the period of cancellation in renewing licences and failure in obtaining environmental recommendations, recommendations of the Divisional Secretary and reports on field inspection.
(e) Issue of non-commercial Licences by Divisional Secretariats	Failure in carrying out activities such as issue of licence books to the Divisional Secretariats, obtaining books and monthly summaries issued by those Secretariats and keeping duplicates in a protected manner properly and reliably under adequate supervision.

(f) Staff Administration	Failure to pay attention on obtaining approval for the staff, for the Schemes of Recruitment and to fill vacancies.

H. M. Gamini Wijesinghe
Auditor General

Sgd./ H.M. GAMINI WIJESINGHE
Auditor General

AUDITOR'S REPORTS ANSWERS



2017.11.21
Your number:-IEND/D/GSMB/16/01
My number: - FN/AQ/07
The Auditor General
Auditor General's Department
No.306/2, Polduwa Road
Baththaramulla.

The explanation of Geological Survey and Mines Burreau in regard to the report of the Auditor General on the finanancil statements of the Bureau for the financial year ended as at 31st Decmber 2016 under secion 14(2)(c) of the Finace Act No.38 of 1971

2.2 Comments on the financial statements

2.2.1 Combined financial statements

The accounts of the Geological Survey and Mines Bureau are prepared in accordance with the accounting standards of the public sector and the financial statements of the Technical Services (Pvt.) Ltd. of the Geological Survey and Mines Bureau are prepared in accordance with the business standards of small and large scale industries .As a combined account is not prepared for the institutions to which the accounting standards of the public sector of Sri Lanka are applicable those standards have not been issued .

The Bureau is an institution that has been established under the Mines and Minerals Act No. 33 of 1992 and Sri Lanka Accounting Standards are applicable to it whereas the aforesaid standards are not applicable to G.S.M.B Technical Services (Pvt.) Ltd. as it is an institution that has been established under the Companies Act.

Furthermore the mother institute should have direct inclusive control power over the business activities carried out by the subsidiary company in order to prepare combined accounts.

However the Geological Survey and Mines Bureau has not been granted inclusive power over the G.S.M.B Technical Services (Put) Ltd. and it operates as per Mines and Minerals Act No. 33 of 1992 under whose provisions it was established , and the aforesaid company is managed by a Board of Directors in which a representative of the Treasury is also included.

Accordingly it is the opinion of the bureau that it has no legal power, relevant standards or a practical situation to prepare combined accounts in regard to the G.S.M.B Technical Services (Pvt) Ltd.

However the bureau intends to consult the Public Accounting Standards Committee of Sri Lanka Chartered Accountants Association regarding this matter and necessary action will be taken after that.

2.2.2 01 .Sri Lanka Public Sector Accoounting Standards No. 01

(a) (I) (i) It was noted down to indicate the allocations made for the payment of gratuity as current liabilities and non- current liabilities in the future as was pointed out by the audit.

- This money has been received for the urgent maintenance work of the seismometer towers .Action has been taken to record this money in accounts as non-current liabilities from this year. It has been noted down to correct this in accounts from January 2018.

- It has been noted down to correct this as has been pointed out by the audit.

(iii) It is informed that action will be taken to include the information of the regional offices into the final account statement from the year 2017 as has been pointed out by the audit.

(b) Sri Lanka Public Sector Accoounting Standards No. 03 Action has been taken by now to make the corrections in the accounts.

(c) Sri Lanka Public Sector Accoounting Standards No. 07 Action has been taken to make the depreciation as has been pointed out by the audit.

2.2.3Accounting Policies

(a-b) It has been noted down to reveal these facts in financial statements in the future as has been pointed out by the audit .

(c) It had been noted down to correct this as has been pointed out by the audit

2.2.4 Accounting deficiencies

(a) Necessary action has been taken by now to remove from the asstet accounts of the Bureau the items that had been purchased by the client for the Sigiriya project .

(b) (c) The land in Orugadawatta which had been puchased by the Bureau has been taken over by the Urban Development Authority .However another land located in Robert Gunawardana Mawatha which is 80 perches in extent was received for this land. Steps are being taken to hand over both that land and the land given by the Ministry of Defence and Urban Development which is 129 perches in extent to the Ministry of Environment and to obtain the land and the building in Epitamulla in which the Bureau is located at present instead of those two lands. The land in Orugodawatta will be removed from accounts and the new land will be recorded in accounts.

(d) Steps will be taken to transfer the whole correct amount allocated for gratuity to the account of allocations.

(e) It is informed that steps will be taken to release the total amount which is required to make the relevant gratuity payments and make the process clear by issuing receipts for the money to be received in the future.

