

Botanic Gardens Trust Fund 2013

The audit of financial statements of the Botanic Gardens Trust Fund for the year ended 31 December 2013 comprising the Balance Sheet as at 31 December 2013, and statement of income and expenditure and working account for the year then ended and a summary of other explanatory information was carried out under my direction in pursuance of provisions in Article 154 (3) of the Constitution of the Democratic Socialist Republic of Sri Lanka read in conjunction with Section 4 (J) of the Agreement dated 20 December 1996 entered into between the Secretary to the General Treasury and the Board of Trustees of the Botanic Gardens Trust Fund is the Secretary to the Ministry of Agriculture, Land and Forest Resources , Director of the Botanic Gardens of the Department of Agriculture, Director Budget of General Treasury and Director General of Agriculture. My comments and observations on the above financial statements appear in this report.

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the Auditor's judgment 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 Fund'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 Fund'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 the financial statements.

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 Qualified Audit opinion

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

2. Financial Statements

2.1 Qualified Opinion

In my opinion, except for the effects of the matters described in paragraph 2.2 of this report, the financial statements give a true and fair view of the financial position of the Botanic Gardens Trust Fund as at 31 December 2013 and its financial performance for the year ended in accordance with Sri Lanka Public Sector Accounting Standards.

2.2 Comments on Financial Statements

2.2.1 Accounting Policies

Even though the depreciation should have been charged by considering the economic life period of the buildings which constructed by utilizing the direct provisions of the Fund, the provisions for depreciation for the buildings had not been made.

2.2.2 Accounting Deficiencies

The following observations are made.

- (a) The cash flow statement of the Fund had not been prepared to show separately the cash flows arising from Operating activities, Investing activities and Financing activities according to the Sri Lanka Public Sector Accounting Standards No.2
- (b) The value of the stock of Floriculture Instructions Books as at 31 December amounted to Rs.650, 914 and that had been shown as Rs.698, 607 in the financial statements and as such the working profit for the year under review had been overstated by Rs. 47,693.

- (c) A loss amounting to Rs.56,150 occurred to the flower plants and other plants in “Suwahas Mal Sevana” unit at Torrington in the year 2011 had been included in the closing stock without being adjusted in the accounts and as such the stock in hand and accumulated fund as at 31 December in the year under review had been overstated by same amount.

2.2.3 Unreconciled Control Accounts

A difference of Rs. 10,411,863 was observed between the cost of Fixed Assets shown in the balance sheet as at 31 December of the year under review and the Register of Fixed Assets.

2.2.4 Lack of Evidence for Audit

The schedules in respect of six items of fixed assets amounting to Rs.113,549,907 shown in the balance sheet as at 31 December of the year under review, had not been furnished along with the financial statements.

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

Even though the Trust Board should meet at least once in 03 months in terms of the paragraph 3 (G) (I) of the Agreement of the establishment of Botanic Garden Trust Fund, only 03 meetings had been held during the year under review.

3. Financial Review

3.1 Financial Results

According to the financial statements presented, the operations of the Trust Fund for the year ended 31 December 2013, had resulted in a surplus of Rs.89,368,125 as compared with the corresponding surplus of Rs.66,186,911 for the preceding year, thus indicating an improvement of Rs. 23,181,214 in the financial results for the year under review. The increase of income on sales of tickets by Rs. 7,813,280 and the decrease of recurrent expenditure by Rs. 15,301,649 had mainly affected for this improvement in the year under review as compared with the preceding year.

3.2 Analytical Financial Review

The current assets had been 46.09 per cent as compared with the total assets and 12.05 per cent out of that reflected by the accrued income.

4. Operating Review

4.1 Uneconomic Transactions

A sum of Rs. 47, 040 had been paid for the subsequent advertisement made for the correction of an error in the paper advertisement made before for inviting bids for the constructions of Hakgala Botanic Garden.

4.2 Unsettled Liabilities

Even though the defect liability period had elapsed, the retention money retained over one year amounting to Rs.3,202,682 payable to construction contractors in 07 instances as at the end of the year under review had been shown in the accounts without being settled.

4.3 Under- utilization of Funds

Out of the total financial provisions of Rs.12,710,000 made for 5 activities in the Budget prepared for the year under review, a sum of Rs.11,187,713 had not been utilized. Accordingly the total sum utilized was Rs.1,522,287 and it was ranged between 0 percent to 30 percent out of the financial provisions allocated for each activity. Details appear below.

Activity	Financial Provision	Provision Utilized as at 31 Dec.2013	Savings	Utilization of Provisions Per cent
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	Rs.	Rs.	Rs.	
(i) Parks Beautification	3,310,000	170,120	3,139,880	5.1
(ii) Purchase of new Books and Printing Materials	1,000,000	70,337	929,663	7.0
(iii) Demarcation of Lands National Plant House	4,000,000	678,720	3,321,280	17.0

(iv) Botanic Researches	2,000,000	603,110	1,396,890	30.0
(v) Roofing Repairs	2,400,000	-	2,400,000	00.0
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	12,710,000	1,522,287	11,187,713	
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5. Accountability and Good Governance

5.1 Tabling of Annual Reports

Even though the Trust Fund has functioned since the year 1998, the performance Reports for the year under review and for previous years had not been tabled in Parliament.

5.2 Preparation of Procurement Plan

A procurement plan had not been prepared for the year under review.

5.3 Internal Audit

An internal audit had not been carried out during the year under review regarding the transactions of the Fund.

6. Systems and Controls

The deficiencies observed during the course of audit were brought to the notice of the Chairman of the Fund from time to time . Special attention is needed in respect of the following areas of control.

- (a) Budgetary Control
- (b) Accounting
- (c) Creditors Control