

## **Zoological Gardens Development and Welfare Fund - 2012**

### 01 Financial Statements -----

#### 1.1 Qualified Opinion -----

In my opinion, except for the effect of the matters described in paragraph 1.2 of this report the financial statements give a true and fair view of the financial position of the Zoological Gardens Development and Welfare Fund as at 31 December 2012 and its financial performance and cash flow for the year then ended in accordance with Generally Accepted Accounting Principles.

#### 1.2 Comments on Financial Statements -----

##### 1.2.1 Accounting Policies -----

The following observations are made.

- (a) Even though according to the accounting policies it revealed that animals are revalued annually, animals other than elephants have been valued at historical cost.
- (b) Although it was observed that a difference of Rs. 270,000 for one mark awarded in revaluation of elephants in Pinnawla and Dehiwala, reasons were not revealed for that.

##### 1.2.2 Accounting Deficiencies -----

The following observations are made.

- (a) An expenditure of Rs. 45,538,032 which was not included in accrued expenses in previous years has been paid during the year mentioning as liabilities of year 2012.
- (b) No provision had been made in 2012 for the expenditure amounting to Rs. 5,365,988 which was made in 2013.
- (c) Although an expenditure of Rs. 743,735 had been made as custom duty, for import of animals during the year under review, only Rs. 243,735 had been

entered into accounts and 500,000 had been accounted under the Expenditure of the Department Head.

- (d) The balance stock of tickets issued to the counters to the value of Rs. 261,903 (face value amounting to Rs. 43,580,850) had not been revealed in financial statements.
- (e) In settlement of electricity bills of welfare canteen, a sum of Rs. 251,790 should have been received from the management of welfare canteen and it was not revealed in financial statements.
- (f) Stock of souvenirs amounting to the value of Rs. 3,049,123 had been written off during the year under review. Detailed information on write-offs had not been submitted to audit and action had not been taken in terms of Financial Regulations. According to the answer of the Director of National Zoological Gardens at the revaluation of stock the souvenir as at 31 December 2011 was Rs. 5,604,251. Therefore, the reduction of stock was only Rs. 896,814 and the adjustment for the difference of write offs would be done in the year 2013.

However, after the adjustment of purchasings and sellings of the year to the balance stock it could be calculated the balance stock as at 31 December 2012 to the value of Rs. 5,238,733, and in accordance with that, the under stated value of the stock mentioning in the financial statements was Rs. 2,824,799.

- (g) An overpayment of Rs. 452,198 had been made to the Electricity Board due to double payment of electricity bills for the welfare canteen.
- (h) Whereas Rs. 500,000 had been shown in the name of “Sewana Fund” under the current liabilities in the Balance Sheet for more than five years, no steps had been taken to settle or to take relevant adjustment to that even during the year under review.

### 1.2.3 Lack of Evidence for Audit

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The following observations are made.

- a) Whereas Rs. 20,000 per month had been paid to the contractor as electricity expenses of the welfare canteen, an written agreement had not been submitted.
- b) The sum of Rs. 985,000 charged, when handing over the 98 birds on the order of the Secretary of the Ministry of Economic Development as the expenditure of

these birds that were given to the Zoological Garden to be taken care of after being forfeited by the Custom on 10 February 2012 had been accounted as miscellaneous income. Detailed report on the basis of calculation of that amount had not been submitted to the audit.

#### 1.2.4 Non-compliance with Laws, Rules, Regulations and Management Decisions

The following instances of non-compliance were observed.

Reference to Laws, Rules, Regulations and Management Decisions	Non-compliance
(a) Financial Regulation 110	Register of losses had not been maintained in respect of dead animals.
(b) Financial Regulation 156 (2)	Thirty seven goats to the value of Rs. 300,000 had been given to the National Livestock Development Board free of charge without following a proper procedure.
(c) Treasury Circular No 842 of 19 December 1978	A proper Fixed Assets Register had not been maintained.

## 2 Financial Review

### 2.1.1 Financial Results

According to the accounts submitted, the operations of the Fund for the year under review had resulted in a net surplus of Rs. 397,537,423 as compared with the corresponding net surplus of Rs. 373,338,296 for the preceding year thus indicating an improvement of the surplus for the year by a sum of Rs. 24,199,127. Increasing the donation to the Zoological Garden comparing to the previous year by Rs. 17,178,529 was the major reason for the improvement of financial result.

### 2.1.2 Analytical Financial Review

The total income of the Fund for the year under review as compared with the preceding year had increased by Rs. 1,105,592 and the expenditure had decreased by Rs. 23,093,536. Further, overall income from tickets had been decreased by Rs. 17,896,110 as compared to the previous year. Certain significant data revealed at

an analytical review of the financial statements as compared with the preceding year are given below.

	<u>2012</u>	<u>2011</u>
	%	%
Overall profit on overall tickets income	63	58
Tickets income on overall income	94	96
Sundry income on overall income	06	04
Overall expenditure on overall income	39	44
Souvenir Stock on Current Assets (excluding balance of Treasury deposit )	14	29

### 03 Operating Review

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#### 3.1 Performance

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##### 3.1.1 Arrival of Visitors and Income

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Particulars of the number of viewers to the Zoological Gardens, Dehiwala and the Elephant Orphanage, Pinnawala during the year under review and the preceding year income earned thereby are given below.

