

ANNUAL REPORT

2023



ENGINEERING COUNCIL, SRI LANKA

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VISION

To ensure the public confidence and trust in the Engineering Practitioners of Sri Lanka and to be an active contributor to the socio-economic development of the country.

MISSION

Register different categories of Engineering Practitioners of Sri Lanka as mandated by law while maintaining internationally recognized and locally relevant standards, competence and commitment for the profession towards the development of the country.

INTRODUCTION

Engineering Council, Sri Lanka (ECSL) has been established under the Engineering Council, Sri Lanka Act No. 4 of 2017 which was published as a supplement to Part II of the gazette of Democratic Socialist Republic of Sri Lanka of March 10, 2017.

The Act empowers ECSL for:

- Maintenance of professional standards and conduct of Engineering Practitioners
- Registration of Engineering Practitioners
- To provide for matters connected therewith or incidental thereto.

Registration of Engineering Practitioners

All Engineering Practitioners are required to get registered with the ECSL according to the Act. The categories of Engineering Practitioners as defined in the Act are:

- Chartered Engineer
- Associate Engineer
- Affiliate Engineer
- Incorporated Engineer
- Engineering Diplomate
- Engineering Technician

In the case of foreign engineering practitioners in Sri Lanka, the ECSL intends providing temporary registration facilities for a maximum period of four months, if the ECSL is satisfied about his/her relevant qualifications, which thereafter could be renewed on request of the applicant.

Corporate Information

Name of the Organization

Engineering Council, Sri Lanka

Legal Form

Government owned Regulatory Body

Year of Establishment

2017 by Act of Parliament, No.04 of 2017

Line Ministry

Ministry of Irrigation

Date of Commencement

24th August 2018

Legal Consultant

Mr. E.A.J.C.K. Edirisinghe

Head Office

4th Floor, Irrigation Department Premises,
230, Bauddhaloka Mawatha,
Colombo 07.

Phone: 011-2588811

Email: registrar@ecsl.gov.lk

Website: www.ecsl.gov.lk

Bankers

Bank of Ceylon

Tax Identification No

102769228

Stakeholders as per the Act

The Institution of Engineers, Sri Lanka (IESL)

The Institution of Incorporated Engineers, Sri Lanka (IIESL)

Tertiary and Vocational Education Commission (TVEC)

University Grants Commission (UGC)

OVERVIEW

ECSL and its National Responsibility

The establishment of the Engineering Council of Sri Lanka was an unprecedented and remarkable milestone in the cherished profession of engineering for the motherland. It has its proven roots extending to several millennia in the pre-historic times. Contemporary organized passion for engineering across the globe has been virtually tapping at the doors of the Sri Lankan engineering profession for quite some time to remind it of the need to establish an organized national regulatory cum representative national body in the same lines practiced by other developed nations. Long term soft discussions among the stakeholders, with of course the leadership and facilitation gracefully coming from nation's leadership at different times, eventually rhymed together to produce the essential legal impetus by way of an ACT of Parliament, enacted by the Parliament of Sri Lanka in 2017.

ECSL so established, from the very day it came in to being, inherited the huge responsibility of providing the national leadership in becoming the apex organization to regulate the profession of engineering. In the nutshell it is legally empowered to do the function of registering engineering practitioners holding the accepted qualifications, hold inquiries on any professional misconduct of such professionals and make representations to the government and other relevant bodies on matters relating to the practice of the Engineering profession in Sri Lanka.

Functions of ECSL

The Engineering Council of Sri Lanka is empowered with the function of:

- Maintenance of Professional Standards of Engineering Practitioners.
- Maintenance of Professional Conduct of Engineering Practitioners.
- Registration of six Categories of Engineering Practitioners.
- Make representations to the Government and relevant bodies on matters relating the practice of engineering profession in Sri Lanka.
- Maintain registers of the engineering practitioners.
- Publish from time to time the list of the registered engineering practitioners.
- Hold inquires on any matter relating to the professional misconduct of the engineering practitioners.
- Determine the remuneration payable to the staff of the Council.
- Determine the fees payable in respect of Registration.
- Issuing of Certificates of Registration
- Any other matter required to enhance the quality of engineering practitioners.
- To provide for matters connected therewith or incidental there to.

Categories and Qualifications of Engineering Practitioners

(Ref: 'SCHEDULE A' of Section 15, Engineering Council, Sri Lanka Act No.4 of 2017.)

Chartered Engineer

Chartered Engineer of the Institution of Engineers, Sri Lanka established by the Institution of Engineers, Sri Lanka Act, No.17 of 1968.

Associate Engineer

Four-year Full-time degree in Engineering recognized by the Institution of Engineers, Sri Lanka established by the Institution of Engineers, Sri Lanka Act, No.17 of 1968 or an Associate Member of the Institution of Engineers, Sri Lanka established by the Institution of Engineers, Sri Lanka Act, No.17 of 1968.

Affiliate Engineer

Three-year full-time degree in Engineering recognized by the Institution of Engineers, Sri Lanka established by the Institution of Engineers, Sri Lanka Act, No.17 of 1968.

Incorporated Engineer

Incorporated Engineer of the Institution of Incorporated Engineers, Sri Lanka established by the Institution of Incorporated Engineers of Sri Lanka (Incorporation) Act, No. 64 of 1992.

Engineering Diplomate

Diploma in Engineering from a recognized University or Technical or Technological Institute recognized by the Institution of Incorporated Engineers of Sri Lanka (Incorporation) Act, No. 64 of 1992.

Engineering Technician

- (i) National Vocational Qualification Level IV of Engineering Technology or equivalent qualification recognized by the Tertiary and Vocational Education Commission established by the Tertiary and Vocational Education Act, No. 20 of 1990.
- (ii) One year full-time academic course in Engineering Technology and has obtained one year industrial experience in the relevant field or a holder of a Diploma or Certificate in Technology by a University or a Technical or Technological Institute of the Government of Sri Lanka.

CHAIRMAN'S MESSAGE



Mr. Tilak De Silva

*BSc Eng., MSc, CEng(SL), CEng(UK), CITP(UK), FIE(SL),
FIET(UK), FBCS(UK), SMIEEE(USA), MCS(SL)*

As we reflect on the year 2023, it's evident that our journey was navigated through a landscape of considerable challenges, primarily due to the economic crisis that gripped our nation. In response, the government implemented various restrictions aimed at stabilizing and recovering the economy. Despite these formidable obstacles, I am proud to report that our organization has made remarkable strides in achieving significant progress.

One of the most notable accomplishments this year was the culmination of over a year's effort to develop a comprehensive methodology for registering foreign engineering practitioners in Sri Lanka. This initiative, which began in March 2023, initially focused on engineering practitioners within Board of Investment (BOI) companies. This is a significant milestone, yet it marks just the beginning of our commitment to extend this registration to all foreign engineering practitioners working across the nation. The development and refinement of this process remain a priority, as it is crucial for the integration and regulation of foreign engineering expertise within our local industry.