(f) The bureau will take action to pay its attention to the matter pointed out by the Bureau and make the necessary corections .

(g) Necessary steps wil be taken to record the retention taxes in accounts in the future as has been pointed out by the audit.

(h) Steps will be taken to record the retention taxes in accounts in the future .

(i) After things such as acids are purchased they are issued to the laboratory and it is difficult to make valuations physically.

(j) The GSMB Technical Services Company should bear the expenses made for the bureau only upon the apprival of the bureau.The amounts due from the bureau are referred for valuations by the bureau and payments are made only after the receipt of the valuations.

(k) Although the bureau has taken necessay steps in this regard , it has been noted down to write off these debts as bad debts in the future as has been pointed out by the audit as most of these institutions do not exist in Sri Lanka at present.

2.2.5 Unexplained Changes

The bureau put for sale only the maps and books that are published by the bureau. Instead ,the bureau has not purchased books or maps in the year 2001 to be put for sale.

2.2.6 Non availability of evidence for the audit

This money has been received from the California University to be used for urgent maintenance work of the seismometer towers. Therefore action has been taken to record this money in accounts in this manner.

2.3 Receivable and Payable Acccounts

(a) This amount which should be set off by the Inland Revenue Department will be written off from books in the future .

(b) This amount has been released to the Chairman after obtaining the approavl of the Board of Directors to conduct a public awareness progarmme under the written instructions of the Minister of Environment and Revenewable Energy in the year 2014. However all the documents related to that task has not been received as the Chairman was changed after the election.Steps will be taken to look into this matter and obtain the necessary information.

2.4 Non Compliance with Rules , Regulations and Management Decisions

(a) The expenses of the bureau should be set-off by the bureau itself out of the income generated by it as per the provisions of the Mines and Minerals Act No. 33 of 1992.Therefore all the royalty payments need not be sent to the Treasury .The surplus money of the bureau is sent to the Treasury annually.

(b) The amounts of money which becomes instrumental to generate income should be considered as expenses . The grants made to the Treasury cannot be considered as expenses . Therefore the money which is remitted to the Treasury is not mentioned as an expenditure.

(II) Approval is not required to invest money in Treaury bills. Nessary approval has been obtained to make fixed deposits .

(c) This is a corret payment that has been made upon the approval of the Board of Directors taking into consideration the clarification made by the Commmissioner of Labour to the effect that this is allowed as per the provisions of the Gratuity Act.

(d) (i) The distress loan is granted at present based on the basic salary of the of employees .The treasury has informed the bureau that the ceiling of the loan is not applicable to the bureau.

(ii) The xxx 1.4.1 of the Establishment Code is applicable to public officers. It is the opinion of the bureau that the employees of statutory boards do not belong to the category of public employees as per the interpretation given in chapter of 1 of the Establishment Code. However the bureau is not aware of such payment as well.

(e) (i) Steps have been taken by now to obtain the insurance claims related to the vehicle accidents and action will be taken in accordance with the financial regulations after the police reports are received.

(ii) This is the imprest that has been given for regional offices. The regional offices are situated in far away areas. Therfore in case accounts had to be handed over and received again in order to complete them before 31st December the aforesaid offfices would not operate within the first few days of the year. However summaries of annual expenditures are obtained for the preparation of annual accounts.

(iii) Letters have been sent to the relevant persons in this regard but action will be taken in accordance with the financial regulations in the future as replies have not been received for the aforesaid letters.

(iv) Reports have been handed over by now.

(f) Action will be taken to incorporate the Audit Management Committee Reports into the future draft annual report.

3. Finnancial Review

3.1 Financial Outcomes

The income before taxes of the bureau increased by 526,933,317 rupees in comparison with the previous year and factors such as the increase of the income from royalty paments,licence fees , test charges and laboratories , the dedication of the empoyees and the payement of incentives to the employees based on their performance contributed to the increase of the profits of the bureau.

3.2 Legal action taken by and against the bureau.

It has been noted down to reveal the future cases in financial statements as has been pointed out by the audit.

4. Operational review

4.1 Performance

(a) Decisions were taken under the patronage of the Secretary to the Ministry in regard to the survey and identification of the mineral resources and those decisions have been put into action from the year 2017.In addition to that the Hon. Minister of Mahaweli Development and Environment was provided with advice on how to invest in minerals .

(b) (1) The relevant performance reports have been prepared by now. Accordingly they have been incorporated into the annual report of the year 2016.

(ii) Printing of this annual mineral book for the year 2015 was delayed due to the facts that the officer who had been attached to that task was transferred to other urgent tasks as there was a scarcity of geologists in the bureau and there was a delay in obtaining information for it from different institutions .However the aforesaid book has been handed over to be printed by now.