#### (a) Zoological Garden, Dehiwala

	<u>2012</u>		<u>2011</u>	
	Number of Viewers Visited	Income Received from Viewers	Number of Viewers Visited	Income Received from Viewers
		Rs.		Rs.
Local	1,412,062	110,039,210	1,689,755	130,922,050
Foreign	<u>21,188</u>	<u>25,108,000</u>	<u>20,446</u>	<u>25,178,750</u>
Total	<u>1,433,250</u>	<u>135,147,210</u>	<u>1,710,201</u>	<u>156,100,800</u>

The number of foreign viewers who visited the Zoological Gardens, Dehiwala as compared with the preceding year had increased by 742 or 3.6 per cent and the income received thereby had increased by Rs. 70,750 or 0.3 per cent. In the case of local viewers, the number of viewers and the income had decreased by 277,693 and Rs. 20,882,840 respectively. Accordingly, it was observed

that new programmes should be introduced for the increase of the number of viewers.

(b) Elephant Orphanage, Pinnawala

	<u>2012</u>		<u>2011</u>	
	Number of Viewers Visited	Income Received from Viewers Rs.	Number of Viewers Visited	Income Received from Viewers Rs.
Local	497,157	36,083,510	463,982	34,053,050
Foreign	<u>266,297</u>	<u>455,554,750</u>	<u>264,452</u>	<u>448,625,000</u>
	<u>763,454</u>	<u>491,638,260</u>	<u>728,434</u>	<u>482,678,050</u>

The number of foreign viewers who visited the Elephant Orphanage as compared with the preceding year had increased by 1,845 or 0.69 per cent and the income received thereby had increased by Rs. 6,929,750. The number of local viewers had increased by 33,175 over that of the preceding year and the income received thereby had increased by Rs. 2,030,460.

Seventy eight per cent of total ticket income was represented by the ticket income of Pinnawala Elephant Orphanage.

3.2 Management Inefficiencies

The following observations are made.

- (a) During the year under review a sum of Rs. 22,634,131 had been received as donation to the Fund from the Tourist Promotion Bureau and those money had been spent for the renovation of the toilet system at Pinnawala Elephant Orphanage. Although the Chairman of the Tourist Promotion Bureau had informed when granting the donation that one thousand of tickets should be granted to Tourist Board annually, the Director of the Zoological Gardens had granted approval for that without considering the time period of granting tickets and on whose approval should be granted for. It can be estimated that the lost income to the Zoological Gardens annually due to that grant, is Rs. 2,000,000.
- (b) Although when calling for bids the main criterion which was submitted for leasing out the main canteen of the Department of Zoological Gardens for

2009/2010 was hotel owners who had registered with the Department of Registrar of Companies, that criterion had been removed for 2012/2013 and changed it as accepted, qualified people who have 3 years experience. Due to this decline of qualifications of bidders it was unable to get participate of a qualified bidder to supply quality food and beverage to viewers including foreigners.

Although 12 bidders selected by shopping method had been informed at the calling for bids for second time it had been rejected due to non submission of targeted bid.

The canteen which had been repaired and handed over to the Zoological Garden on 08 March 2012 had not been opened for the public even by 15 July 2013 and remained idle due to inability to select a suitable bidder.

- (c) It had not been followed a proper procedure for transfer of animals between Gonapola farm and Zoological Garden.

According to the answer of the Director it had been informed that a proper procedure is followed for transfer of animals among farms from the year 2013.

- (d) Souvenirs had not been introduced timely and due to the reduction of the sales of submitted goods, the income from the sales centre had reduced.

#### 4. Accountability and Good Governance -----

##### 4.1 Action Plan - 2012 -----

In the action plan prepared for the year 2012, only the percentages of quarterly allocation had been mentioned and the monetary value had not been mentioned. Accordingly, it was observed that the action plan had not been prepared as a document which shown the annual targets clearly and correctly.

##### 4.2 Performance according to the Performance Reports - 2012

The following observations are made on performance for the year under review.

- (a) The Fund had not taken steps to prepare the information for expected total cost, actual cost for each project and the physical progress of the project.

- (b) Annual allocation was mentioned under main activities and expenditure for activities, the physical and financial performance had not been mentioned at the year end.

Although according to the action plan the activities of 04 projects should be completed by 31 December it was observed that the progress of these activities has not been in a sufficient level.

#### 4.3 Internal Audit

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An Internal Audit had not been implemented by the Fund for the year 2012.

#### 4.4 Budgetary Control

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- (a) Even though a sum of Rs. 425,000,000 had been provided for the year under review as capital expenditure in the budget estimate of the Fund and a sum of Rs. 349,792,198 has incurred and there was a savings of Rs. 75,207,802 or 17 per cent.
- (b) Initially allocations for the construction of Pinnawala New Zoo, Safari Park at Hambantota and Dehiwala Zoo had been made through the Capital Budget and such allocations had been made through the Expenditure Head of Department of National Zoological Gardens. However, money had been allocated without being identified each activity separately. Therefore, the value of the Capital Expenditure for construction works could not be identified separately.

#### 5. Systems and Controls

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

- (a) Budgetary control
- (b) Accounting
- (c) Maintenance of registers
- (d) Purchasing and procedure of supplying of animal foods
- (e) Recording of printed tickets
- (f) Selling and stock control of the souvenirs
- (g) Valuation of animals and maintain records for dead animals
- (h) Vehicle control