Additionally, we have taken significant steps toward enhancing the quality and recognition of engineering technicians, with a particular focus on electricians. Our efforts led to the formation of the Electricians' Guild, a professional association dedicated to elevating the standards and recognition of electricians in Sri Lanka. This initiative represents the first phase in a broader strategy to improve the professional development and recognition of various categories of engineering technicians.

I extend my heartfelt appreciation to the officers of the Tertiary and Vocational Education Commission (TVEC) and the Public Utilities Commission of Sri Lanka (PUCSL) for their invaluable support in our endeavors to elevate the standards of engineering technicians. Their collaboration has been instrumental in our success and underscores the importance of partnership in achieving our goals.

Beyond these highlighted initiatives, our organization has accomplished numerous other achievements detailed within this annual report. Each milestone reflects our collective resilience, dedication, and commitment to advancing the engineering profession in Sri Lanka amidst challenging times.

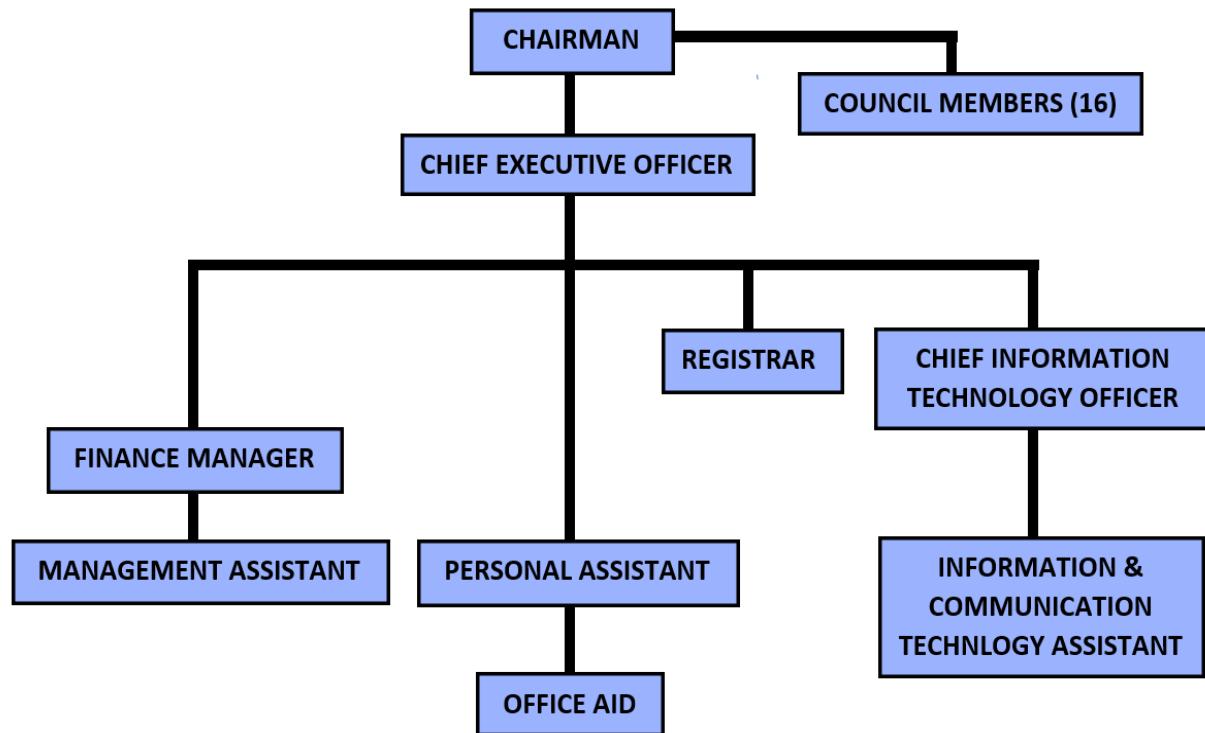
Engineering Council – Annual Report 2023

As we move forward, we remain focused on building upon our achievements, continuously seeking ways to innovate, improve, and lead in our field. I am immensely grateful to our council members, staff, and other stakeholders for their unwavering support and commitment to excellence.

Together, we look toward a future filled with promise, driven by our shared vision of enhancing the engineering profession for the betterment of our society and nation.

Tilak De Silva
Chairman
Engineering Council Sri Lanka

ORGANIZATION STRUCTURE



The Council

The Council consists of seventeen members, out of which four are ex-officio members (three Deans of Faculties of Engineering not below the rank of Professor and the Director General of Tertiary and Vocational Education Commission) and thirteen other members are appointed by the minister in charge of the line ministry under which ECSL is assigned to.

The “appointed members” consist of seven Chartered Engineers representing different engineering disciplines in rotation for every two years, nominated by the IESL, four members representing different engineering disciplines in rotation for every two years, nominated by the IIESL, one Chartered Engineer nominated by the Sri Lanka Engineering Service and one representative from the Engineering Technicians nominated by the Tertiary and Vocational Education Commission.

The Minister to appoint one of the Chartered Engineers from among the appointed members to be the Chairman of the ECSL.

Members of the Council for the Year 2023

- Mr. Tilak De Silva Chairman
BSc Eng., MSc, CEng(SL), CEng(UK), CITP(UK), FIE(SL), FIET(UK), FBCS(UK), SMIEEE(USA), MCS(SL)
- Dr. Ananda Ranasinghe Member
BSc, MTech, MEng, LLM (Colombo) LLM (Wales), PhD, CEng, FIStructE (UK), FICE (UK), FIE (SL), FSSE, FCIArb, Attorney at Law
- Prof. U.P. Nawagamuwa Member
BScEng.Hons, MEng(AIT), DrEng(YNU), CEng, FIE(SL)
- Prof. D.A.R. Dolage Member
BSc Eng , MSc , MA, MBA , DBA , CEng FIE(SL)
- Mr. M.N.C. Samarawickrama Member
BSc. Eng.(Hons), MSc, MBA-MOT FIE (SL), CEng, IntPE(SL), MGS (SL), MSLGS, MSLAAS
- Mr. P.W. Sarath Member
BSc Eng , CEng, FIE(SL), SMIEEE
- Mr. H.S. Suran Fernando Member
BSc (Hons) Eng, CEng, MIESL, GREENAP(SL)
- Dr. T.A.G. Gunasekara Member

M Eng, MSc Eng (Hons), PhD, CEng, IEng, MIE(SL), FIIE(SL)

- Mr. P.A.D.R. Chandrasiri Member
GCGI(UK), FIIESL, IEng
- Dr. (Ms.) W.B.M. Thoradeniya Member
PhD, FIIESL, AMIESL, IEng
- Mr. J.A. Tissa Seneviratne Member
BIS(Hons), MSc, MBA WUSL, MIET, FIIESL
- Mr. W.U. Pushpa Kumara Member
BSc Eng., CEng, MIE(SL)
- Mr. S.U.K. Rubasinghe Member
PGDBM, PGCTM, AMIE(SL)
- Prof. K.M.T.U. Hemapala Member (Ex-Officio)
BSc Eng (Hons), PhD, CEng
- Prof. U.I. Dissanayake Member (Ex-Officio)
BSc Eng, PhD (Sheffield), CEng, MIE(SL), MSSE(SL)
- Dr. K. Pirapaharan Member (Ex-Officio)
BSc.Eng, MEng, DEng, CEng, MIEEE, MIET
- Dr. K.A. Lalithadheera Member (Ex-Officio)
PhD(Economics), MA(Economics), BA Special(Economics), FCPM