4.2 Management Activities

(a) This has occurred due to the fact that the decision of the Cabinet of Ministers in regard to the royalty payment due to the bureau for the sea sand excavated under the licence issued for the construction of the port city in Colombo was received after the completion of the accounts of the year 2016.

(b) The bureau has not renewed licences in contravention of the Mines and Minerals Act No.33 of the year 1992. However a renewal of licences has been done in accordance with a decision of the Supreme Court .However this matter which has been pointed out by the audit will be investigated further.

(c) The contributions to the Employees Provident Fund were made as 10% from the employee and 12% from the employer right from the day the bureau was commenced in accordance with the provisions of the Mines and Minerals Act. Necessary will be taken after consulting the Commissioner of Labour regarding the legal position of this.

(d) This payment was made upon the request of the Secretary to the Ministry of Mahaweli Development with the approval of the Board of Directors of the bureau .It seems that all these matters come under the purview of the Ministry of Environment.

(e) A raid unit which is comprised of the officers of the Special Task Force has been established in the bureau by now in order to control illegal mining activities.

(f) This situation has arisen due to the fact that the new employees have not been able to be recruited as result of the fact that approval was not able to be obtained for the new scheme of recruitment subsequent to the revision of the cadre structure of the bureau. This problem will be resolved once the necessary recruitments are made after getting approval to the scheme of recruitment

(g) It was the view of the Board of Directors that relevant Remechanism Software has been further developed at present and hence it is appropriate to call tenders again having prepared the terms of reference again in a manner in which they suit the present. The bureau is taking action for it at present.

(h) Exploration of minerals means defining the size and the value of a deposit of minerals. Exploration of minerals is done under the exploration licences which are issued for that purpose and applications are submitted to obtain mining licences for mining minerals after identifying the mineral deposits which have a commercial value. The application is submitted by the exploration licence holder only after directly identifying his production targets and the mineral deposit which he is going to mine. If this is not possible, exploration is given up.

(i) Advances are charged for the receipt of applications and royalty payments as per the provisions in the Act and Regulations. Licence fee is charged with the application as per section 34 of the Act. However licence fee and the royalty advance payments will be refunded if the licences are not issued.

(j) Royalty advances are charged to compensate the loss that may be caused due to the nonpayment of the royalty payment as per the regulations of issuing licences. Furthermore attention has been paid to formulate a methodology to reduce the balance of the advance payments kept in the possession of the bureau at present.

(k) Acts of misconduct related to the preparation and production of forged documents.Action will be taken to appoint a committee to reinvestigate the matters from (i) – (v) and take future action.

(l) Most of the licence holders have rehabilitated the lands by now to a level with which the bureau can be satisfied. The bank bonds are released after a report is submitted having examined the pits which have been rehabilitated in the aforesaid manner. Steps have been taken by now to take legal action against the licence holders who have not rehabilitated the lands.

(m)Issue of mining licences for the Uma Oya multipurpose development scheme Observations are done based on the Interim Standards issued by the Central Environmental Authority, which are used as standards in making blasts using gun powder. However same parameters have been given for all mining activities including underground mining and terrestrial mining. The bureau has to identify the technical faults of these parameters and necessary action should be taken to prepare suitable parameters for them. Furthermore the parameters relevant for an earthquake that is caused in a blast made with gun powder is decided at international level based on the blast frequency of the relevant occasion and even though both the blast frequency and the earthquake are equally important when the test blast is done ,it is not measured in that manner as per the parameters of the Central Environmental Authority .The relationship between the frequency and the vibration can be identified when the information related to international standards ,which is attached herewith, is used . The long delay methodology was adopted when carrying out underground explosions in the relevant project and more than one vibration or about ten consecutive vibrations are observed in one explosion and only four vibrations which have a higher value out of the aforesaid vibrations are mentioned in the observation reports. However the sensation of an earthquake is felt in a construction work as a resultant of all the aforesaid vibrations and due to that fact the final sensation takes a relatively low value.

The objective of a test blast is to determine parameters using blasts caused by gun powder and to measure the damage caused by the blasts to the constructions in the closest proximity and due to that reason it is a common practice to do the tests using new parameters .If there is a suitable condition to make test blasts using gun powder as per the new parameters, necessary approval is granted for it.

According to the data received from the tests it is the Air Blast over Pressure which has exceeded the standard limit the highest number of times but it does not make a directly harmful effect on constructions.

It is the householders who are affected by the Air Blast over Pressure and as the householders evacuate their houses to safety places at every test blast carried out using gun powder, the harm caused by it becomes minimal.