Council Meetings

Dates which the Council meetings were held:

1. 20 January 2023	7. 21 July 2023
2. 17 February 2023	8. 18 August 2023
3. 17 March 2023	9. 15 September 2023
4. 21 April 2023	10. 20 October 2023
5. 19 May 2023	11. 17 November 2023
6. 16 June 2023	12. 15 December 2023

Staff Cadre

1. Chief Executive Officer	- 01 No
2. Registrar	- 01 No
3. Chief IT Officer	- 01 No
4. Finance Manager (Part time)	- 01 No
5. ICT Assistant	- 01 No
6. Management Assistant	- 01 No
7. Personal Assistant	- 01 No
8. Office Aid	- 01 No

PROGRESS

PROGRESS FOR THE YEAR 2023.

01. Registrations

(i) Registration of IESL Members

The registration rates of IESL members within ECSL for the years 2021, 2022, and 2023 have been recorded at 82%, 77%, and 71%, respectively. In an effort to boost the registration, the following initiatives were implemented:

- Registration reminder emails were dispatched to all IESL members on specified dates.
- Reminder SMS messages were sent out to all IESL members.
- IESL also forwarded reminder emails to their members encouraging ECSL registration.
- Engagements with various engineering organizations to enhance registration rates.

Discussions were initiated with numerous engineering organizations to highlight the significance of registering their engineers with ECSL. Accordingly, those organizations initiated programs to encourage the registration of their engineers.

Challenges in Registering Non-IESL Member Engineers.

Multiple discussions have been conducted with IESL to address the registration challenges of engineers who are not members of IESL. These discussions are ongoing, reflecting a concerted effort to resolve issues surrounding the registration of non-IESL member engineers.

• Registration of Public Service Engineers

A meeting was convened with the Director of the Engineering Service Board (ESB) aimed at enhancing the registration process for public service engineers.

Outcomes: The ESB Director issued a circular to gather data regarding engineers registered in the public service. Upon compiling this information, appropriate measures will be implemented to address and streamline the ECSL registration.

(ii) Registration of IIESL members

The registration rates of IIESL members within ECSL for the years 2021, 2022, and 2023 have been recorded at 17%, 26%, and 23%, respectively. In efforts to boost the registration numbers for IIESL members, the following initiatives were implemented:

- Registration reminder emails were dispatched to all IIESL members on specified dates.

- Reminder SMS messages were sent out to all IIESL members.
- Conversations were initiated with numerous engineering organizations to highlight the significance of registering their engineers with ECSL. The outcomes of these discussions led to the inception of internal programs aimed at increasing awareness among engineers about the registration process and facilitating their registration.

Challenges in Registering Non-IIESL Members

Discussions have been conducted with IIESL to address the registration challenges of non IIESL members. These discussions are ongoing.

(iii) Registration of Engineering Technicians

Engineering technicians are directly registered with the ECSL, placing the obligations on ECSL to verify the quality of Engineering Technicians prior to registration. This quality assurance role underscores ECSL's accountability to the public. Unlike their counterparts, engineering technicians lack a professional association like IESL or IIESL to uphold standards and facilitate ongoing professional development. Furthermore, it is essential to streamline the registration and renewal processes to make them more accessible and reduce administrative burdens. In light of these considerations, ECSL has implemented specific measures to address these areas effectively.

- A simplified process was prepared for the registrations and renewals.
- A payment gateway has been introduced to make the registration payments conveniently without any hassles.
- Priority was given to register the Electricians.
- The Electricians' Guild was established as a professional association with the guidance of ECSL to improve their standards and knowledge and also get recognition in the society.
- A newspaper advertisement has been published giving deadlines to the electricians for mandatory registration by 1st January 2030.
- A program was started with Public Utility Commission Sri Lanka (PUCSL) to assist the electricians to obtain their NVQ 4 qualification.
- Discussions were held with Ceylon Electricity Board (CEB), Lanka Electricity Company (LECO) and Construction Industry Development Authority (CIDA) to make the mandatory registration of electricians by 1st January 2030 for their acceptance of electricians for employment.
- Organization wise bulk registration of engineering technicians were started with the following Organizations.

Sri Lanka Army

Sri Lanka Navy

Sri Lanka Air force (SLAF)

Lanka Electricity Company (LECO)

Ceylon Electricity Board (CEB)

Sri Lanka Telecom (SLT)

ACL Cables PLC

- Discussions are being held with the Institute of Automotive Engineers Sri Lanka (IAESL) and Automobile Industry Council of Sri Lanka (AIC) to register the Automobile technicians.

(iv) Registration of Foreign Engineering Practitioners

The registration process for Foreign Engineering Practitioners presents a complex challenge due to the difficulty in aligning their qualifications with established standards. Consequently, after prolonged deliberation, it was resolved to structure the registration into three distinct categories:

- Registration within Board of Investment (BOI) affiliated companies.
- Registration for projects outside the scope of BOI.
- Registration for other Foreign Engineering Practitioners.

Following a year of discussions with the BOI, registration for foreign engineers in BOI-registered companies commenced in March 2023. Additionally, several steps were undertaken to facilitate this process:

- A streamlined procedure was introduced for the registration of Foreign Engineering Practitioners in BOI companies.
- A credentials committee was established to evaluate the applications of Foreign Engineering Practitioners meticulously.
- A special committee was formed to oversee the current process, with a mandate to refine it and oversee the implementation of categories two and three.

02. Disciplinary process for Engineering Practitioners.

The following actions were taken during the year 2023.

- (i) Publish the Appeal Board Gazette no. 2319/17, Date: 14 February 2023.
- (ii) Publish the Professional Misconduct Gazette no. 2319/36, Date: 14 February 2023.
- (iii) It was noted that the Public Service Commission (PSC) has been involved with disciplinary actions concerning public service engineers, leading to a potential overlap in responsibilities between the ECSL and PSC. A meeting was conducted with the PSC on October 11th 2023, where they provisionally concurred on this issue. Further discussions are expected to be held to address this topic.
- (iv) A structured administrative procedure for the disciplinary process is currently being developed; presently, disciplinary issues are managed individually on a case-by-case basis.
- (v) Published a public notice via newspaper for the mandatory requirement of registration of Chartered Engineers.

03. Transfer to PED List

Following a comprehensive evaluation of the ECSL's performance, as per the decisions of Cabinet of Ministers meeting held on 24.07.2023, mandated that the ECSL should self-finance its operational expenses. In alignment with this directive, the Treasury, along with the Public Enterprises Department (PED), resolved to transition the ECSL onto the PED's oversight list, ensuring a strategic approach towards financial autonomy and sustainability for the ECSL.