As far as the Uma Oyo project is concerned 2091 blasts carried out in the tunnel out of the total number of test blasts carried out in the project were examined and details of them have been reported. It is only on one occasion that the total number of earthquakes exceeded the range of 14-20 during the aforesaid blasts. It is 0.05 as a percentage. The number of earthquakes which exceeded the range of 10 -14 was 17. It is 0.81 as a percentage. When the details of the test blasts carried out in the construction of a dam were examined it was reported that only three earthquakes exceeded the standards out of the 1827 blasts carried out there and its percentage was 0.16. Only the Air Blast over Pressure exceeded the standards most of the time. That also is 7.17 as a percentage.

The Ground vibrations and Air Blast over Pressure cannot only be reduced by the reduction of the number of pits dug in the blasts carried out using gun powder. Such a reduction may sometimes cause an increase in Ground Vibration and Air Blast over Pressure. I would like to inform you that suitable steps were taken

taking such conditions into account. Especially the reduction of the number of pits in a Cut Hole test blast clearly causes an increase in Ground Vibration.

Furthermore the Powder Factor and many other technical factors also affect the changes in Ground Vibration and Air Blast over Pressure in addition to the number of pits in which test blasts are carried out using gun powder.

We were able to obtain the aforesaid details in a more reliable manner as a team of this bureau had been deployed there on a full time basis with a view to minimizing the damage that may be caused in this project and the situation there was made better due to the technical changes made based on the values obtained from the reports of the daily test blasts, which was instrumental in minimizing the damage that may be caused.

When it was reported to this office that specified parameters are not followed in carrying out test blasts using gun powder the officers of the relevant offices were summoned and a special discussion was conducted with them and they were advised and given instructions as the first step.

There are cracks or splits in most of the houses situated in the villages adjacent to the Uma Oya Excavation area and a comprehensive investigation has to be conducted to get it confirmed whether they have been caused by the test blasts or by the leakage of water which is occurring in the tunnel even now.

(n) Payment of incentives

(i) Payment of incentives has been streamlined by the bureau in accordance with the approval given by the Treasury Circular No. PE 1/000/6 dated 02nd August 1996 .Furthermore the payment methodology has been formulated with the approval of the Board of Directors of the bureau.

(ii) The amount of net earnings which is considered for the payment of incentives is 144,326,648/= rupees and an amount of 72,163,324/= , which is 50% of the aforesaid amount ,has been granted for the payment of incentives under the approval of the Board of Directors

(iii) As a whole a certain minimal level is introduced in order to reduce the fluctuation level of the incentives paid to employees. The discretion of the Sectional Heads is only one criterion and the evaluation is amended again even at the next higher level. This paves way for the correction of the shortcomings that may occur on the part of the Sectional Heads.

(iv) The matter pointed out by the audit is more relevant to a factory and there is ability to achieve production targets in such a place. However the bureau is an institution which is governed by an Act and Regulations and some jobs assigned by clients are apportioned among different sections and due to that reason targets cannot be prescribed for some tasks .However the employees of different sections are evaluated by the Head of each section and the Sectional Heads are aware of the fact whether the relevant targets have been achieved or not. Furthermore it is not reasonable to reduce the incentives due to the fact that employees have obtained the leave which they are entitled to. However some weight is put on the leave taken by the employees.

(v) This amount is ducted from the incentives to be granted to the employees of the bureau and it is donated to the Serious Patients Fund. Public money is not used to maintain this Fund. The objective of this Fund is to help the employees who become helpless having contracted serious diseases. Two employees who underwent kidney transplant surgeries were helped recently in this manner. Approval of the treasury is not required for this as public funds are not used for this and it is not essential to indicate them in accounts .Steps will be taken to maintain records of these activities as welfare activities separately away from accounts in the future.

(vi) 15% of the income was considered as direct expenses and over head expenses right from the year in which it was commenced to pay incentives up to the last year. However a committee was appointed to make recommendations in this regard as a specific basis was not available for deciding this amount. The committee has decided that 10% of the income should be allocated for direct and over head expenses.

(o) Replies have been given to the relevant audit query by now.

4.3 Controversial Transactions

(i) The relevant company has submitted an application for obtaining a Mineral Mining Licence in the year 2010 after carrying out the mineral exploration activities under the Mineral Exploration Licence issued in accordance with the Mines and Minerals Act No.33 of 1992 which was amended by Act No.66 of 2009 and the regulations made under it for issuing licences. However mining licences have been issued after discussing the problems related to the value addition in accordance with the existing mineral policy based on the facts mentioned in the mineral exploration report, mineral deposit assessment, rehabilitation plan, mining plan and the basic environmental specifications that had been submitted by the relevant company.