04. Roles Responsibilities and competencies

Pursuant to Clause 39 (2) (e) of the ECSL Act, it is imperative to specify the roles, responsibilities and competencies for different categories of engineering practitioners registered under the Act, with consideration given to their academic qualifications and practical experience.

Recognizing its criticality within the ECSL framework, the Council has been actively engaged in defining these roles, responsibilities and competencies since its inception. This initiative was deliberated upon by the previous sessions of the council, resulting in the development of specific criteria for different categories, which were then submitted to the IESL and IIESL for concurrence. Despite these efforts, finalization was not successful due to several challenges.

In the year 2023, concerted efforts were made to advance this agenda through the convening of six special council meetings aimed at addressing and clarifying queries from both the IESL and IIESL to reach a resolution. Nevertheless, as of yet, no affirmative feedback has been received from these professional entities, prompting ongoing, rigorous discussions within the council to finalize these essential standards.

05. Government compliance

Corporate plan 2022-2026

The corporate plan was reviewed and updated by the council and sent to the relevant authorities as per the PED Operational Manuals for State Owned Enterprises. It consisted of the following.

Business plan, Financial Forecast 2022-2026, KPIs, Action Plan 2024 & Budget 2024.

Action Plan 2024

This was prepared and sent to the relevant authorities.

Action Plan 2023

Progress as per the action plan was discussed at every monthly council meetings.

Budget 2024

This was prepared and sent to the relevant authorities.

Stock verification 2023.

Stock verification was done on 07th December 2023.

Annual Reports

2019 – Tabled in the Parliament on 27 April 2023. Considered at the Sectoral Oversight Committee for Food Security and Agriculture on 12 May 2023.

2020 – Tabled in the Parliament on 09 August 2023. Considered at the Sectoral Oversight Committee for Food Security and Agriculture on 22 September 2023.

2021 – Tabled in the Parliament on 08 September 2023.

2022 – Sent to the Parliament on 27 December 2023.

There were 2 ECSL Audit Committee meetings held during the period from 01 January 2023 to 31 December 2023.

There were 12 Council meetings held during the period from 01 January 2023 to 31 December 2023.

06. Progress of Engineering Practitioner registrations as at 31 December 2023:

- Chartered Engineers - 5,137
- Associate Engineers - 8,821
- Affiliate Engineers - 88
- Incorporated Engineers - 487
- Engineering Diplomates - 1,577
- Engineering Technicians - 785
- Foreign Engineering Practitioners - 59
- Total - 16,954

FINANCIAL STATEMENTS

THE ENGINEERING COUNCIL, SRI LANKA
Statement of Financial Performances

FOR THE YEAR ENDED 31ST DECEMBER 2023

	NOTES	2023 Rs	2022 Rs
Revenue From Operating Activities	1	19,596,000	18,434,000
Treasury Grants- Recurrent Interest Income	2	- 7,744,148	3,832,405 3,944,278
Total Revenue		27,340,148	26,210,683
Administrative Costs	3	(11,124,414)	(11,054,464)
Contractual Services and Maintenance Expenses	4	(2,165,077)	(1,074,337)
Other Operational Expenses	5	(772,836)	(4,894,909)
Depreciation		(233,303)	(217,168)
Total Expenses		(14,295,630)	(17,240,878)
Surplus from operation		13,044,518	8,969,805
Income Tax		(3,724,944)	(2,084,350)
Surplus for the year		<u>9,319,574</u>	<u>6,885,455</u>

THE ENGINEERING COUNCIL, SRI LANKA
Statement of Financial Position
AS AT 31 ST DECEMBER 2023

	NOTES	2023	2022
		Rs	Rs
ASSETS			
Current Assets			
Cash and Cash Equivalent	6	3,542,192	7,231,778
Short Term Investments	7	43,000,000	30,000,000
Trade Receivables,Other Receivables and Pre Payments	8	<u>6,533,123</u>	<u>4,407,510</u>
		53,075,315	41,639,288
Non -Current Assets			
Property , Plant and Equipment	9	<u>1,004,325</u>	<u>1,865,656</u>
Total Assets		54,079,640	43,504,944
LIABILITIES			
Current Liabilities			
Other Provisions and Payables	10	4,108,595	2,351,524
Non- Current Liabilities			
Deferred Income (Government Grant)	11	523,355	1,151,383
Employee Benefit Obligation	12	<u>126,079</u>	<u>-</u>
		649,434	1,151,383
Total Liabilities		4,758,029	3,502,907
NET ASSETS		49,321,611	40,002,037
EQUITY			
Accumulated Surpluses		49,321,611	40,002,037

The Accounting Policies and the Notes from pages 05 To 07 form an integral part of these Financial Statements.

I certify that the above Financial Statements are true and correct as per the records available of the Engineering Council.

.....
Dhammika Mabopitiya
Finance Manager

The Council members are responsible for the preparation & presentation of the Financial Statements.
Approved and Signed on behalf of the Engineering Council.

.....
Chairman
Engineering Council, Sri Lanka
31st January 2024

.....
Prof.Udeni P. Nawagamuwa/Dr.(Mrs.)W.B.M. Thoradeniya
Council Member

THE ENGINEERING COUNCIL, SRI LANKA
NOTES TO THE FINANCIAL STATEMENTS

Statement of Changes in Net Assets/ Equity

As at 31st December 2023

	Contributed Capital	Accumulated Surpluses/Deficit	Total
	Rs	Rs	Rs
Balance as at 1st January 2021	-	22,564,525	22,564,525
Surplus / (Deficit) for the year	-	10,552,057	10,552,057
Balance as at 31st December 2021	-	33,116,582	33,116,582
Balance as at 1st January 2022	-	33,116,582	33,116,582
Surplus / (Deficit) for the year	-	6,885,455	6,885,455
Balance as at 31st December 2022	-	40,002,037	40,002,037
Balance as at 1st January 2023	-	40,002,037	40,002,037
Surplus / (Deficit) for the year	-	9,319,574	9,319,574
Balance as at 31st December 2023	-	49,321,611	49,321,611

THE ENGINEERING COUNCIL, SRI LANKA
Cash Flow Statement

FOR THE YEAR ENDED 31ST DECEMBER 2023	2023 Rs	2022 Rs
Cash Flows from Operating activities		
Surplus for the year before Income Tax	13,044,518	8,969,805
Adjustments for:-		
Treasury Grants received (Recurrent)	-	(3,832,405)
Interest Received	(7,744,148)	(3,944,278)
Depreciation	233,303	217,168
Provision Employee Benefit Obligation	126,079	-
Operating Surplus before working capital changes	5,659,752	1,410,291
Changes in other provisions and payable	116,477	(6,584)
Change in Trade Receivables, Other Receivables and Pre Payments	(2,125,613)	(3,759,510)
Cash Flow from Operating Activities	3,650,616	(2,355,803)
Income Tax Paid	(2,084,350)	(1,255,000)
Net Cash Flow from Operating Activities	1,566,266	(3,610,803)
Cash Flows from Investing Activities		
Purchase of Property Plant & Equipment	-	(170,100)
Investment / Disposal of Short Term Deposit	(13,000,000)	926,000
Interest Income	7,744,148	3,944,277
Net cash flows from Investing activities	(5,255,852)	4,700,177
Cash Flows from Financing activities		
Treasury Grants received (Recurrent)	-	3,832,405
Net cash flows from financing activities	-	3,832,405
Net Increase/[decrease] in cash & cash Equivalents	(3,689,586)	4,921,778
Cash & Cash Equivalents at beginning of the year	7,231,778	2,310,000
Cash & Cash Equivalents at end of the year	3,542,192	7,231,778

NOTES TO THE CASH FLOW STATEMENT

Cash and cash equivalents consist of balances with banks. Cash and Cash equivalents included in the Cash Flow Statement comprise the following Statement of Financial Position amounts.

	2023 Rs	2022 Rs
Current and Savings Accounts with Bank (Note No 6)	3,542,192	7,231,778

NOTES TO THE FINANCIAL STATEMENTS & ACCOUNTING POLICIES

1. Corporate Information

General

The Engineering Council, Sri Lanka is Established in August 2018 under the provisions of Act No. 04 of 2017.

Principal Activities and Nature of Operations

The Engineering council, Sri Lanka which shall be responsible for the maintenance of professional standards and conduct of Engineering practitioners, Registration of different categories of Engineering practitioners, and to provide for matters connected therewith or incidental thereto.

Council Responsibility Statement

The Engineering Council, Sri Lanka take the responsibility for the preparation and presentation of these Financial Statements as per the provisions of Sri Lanka Public Sector Accounting Standards.

Address of the Registered Office and the Principal Place of the Activities of the Council

ECSL, 4th Floor, Irrigation Department Premises, 230, Bauddhaloka Mawatha, Colombo 07.

2. Significant Accounting Policies

2.1. Statement of Compliance

The financial statements of the Engineering Council, Sri Lanka are prepared in accordance with the Sri Lanka Public Sector Accounting Standards (SLPSAS) laid down by the Public Sector Accounting Standards Committee of the Institute of Chartered

Accountants of Sri Lanka (CA Sri Lanka) with the Participation of the Ministry of Finance & Planning. (Ref: Circular: PED/03/2013 dated 02.10.2013)

2.2. Basis of Preparation

The Financial Statements are prepared on the Historical Cost Basis.

2.3 Basis of Measurement

The Financial Statements have been prepared on the historical cost basis. The management have made an assessment of the entity's ability to continue as a going concern in the foreseeable future and they do not foresee a need for liquidation or cessation of business.

2.4. Functional and Presentation Currency

These Financial Statements are presented in Sri Lankan Rupees, which is the Council's Functional Currency and all Financial Information has been rounded to the nearest thousands unless otherwise specifically indicated.

3. Assets and Basis of their Valuation

3.1 Property, Plant & Equipments

Property Plant and Equipments are initially recorded at cost less accumulated depreciation. The cost of Property, Plant & Equipment is the Cost of purchase/revaluation or construction together with any incidental expenses thereon.

3.2 Depreciation

Depreciation of an asset begins when it is available for use and ceases at the earlier of the dates on which the asset is derecognized.

NOTES TO THE FINANCIAL STATEMENTS & ACCOUNTING POLICIES

Depreciation is calculated so as to write off the Cost / Revaluation of Property, Plant and Equipment on a Straight- Line Basis over the expected useful lives of the Assets concerned. The principle annual rates used for this purpose are,

Furniture	20%
Computers & Accessories	20%
Office Equipment	20%

3.3 Government Grants

Assets received by way of grants from treasury, line ministry and other related government projects are recognized under Income Approach. Differed income (related to Government Grants) will be set off against depreciation account in the Statement of Financial Performance on a systematic basis over the life of the assets.

3.4 Inventories

Inventories are valued at lower of cost and net realizable value. Cost is determined on the FIFO cost basis and includes expenses incurred in acquiring the inventories and bringing them to their existing location and condition.

3.5 Accounts Payables and Accrued Expenses

Trade and other payables are stated at cost.

3.6 Accounts receivables

Accounts receivables and dues from related parties are recognized at cost less provision for bad and doubtful receivables.

3.7 Provisions

Provisions are recognized when the entity has a present obligation (legal or constructive) as a result of a past event,

and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the obligation. The expense relating to any provision is presented in the Statement of Financial Performance of any reimbursement.

3.8 Revenue Recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Engineering Council and the revenue can be reliably measured, regardless of when the payment is being made.

Major sources of income

Annual subscription fees collected from Chartered Engineers, Associate Engineers, Affiliate Engineers, Incorporated Engineers and Engineering Diplomates are the major sources of income. Revenues from these sources are recognized upon the realization.

3.9 Interest

Interest income is recognized as the interest accrued on a time basis (taking into account the effective yield on the asset) unless collectability is in doubt.

3.10 Employee Benefits

3.10.1 Defined Contribution Plans –

EPF & ETF

Employees are eligible for Employees' Provident Fund Contributions and Employees' Trust Fund Contributions in line with respective Statutes and Regulations. The Council contributes 15% and 3% of personal emoluments of employees to EPF and ETF respectively.

NOTES TO THE FINANCIAL STATEMENTS & ACCOUNTING POLICIES

3.10.2 Defined Benefit Plan - Gratuity

The liability recognized in the Statement of Financial Position in respect of defined benefit plan is based on the basic payroll cost of employees as stated in the Payment of Gratuity Act No. 12 of 1983. Due to the immaterial nature of the Gratuity obligation to the financial statements the liability is not assessed and taken into financials using independent actuary valuation method as recommended by LKAS 19 - 'Employee Benefits.'

According to the Payment of Gratuity Act No. 12 of 1983, the liability for gratuity payment to an employee arises only after the completion of 5 years of continued service.

3.11 Taxation

Tax expense Comprises Current and any adjustment to tax payable in respect of previous years.

4 Cash Flow Statement

The Cash Flow Statement is prepared using the indirect method as stipulated in SLPSAS 02 Cash Flow Statement, Where by gross cash receipts and gross cash payments of operating activities, financing activities and investing activities have been recognized. Cash and cash equivalents comprise mainly balances with banks.

5 Related Party Transactions

Disclosure has been made in respect of the transactions in which one party has the ability to control or exercise significant influence over the financial and operating policies/decisions of the other, irrespective of whether a price is being charged. The relevant details are disclosed in the Note 13 to the Financial Statements.

6 Events after the reporting period

All the material events after the reporting period have been considered and appropriate adjustment and disclosures have been made into the financial statement, where necessary.