(ii) Mineral Exploration Licences are issued in accordance with the Mines and Minerals Act No.33 of 1992 which was amended by Act No.66 of 2009. Extensions have been given for exploration activities given in accordance with the regulations applicable for issuing exploration licences when further exploration activities have to be carried out for identifying mineral deposits as mineral deposits should be adequately identified before carrying out mining activities. It is only after identifying adequate mineral deposits in the exploration activity that mining licences should be issued.

(iii) The Director of the bureau is vested with power in issuing Industrial Mining Licences and in taking decisions in that regard based on the mining plan, rehabilitation plan and the exploration report submitted by the applicant, in accordance with the regulations made under section 28 (1) of the Mines and Minerals Act No.33 of 1992 which was amended by Act No.66 of 2009 for issuing licences.

(iv) Mining cannot be commenced only through issuing mining licences and it will take some time for planning the necessary specifications required for mining activities and for planning the mining ground .However the bureau has obtained reports of the progress of the mining activities.

(v) This private company obtains the sand which is removed by Lanka Mineral Sands Company after fabrication through tenders and they refine that sand in the their factories before the minerals extracted from it is exported by them . The royalty charges which should be paid in accordance with section 2 (b) of the Minerals Act No. 33 0f 1992 due to the fact that the right of exporting minerals is vested with the government is charged only on the value of the mineral. A royalty payment of 6% of the local value of the minerals is made by Lanka.

Mineral Sands Company in accordance with the Act and its regulations when they are sold by it to the private company. Subsequently the bureau charges a royalty of 7% of the value of the sand without shipping charges when sand is exported by the private company which bought it, after refining it. Letters have already been sent to the relevant company to obtain the necessary reports to look into the fact whether the correct FOB value has not been shown as has been pointed out by the audit.

(vi) Lanka Mineral Sands Company has 03 mineral sand mining licences in its possession.They are Pulmude, Thevikkalu and Puduwanakku. All the mineral sand which is mined under these mining licences is fabricated in Pulmude fabrication site. When sand is put for tenders by Lanka Mineral Sands Company tenders are not called for sand in each mining site separately.Due to that reason trade licences are required for the three mining licences owned by the company. Steps will be taken to rectify any shortcoming that might have happened in this process. Furthermore a technical officer who is on duty has reported that a small mining activity was commenced at the place called Thevikkalu but it could not be recommenced after the construction work of the road that was undertaken to rectify some problems prevalent on the road.

(b) Issue of mining licences for mining silica sand

(i) The report prepared by the bureau in regard to the mining of silica sand deposits in Puttalm district is kept in the library of the bureau. In addition to that the Geological Section of the bureau has identified silica sand deposits in response to a request made by the relevant companies.

(ii) It is not essential to make an exploration about the depth of the pit at which minerals can be found as authority is provided by mining licences for the ad hoc tasks of exploration and mining and as a clear understanding can be achieved about the underground mineral project in the field visit by examining the pits in which minerals are mined.

(iii) Legal action will be taken against the licence holder in accordance with the Act if the conditions imposed under the licence issued by the bureau are contravened. However the bank bond which is applicable for the rehabilitation of the mining site after mining has been done is released only if the aforesaid rehabilitation work has been done in accordance with the conditions incorporated in the licence. It is mandatory to obtain a site inspection report in order to release the bank bond .However further investigations will be carried out to look into the matters pointed out by the audit .

(b) Two judges of the judiciary of Sri Lanka participated in the international conference on power and environmental law upon a request made by the Secretariat of the Judicial Services Commission from the Secretary to the Ministry of Environment and Renewable Energy and this payment has been made upon a request made by the Secretary to the Ministry of Environment and Renewable Energy from the bureau in response to a request of the Minister of Environment and Renewable Energy.

4.4 Shortcomings that have been identified

(a) This matter was forwarded to a three member committee to be investigated into it by it on 13th October 2015 and it was revealed in that investigation that the former Director General has not taken these items. This is a re- recording in warehouse documents an item that has been sent abroad for itemizing when it was returned home.

(b) The license fee and the royalty should be paid by every license holder as per sections 35 and 44 of the

Mines and Minerals Act No.33 of 1992 which was amended by Act No.66 of 2009. However the bureau has issued this licence to the Ports Authority of Sri Lanka without charging any fee as per the Gazette Notification submitted to the bureau. The bureau will pay its attention to the legal position of it and to the fact whether any fee should be charged for it.

(c) Yan Oya Project

(i) The royalty fee should be charged to the extent in which mining is carried out as per the provisions of the Mines and Minerals Act No.33 of 1992. Royalty fee cannot be charged if mining has not been carried out even if mining licences were issued.

(ii) Instructions had been given to the bureau to the effect that the sand deposit that existed in the area to be submerged under the Yan Oya Project should be removed before water is filled. There the sand deposit that existed in the area covered by this project was used to compensate the scarcity of sand in the market and also to reduce the price of sand in the market. Licences had to be issued to mine sand without making any valuation with the approval of the other relevant institutions due to the facts that sand had to be removed before filling water into the Yan Oya and it would take a long period of time to make a valuation having examined the sand deposit.

(iii) This sand deposit had to be removed as a by – product of the Yan Oya Project. This project was carried out under the purview of the department of irrigation and the land in which the project was underway belonged to the department of irrigation. The sand layer which had to be removed was an obstruction to the project. Given the aforesaid facts it is correct to issue the license under the approval of the department of irrigation.

4.5 Administration of the Staff

(a) (i) Though vacancies could not be filled as per the letter No. DMS/G3/30/3 dated 28th June 2013 , the vacancies of the relevant positions were filled having obtained the approval of the Management Services Department .It is based on the approval obtained from the Management Services Department that we recruited three mining engineers , two laboratory assistants and seven junior employees to the permanent cadre in the year 2016.

(ii) The positions of Director (Finance), Director (Administration) do not belong to the middle level but to the HM category.

(b) The number of clerical posts that has been approved by now is not sufficient for providing services to the 16 regional offices ,03 sub offices and the Head Office . We are not able to increase the number of positions as approval has not been given to the Scheme of Recruitment of the bureau. Due to that reason employees had to be outsourced

(i) Employees were outsourced for that position .The relevant employees work in different sections of the bureau. The relevant sections have to confirm the jobs carried out by the aforesaid employees when payments are made to the relevant company under which they work.

(ii) This officer has not been paid an amount of 53,000/= rupees. This service has been outsourced .It is the amount that should be paid to the relevant company from which that service has been outsourced.

(iii) The payments to be made to the outsource institutions include their costs and dividends. This is not a reimbursement of salaries but a payment relevant to the services. Direct recruitments cannot be made as approval has not been given to the Scheme of Recruitment of the bureau.

(c) The relevant tasks are carried out through trainees as the functions of the bureau should be continued smoothly. However this cost will have to be borne even when permanent employees are recruited.

(d) Applications have been called by now to fill the position of the Director (Finance) through advertisements published in national newspapers .

(e) This has been done through a decision taken by the Cabinet of Ministers . Action cannot be taken against the decisions taken by the Cabinet of Ministers. It has been informed to the Ministry of Finance to reimburse the relevant amount of money

(f) The relevant officers have been informed through letters about the penalty charges due from them and the relevant amounts will be collected from the sureties if they default payments.

4.6 Commencement of projects in lands that have not been duly taken over

(a) The lessee has the right of developing the land during the lease period with approval of the relevant government institutions as per section 04 of the lease agreement. The lesser is entitled to the development activities carried out in the land at the end of the lease period or at the termination of the lease agreement before the end of the lease period as per sections 17 and 18 of the lease agreement. However when it is decided by the government to acquire the whole land or a part of it for a requirement of the government the lessor is entitled to obtain the rent that has been paid or compensation for the development work that has been carried out in the portion of land taken over by the government as per section 16 (1) of the lease agreement.

(b) Even though an advertisement was published in newspapers to obtain a building on lease basis to house the Anuradhapura regional office of the bureau, the bureau was not able to find a building within the municipal limits of the town for that purpose. When inquired about this by the former Director General from the District Secretary of Anuradhapura, he has informed that as the premises in which the District Secretariat is located has been leased out to the other public institutions as well to construct their buildings; some space can be allocated even for the bureau. Accordingly this regional office was constructed in that land by the Board of Directors of the bureau with the approval of the District Secretary under the direct supervision of the bureau.

Furthermore the outdated documents have been shifted to the Gampaha warehouse premises by the bureau and the documents which are required for day today functions are kept in this office. Only a few old documents which are required for urgent requirements are dumped here. However the Anuradhapura regional has informed by now that the relevant documents are kept in a secure manner. Even though this building can be used by the bureau the relevant premises cannot be acquired by the bureau.

5. Accountability and Good governance

5.1 Corporate Plan

The corporate plan relevant for the period 2018-2021 is being prepared at the moment.

5.2 Action Plan

(a-b)An action plan is prepared for each section and each regional office of the bureau for each year in order to facilitate the bureau to carry out the functions that have been assigned to it in accordance with the Act and the regulations .

(c) Steps have been taken to indicate the physical targets and the financial revenue to be achieved through the targets concerned when preparing the action plan from the year 2018.