THE ENGINEERING COUNCIL, SRI LANKA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2023

NOTE NO 1	No of Members	2023	2022
		Rs	Rs
Revenue From Operating Activities			
Registration			
Chartered Engineers	5,137,000	5,182,000	
Associate Engineers	8,821,000	10,035,000	
Affiliate Engineers	88,000	103,000	
Incorporated Engineers	487,000	472,000	
Engineering Diplomates	1,577,000	1,717,000	
Engineering Technicians	785,000	171,000.00	
Foreign Engineering Practitioners	670,000	-	
Accrued Income Registration Fees (NOTE NO. 1.1)	1,000,000		
	18,565,000	17,680,000	
Registration Arrears			
Chartered Engineers	359,000	247,000	
Associate Engineers	551,000	432,000	
Affiliate Engineers	5,000	8,000	
Incorporated Engineers	43,000	20,000	
Engineering Diplomates	73,000	47,000	
	1,031,000	754,000	
Total Revenue	19,596,000	18,434,000	

THE ENGINEERING COUNCIL, SRI LANKA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2023

NOTE NO. 1.1

Accrued Income

Basis for the Accrued Accounts

The following were indicated in the annual financial statements.

Actual total registrations from IESL and IIESL = 16,110

Expected total registrations = 16,110 + 1000 = 17,110

Therefore, payment receivables for the year 2023 = Rs. 1,000,000

It is reflected in the Annual financial statements of the year 2023.

Methodology of calculating the payment receivable Rs. 1,000,000

The details of 2021, 2022 and 2023 IESL memberships, IIESL memberships, ECSL registrations and percentage of ECSL registrations in terms of IESL and IIESL total memberships are given in the following tables.

IESL

Category	2021	2021 registered in ECSL	2022	2022 registered in ECSL	2023	2023 registered in ECSL
Member	6,307	85%	6,401	83%	6,485	79%
Associate Member	13,263	80%	13,321	74%	13,088	67%
Affiliate Member	139	84%	132	76%	116	76%
Total	19,709	82%	19,854	77%	19,689	71%

IIESL

Category	2021	2021 registered in ECSL	2022	2022 registered in ECSL	2023	2023 registered in ECSL
Incorporated	1,889	25%	1,937	24%	1,984	25%
Engineering Diplomates	5,336	15%	6,419	27%	6,984	23%
Total	7,225	17%	8,356	26%	8,968	23%

ECSL Registrations

Category	2021	2022	2023
Chartered	5,389	5,318	5,137
Associate	10,666	9,901	8,821
Affiliate	117	101	88
Total IESL	16,172	15,320	14,046
Incorporated	465	474	487
Engineering Diplomates	791	1,715	1,577
Total IIESL	1,256	2,189	2064
Grand Total	17,428	17,509	16,110

**THE ENGINEERING COUNCIL, SRI LANKA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2023**

01. It has been observed the percentage of ECSL registrations from IESL total memberships for year 2021, 2022 and 2023 are 82%, 77%, 71% Respectively.

2022 percentage of registrations: 77%

2023 percentage of registrations: 71%

It is expected to have 76% of registrations in year 2023 also.

76% of IESL total registrations= 14,964

Actual 2023 IESL registrations= 14,046

The difference = 918

02. It has been observed the percentage of ECSL registrations from IIESL total memberships for year 2021, 2022 and 2023 are 17%, 26%, 23% Respectively.

2022 percentage of registrations: 26%

2023 percentage of registrations: 23%

It is expected to have 26% of registrations in year 2023 also.

26% of IIESL total registrations= 2,332

Actual 2023 IIESL registrations= 2,064

The difference = 268

03. IESL members to be registered for year 2023: 918

IIESL members to be registered for year 2023: 268

Total: 1,186

It is expected to register further 1000 members of IESL and IIESL for year 2023.

The amount to be collected = Rs. 1,000,000

NOTE NO 2

Interest Income

Interest Income:FD A/C No:BOC 90812201	3,180,822	-
Interest Income:FD A/C No:BOC 90812188	417,740	-
Interest Income:FD A/C No :BOC 89012360	2,458,110	-
Interest Income:FD A/C No :BOC 90094576	909,589	-
Interest Income:FD A/C No :BOC 90508471	156,164	-
Interest Income:FD A/C No :BOC 90508489	343,562	-
Interest Income:FD A/C No :BOC 90508571	143,151	-
Interest Income:FD A/C No :BOC 91784789	32,274	-
Interest Income:FD A/C No :BOC 91785051	16,137	-
Interest Income:FD A/C No: BOC 85326186	-	62,591
Interest Income:FD A/C No: BOC 86301038	-	51,100
Interest Income:FD A/C No: BOC 85326167	-	1,038,374
Interest Income:FD A/C No: BOC 89012360	-	2,700,000
Interest Income Savings Account	63,275	85,615
Interest Income Staff Loans	23,324	6,597
<u>7,744,148</u>		<u>3,944,277</u>

**THE ENGINEERING COUNCIL, SRI LANKA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2023**

NOTE NO 3

	2023	2022
	Rs	Rs
Salaries and Wages	7,461,410	7,756,829
Council Members Allowances	3,536,925	3,297,635
Provision Employee Benefit Obligation	126,079	-
	11,124,414	11,054,464

NOTE NO 4

Contractual Services and Maintenance Expenses

Postage and Telephone Charges	358,811	323,092
IT Expenses	639,507	129,255
Meeting expenses refreshment and other	446,317	254,916
Audit Fees	70,580	75,000
Printing	435,165	259,658
Consultancy Charges	214,697	32,416
	2,165,077	1,074,337

NOTE NO 5

Other Operating Expenses

	2023	2022
	Rs	Rs
Advertisment	195,980	-
Stationery and Office Requisites	31,363	48,353
Periodicals and Newspapers	6,080	147,430
Bank Charges	11,990	12,870
Other Operating Expenses	31,472	38,268
Awareness Programme		135,476
Travelling and Transport	114,611	72,369
Water	32,217	26,271
Web Development	-	203,459
Legal Fees	-	4,085,000
Membership Fees Reimbursement	-	52,785
Translation Expenses	147,123	72,628
Training Expenses & Education Resources	202,000	-
Total	772,836	4,894,909
Depreciation	233,303	217,168
Grand Total	1,006,139	5,112,077

THE ENGINEERING COUNCIL, SRI LANKA
NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST DECEMBER 2023

2023
Rs

NOTE NO 6

Cash and Cash Equivalent

Bank of Ceylon (Independence Square- C/A No 83585687)	34,620	414,216
Bank of Ceylon (Independence Square- C/A No 83591633)	43,177	25,402
Savings Account (Independence Square- S/A No 87665742)	3,464,395	6,792,160
	3,542,192	7,231,778

NOTE NO 7

Short Term Investments

Fixed Deposit Bank of Ceylon (Independence Square- 89012360)	-	30,000,000
Fixed Deposit Bank of Ceylon (Independence Square 90812188)	5,000,000	-
Fixed Deposit Bank of Ceylon (Independence Square 90094576)	4,000,000	-
Fixed Deposit Bank of Ceylon (Independence Square 90508571)	1,000,000	-
Fixed Deposit Bank of Ceylon (Independence Square 91784789)	2,000,000	-
Fixed Deposit Bank of Ceylon (Independence Square 91785051)	1,000,000	-
Fixed Deposit Bank of Ceylon (Independence Square 90812201)	30,000,000	-
	43,000,000	30,000,000