5.3 Internal Audit

(a) Agrees with the opinion of the audit. It is our view that this should be at the level of the Director not at the level of the Deputy Director. The internal audit is placed at the level of the Deputy Director (MM) in the approved cadre plan at present. This is a problem in the nomenclature and a proposal can be made to change this in the future.

(b) The officers attached to the internal audit division are (A/L) qualified persons in the commerce stream and there are clerks who have obtained external degrees and are sitting for chartered accountancy exams or have obtained other qualifications. These clerks have obtained practical training by working in the internal audit division for more than 10 years and they have received theoretical training as well by participating in training programmes in other institutions in addition to that. Steps will be taken to formulate a systematic training programme and provide the necessary training to them as has been pointed out by the audit.

(c) The annual internal audit plan of the bureau is prepared by the internal audit division of the bureau based on the format given in the circular No. DMA/IML/2008 73-11 of the Management Services Department .Accordingly the audit plan has been prepared in a manner in which all the activities mentioned in the action plan of the bureau are covered. Steps will be taken to revise the audit plan having considered even the matters pointed out by the audit and submit it again.

(d) Time has been allocated in the internal audit plan taking into consideration the activities incorporated in the action plan of the geological section for the year 2016. However the activities of the action plan have not been practically carried out as planned and due to that reason the audit functions have to be planned in accordance with the future performance of the aforesaid activities.

5. 4 Tabling in House the Annual Performance Reports

The annual report of the year 2014 has been submitted to the Ministry on 16.06.2016 to be tabled in Parliament. The annual report of the year 2015 too has been submitted to the Ministry on 04.04.2107

5.5 Budgetary Control

Field inspections – the amount that has been budgeted for this is included in other incomes. Geological export sample income- allocations have been made even for this in export income items. Office charges for bank bonds-the money allocated for this is included in the amount of 586,000 rupees which is indicated in the office charges for the repayment of the money related to mining related activties .service charges on transport licences-(Sri Lanka Land Reclammation and Development Board) - money has not been allocated for this income item in the 2016 as has been pointed out by the audit and the reason for it is the fact that income was first generated for this income item in the latter part of the year 2015.

The budget for the year 2016 had been prepared by that time and due to that reason money was not allocated under the income item called service charges for transport licences. We were not able to earn the estimated lease income of 500,000 rupees, as has been pointed out by the audit , due to the fact that the GSMB Technical Services (Pvt) Ltd.,which was housed in one part of our buliding was shifted to another place at the end of the year 2015.

The actaul expenditure on several expenditure items has indicated an increase in the budget of the year 2016. The income tax percentage was at 15% at the time when the 2016 budget was prepared but it has increased up to 28% in the year 2016. Further more receipt of an interest income which is bigger than the projected interest income has also caused an increase in the the actual income tax expenditure .

Maintenance of the machinery- most of the machinery is used for the field work in in projects and mapping activities . More project and mapping activities were carried out in the year 2016.Therefore much maintenace work had to be carried out on this equipment .The other expenses had to be borne when carrrying out the functions of the bureau and expenses too have increased in comparison with the increase of the income of the bureau.

5.6 Environmental and Social Responsibility

(a) The bureau issues licences in accordance with section 28(1) of the Mines and Minerals Act No.33 of 1992 which was amended by Act No.66 of 2009 and it is illegal to engage in mining activities without obtaining a licence , as per section 63(1) of the Act. Two retired officers have been recruited by now to monitor whether mining activities are being carried out in accordance with the conditions mentioned in the mining licences or not and these officers are carrying out the monitoring of the mining activities at present .Legal steps have been taken against the licence holders who contravene the conditions mentioned in the licences. The assistance of the Special Task Force has also been obtained for that task.

(c) The licence holders have already been informed about this. Instructions have been given to the licence holders to the effect that rehabilitation work such as filling pits by putting soil should be done in a manner in 777which the underground water circulation is not disturbed.

(d) Warning letters are sent to the licence holders when the conditions mentioned in the licences are contravened by them and licences are temporarily suspended. Subsequently a field inspection is carried out again and the licence is reactivated only after issuing a strong warning letter. If the situation were serious, steps have been taken to cancel the licence.

6. Systems and Controls

Noted down to pay special attention to improve the field of systems and controls as has been pointed out by the audit.

The Chairman
Geological Survey and Mines Bureau

Copies: - The Secretary - Ministry of Mahaweli Development and Environment
The Secretary - Ministry of Finance

AUDIT COMMITTEE REPORT



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

Rules & Responsibilities of 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 regulatory.