THE ENGINEERING COUNCIL, SRI LANKA
NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST DECEMBER 2023

NOTE NO 8		2023	2022
		Rs	Rs
IESL & Technicians		633,000	845,000
2023 Registration Fees Receivable		1,000,000	-
VAT Receivable (Over payment)		250,334	250,334
Interest Receivable (Fixed Deposits)		4,148,973	2,700,000
Staff Loan		490,816	609,176
Water Deposit		3,000	3,000
Mobile Deposit		7,000	-
		6,533,123	4,407,510

NOTE NO 9
Property , Plant and Equipment

Cost	As at	Additions	Disposals	As at
	01.01.2023			31.12.2023
1 st January 2023	Rs	Rs	Rs	Rs
Furniture and Fittings	3,041,035	-	-	3,041,035
Office Equipment	228,884	-	-	228,884
Computer and Accessories	1,036,750	-	-	1,036,750
31st December 2023	4,306,669	-	-	4,306,669
Acumilated Depreciation	As at	Charged for	Disposals	As at
1 st January 2023	01.01.2023	the year	Disposals	31.12.2023
	Rs	Rs	Rs	Rs
Furniture and Fittings	1,925,989	608,208	-	2,534,197
Office Equipment	68,319	45,773	-	114,092
Computer and Accessories	446,705	207,350	-	654,055
31st December 2023	2,441,013	861,331	-	3,302,344
Carrying Amount As at 31 st December 2023	1,865,656	861,331	-	1,004,325

THE ENGINEERING COUNCIL, SRI LANKA
NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST DECEMBER 2023

NOTE NO 10	2023	2022
Other Provisions and Payables	Rs	Rs
Audit Fee Payable	66,800	66,600
Payable Internal Audit Fees	40,000	-
Other Payables	40,618	44,151
Income Tax Payable	3,724,944	2,084,350
EPF Payable	98,374	139,663
ETF Payable	11,804	16,760
Holiday Pay Payable	20,133	-
Leave Encashment payable	84,135	-
PAYE Tax payable	4,793	-
Withholding Tax payable	5,077	-
Overtime payable	9,917	-
Membership Fees Payable	2,000	-
	4,108,595	2,351,524

Note No 11
Deferred Income (Government Grant)

Asset Category	Balance at 01.01.2023 Rs.	Additions During the Year Rs.	Charged for the Year- Depreciation Rs.	Balance at 31.12.2023 Rs.
Furniture Fittings and Office Equipment	1,115,046	-	608,208	506,838
Computers and Accessories	36,337	-	19,820	16,517
Total	1,151,383		628,028	523,355

NOTE NO 12	2023	2022
Employee Benefit Obligation	Rs	Rs
Obligation at 1 January 2023	-	-
Additional accrual during the year	126,079	-
Benefit payments made in year	-	-
Obligation at 31 December 2023	126,079	-

THE ENGINEERING COUNCIL, SRI LANKA
NOTES TO THE FINANCIAL STATEMENTS

NOTE NO 13

Related Party Transactions

Transactions with Key Management Personnel

Sri Lanka Public Sector Accounting Standard No 14 'Related Party Disclosures', Key Management Personnel are those having authority and responsibility for planning, directing and controlling the activities of the entity. Accordingly, the Board of Directors (including Executive and Non-Executive Directors) as key management personnel of the entity have been classified as Key Management Personnel.

	2023	2022
	Rs	Rs
Chairman Allowance	2,190,425	2,106,135
Council Meeting Allowance	1,149,000	949,500
Special Allowances	10,000	-
	<u>3,349,425</u>	<u>3,055,635</u>

NOTE NO 14

Commitments and contingencies

There were no material Commitments and Contingent liabilities for the entity as at the reporting date except below.

1 There are 3 court cases in the Court of Appeal where the case numbers are Writ 577/2021, Writ 597/2022 and Writ 607/2021 filed against where the ECSL named as the first and second respondents. The petitioners are mainly NDT, NDES and HNDE diploma holders and they are requesting to grant and issue a mandate quashing the ECSL Circular bearing No. 01/2021 and/or any and all directions/ orders/ instructions/ circulars issued by the said respondents to any and all third parties, in pursuance of and/ or based on the ECSL Circular No. 01/ 2021 and some other matters related to the ECSL registrations.

2 Supreme Court Case no: FRA 248/2020 where the ECSL named as the 22nd respondent and the petitioners withdrawn the case.

3 The following cases involve the ECSL but not as the primary respondent.

Supreme Court Case no: FRA294/2021

Supreme Court Case no: FRA295/ 2021

Court of Appeal (Writ) Application no: 202/ 2022

Court of Appeal (Writ) Application no: 203/ 2022

Court of Appeal (Writ) Application no: 424/ 2022

It is the opinion of the Legal Consultant of ECSL, none of these legal cases are likely to result in a material liability to the ECSL.

THE ENGINEERING COUNCIL, SRI LANKA
NOTES TO THE FINANCIAL STATEMENTS
NOTE NO 15
Budget Comparison for Year 2023

Item	Actual	Budgeted	Difference (Actual-Budgeted)	% of Budget Earn - Utilized
Income				
Registrations				
IESL Registrations	14,961,000.00	20,525,000.00	-5,564,000.00	72.89%
IIESL Registrations	2,180,000.00	2,050,000.00	130,000.00	106.34%
Foreign Engineering Practitioner Registrations	670,000.00	2,000,000.00	-1,330,000.00	33.50%
Engineering Technicians Registrations	785,000.00	4,950,000.00	-4,165,000.00	15.86%
2023 Registration Fees to be Received	1,000,000.00	0	1,000,000.00	
Total Registrations	19,596,000.00	29,525,000.00	-9,929,000.00	66.37%
Interest Income	7,744,147.33	0	7,744,147.33	
Total Revenue	27,340,147.33	29,525,000.00	-2,184,852.67	92.60%
Total Expenses	18,020,573.35	15,404,200.00	2,616,373.35	116.98%
Net Income	9,319,573.98	14,120,800.00	-4,801,226.02	66.00%

Note 1: Reduction in Total Registration Fee

During the year 2023, the total registration fee was reduced due to the following reasons:

IESL Registrations: The economic crisis prevailing in the country during the year 2023 led to a decline in registrations from the IESL. This downturn was primarily attributed to some engineers facing job losses and others choosing to migrate to alternative employment opportunities abroad.

Foreign Engineering Practitioner Registrations: Foreign Engineering Practitioners did not register as expected.

Engineering Technicians' Registration: Engineering Technicians' registration is a direct registration process. It took some time to prepare a proper and efficient process for registration.

Note 2: Impact on Net Income

The reduction in total registration fees directly contributed to a decrease in net income for the reporting period.

AUDIT REPORT

The Chairman,
Engineering Council, Sri Lanka

Report of the Auditor General on the Financial Statements and the Other Legal and Regulatory Requirements of the Engineering Council, Sri Lanka for the year ended 31st December 2023 in terms of Section 12 of the National Audit Act, No.19 of 2018

1. Financial Statements

1.1 Qualified Opinion

The audit of the financial statements of the Engineering Council, Sri Lanka for the year ended 31 December 2023 comprising the statement of financial position as at 31 December 2023 and the statement of financial performance, statement of changes in equity and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, was carried out under my direction in pursuance of provisions in Article 154(1) of the Constitution of the Democratic Socialist Republic of Sri Lanka read in conjunction with provisions of the National Audit Act No. 19 of 2018, Financial Act No.38 of 1971 and Engineering Council Act No.4 of 2017. In accordance with Article 154(6) my report will be tabled in Parliament in due course.

In my opinion, except for the effects from the matters described in Basis for Qualified Opinion in my report, the financial statements of the Council give a true and fair view of the financial position as at 31 December 2023, and of its financial performance and cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

a. Basis for Qualified Opinion

- (a) In accordance with para 48 of the Sri Lanka Public Sector Accounting Standards 1, amortization value of assets recognized as grants had been offset against depreciation of fixed assets instead of being shown as income. Consequently, depreciation value of fixed assets for the year under review was Rs.861.331 and by indicating the said amount as Rs.233, 303 in the Financial Performance Statement, the depreciation value of the year Rs.628, 028 had been understated.
- (b) The remaining balance of Rs.523, 355 after having purchased and amortized contrary to the supplementary of the Sri Lanka Public Sector Accounting Standards 11, under the grants of the Treasury during the last years, had been indicated as deferred income and had not been identified as the income of the preceding year.
- (c) As the income of registration fee Rs. 1,031,000 received for the preceding year had been identified as the income of the year under review, the surplus of the year under review had been overstated as Rs. 1,031,000.

I conducted my audit in accordance with Sri Lanka Auditing Standards (SLAuSs). My responsibilities, under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I believe

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

b. Other information included in the Annual Report-2023 of the Council

The other information comprises the information in the Annual Report-2021 of the Company but does not include the financial statements and my auditor's report thereon, which is expected to be made available to me after the date of this auditor's report. Management is responsible for the other information.

My opinion on the financial statements does not cover the other information and I do not express any form of assurance and opinion thereon.

In connection with my audit of the financial statements, my responsibility is to read other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated.

Based on the other information obtained by me and activities conducted by me if I conclude that there are material misstatements therein, I am required to communicate that matter. I have nothing to report in this regard.

1.4 Responsibility of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with Sri Lanka Accounting Standards and for such internal control as management determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the council's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intend to liquidate the council or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Council's financial reporting process.

As per sub -Section 16 (1) of the National Audit Act No. 19 of 2018, the Council is required to maintain proper books and records of all its income, expenditure, assets and liabilities, to enable annual and periodic financial statements to be prepared of the Council.

1.5 Auditor's Responsibility on the Audit of the Financial Statements

My objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Sri Lanka Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Sri Lanka Auditing Standards, I exercise professional judgment and maintain professional scepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of the management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Council's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with those charged with governance regarding among other matters, significant audit findings including any significant deficiencies in internal control that I identified during my audit.

2. Report on Other Legal and Regulatory Requirements

2.1 National Audit Act No.19 of 2018 specifies provisions for the following requirements.

2.1.1 Except for the effects of the matters described in the Basis for Qualified Opinion section of my report, I have obtained all the information and explanation that required for the audit and as far as appears from my examination, proper accounting records have been maintained by the Council as per the requirement of section 12(a) of the National Audit Act, No.19 of 2018

2.1.2 The financial statements presented is consistent with the preceding year as per the requirement of section 6(1) (d) (iii) of the National Audit Act, No.19 of 2018.

2.1.3 The financial statements presented includes all the recommendations made by me in the previous year except the audit matters of 1.2 (b) described in the Basis for Qualified Opinion section of my report as per the requirement of section 6(1) (d) (iv) of the National Audit Act, No.19 of 2018.

2.2 Based on the procedures performed and evidences obtained were limited to matters that are material, nothing has come to my attention.

2.2.1 To state that the any member of the governing body of the Council has any direct or indirect interest in any contract entered into by the Council which are out of the normal cause of the business as per the requirement of section 12(d) of the National Audit Act, No.19 of 2018.

2.2.2 (a) to state that the Council has not complied with any applicable written law, general and special directions issued by the governing body of the Council, except the following observations, as per the requirement of section 12(f) of the National Audit Act, No.19 of 2018.

(i) The registered members of both Institution of Engineers, Sri Lanka (IESL) and the Institution of Incorporated Engineers, Sri Lanka (IIIESL) should be registered as the members of Engineers Council. Even though 19689 and 8968 members of both institutions have obtained the membership of the council for the year 2023, of them 29% and 77% of the members respectively had not obtained the membership of the council.

Reference to Laws/ Rules and Regulations

a) Engineers Council Act No 04 of 2017

Observations

(i) Section 12 (d)

Even though inquiries should have been conducted regarding certain matters related to the instances of Professional misconducts of engineering professionals, it had not been examined whether

Engineering Council – Annual Report 2023

Engineering Practitioners act in accordance with Code of Professional Conduct which had been introduced to be adhered by Engineering Practitioners.

(ii) Section 14(1)

No Engineering Practitioner shall engage in the practice of engineering profession unless such engineering practitioner is registered with the Sri Lanka Engineering Council. At the end of the year under review, though the registered number of professionals of the Institution of Engineers, Sri Lanka (IESL) and the Institution of Incorporated Engineers, Sri Lanka (IIESL) was 28,657, only 16,110 professionals had been registered with the Engineers Council.

Accordingly, over 12,547 engineering practitioners are engaged in engineering profession without being registered with Engineering Council, Sri Lanka and no action had been taken to prepare and implement a mechanism to identify such persons and to make the affiliated parties aware in that regard.

(b) Section 47 of the Employees' Provident Fund (Amendment) Act, No.01 of 1985

In payment of contributions to the fund by the council, transport allowance, fuel allowance, telephone allowance, professional allowance and special allowance of the employees had been applied for calculation of earnings. As a result, 15% overpayments of each relevant allowance had been made as the contribution of the council and 10% overcharge of each employee had been paid to the fund.

(c) Section 44 of the Employees' Trust Fund Act, No.46 of 1980

In payment of contributions to the fund by the council, due to the application of transport allowance, fuel allowance, telephone allowance, professional allowance and special allowance for calculation of contributions, surplus of 3% of the respective allowance each had been paid.

2.2.3 to state that the Council has not performed according to its powers, functions and duties as per the requirement of section 12(g) of the National Audit Act, No.19 of 2018.

2.2.4 to state that the resources of the Council had not been procured and utilized economically, efficiently and effectively within the time frames as per the requirement of section 12(h) of the National Audit Act, No.19 of 2018 in compliance with the applicable laws.

W.P.C. Wickramarathne
Auditor General.