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

1. Chairman - Mr. P. Algama

(Director General- Department of Public Finance)

2. Member - Mr. N.K.G.K. Nemmawatta

(Additional Secretary- Ministry of Environment & Mahaweli Development)

3. Member - Mr. Rohan Jayathilaka

(Director-Ministry of Industrial & Commerce)

Rules & Responsibilities of Audit & Management Committee

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

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 2016, four meetings of the committee were held. The proceedings of the committee meetings are recorded with adequate details and are reported regularly to the Board of Directors. The attendance of the committee members at the meeting as stated below. On the invitation of the committee the representative from Auditors General Dept. attended committee meetings during the year.

Composition of the AMC as at 31st December 2016
Total number of meetings attended out of the total meetings held during the year 2016

Mr.P.Algama	4
Mr. N.K.G.K. Nemmawaththa	4
Mr. Rohan Jayathilaka	4

Internal Audit

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

External Audit

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

Conclusion

The AMC is satisfied that the GSMB internal controls are effectively implemented and organization's assets are sufficiently safe guarded. The committee is satisfied that the internal audit section has been effective and independent throughout the year. In addition, the committee is also satisfied with the appropriateness of application of the accounting policies and thus gives a reasonable assurance that the Financial Statements of the GSMB are reliable. Further, the committee is satisfied that the Compliance Framework of the GSMB ensures that the GSMB complies with all applicable laws, rules and regulations and corrective and preventive actions were taken with regard to the reported non-compliances during the year under review. The AMC approved this report on 16.03.2017.

Mr. P. Algama
Chairman
Audit and Management Committee.

CORPORATE SOCIAL RESPONSIBILITIES

Educational programmers

(a) Certificate Course on Industrial Rock Blasting:

Fulfilling a long-standing need, the Mines Division of the Geological Survey and Mines Bureau conducted three month duration certificate course on rock blasting designed for technical, supervisory level engaged in the Sri Lankan rock blasting industry in collaboration with the Defense Ministry and Central Environmental Authority. Major objective of this blasting course is to provide better theoretical and practical knowledge about blasting materials, methodologies and social & environmental impacts related to quarry blasting activities. The programme planned to be conducted annually will result in raising the safety standards and blasting productivity. One programme has been conducted for the year 2016 successfully.





(b) Workshops and Seminars organized by the mines division

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

Workshop/Awareness Programme	*Date*	*Theme*
1. Awareness Programme at three schools in Matale District	24.05.2016	Environment and issues related to the human activities on the environment
2. Awareness Programme at Ukuwela DS office in Matale District for GS officers	25.05.2016	The legal procedure & practical problems related to Mining Licences
3. Awareness Programme for metal quarry license holders at Galewela DS division in Matale District	26.05.2016	Issues related to the mining activities on the environment
4. Awareness Programme for license holders at Kurunegala District	03.06.2016	Issues related to the mining activities on the environment
5. Awareness Programme for Police officers at Kurunegala District	26.03.2016	Legal aspects of the MMA & the role of the Police Dept. and Minimize illegal mining activities
6. Awareness Programme for Police Training Institute at Galle District	25.08.2016	Legal aspects of the MMA & the role of the Police Dept. and Minimize illegal mining activities
7. Awareness Programme for Army Camp officers at Yatiyana in Matara District	26.07.2016	Legal aspects of the MMA and Environment and issues related to the human activities on the environment

8. Awareness Programme for GS officers at Maduwela DS division in Monaragala District	August 2016	The legal procedure & practical problems related to Mining Licences
9. Awareness Programme for GS officers at Buttalama DS division in Monaragala District	August 2016	The legal procedure & practical problems related to Mining Licences
10. Awareness Programme for license holders at Siyambalanduwa in Monaragala District	03.06.2016	Issues related to the mining activities on the environment

National Environmental Day programmes

(a) National Environmental Day programme– Matale District

There are several activities have been conducted parallel to the National Environmental Day of year 2016 in Matale District.

(i) Conducted awareness programmes and art competitions in selected schools, regarding the environment













(ii) Fulfilled primary requirements of selected schools







(iii) Tree planting programme at Aban Ganga






(b) " WanaRopa" tree planting programme – Badulla District

A tree plantation programme has been conducted at a quarry site in Badulla district on 29.11.2016 with the participation of government officers, mining license holders and villagers.






Minimizing Illegal Activities

The number of raiding of illegal mining activities were successfully conducted and completed by GSMB with the collaboration of Central Anti-Corruption Unit in Panadura-Walana Police station and Special Task Force Unit attached to the GSMB.




Opening of Colombo Regional Office

A new regional office was opened at the basement of GSMB head office building for the Colombo District to carry out the activities related to mining licenses in Colombo District in a proper manner.





Geological Survey & Mines Bureau

Annual Report

www.gsmb.gov.lk