

Wildlife Conservation Fund - 2015

The audit of financial statements of the Wildlife Conservation Fund for the year ended 31 December 2015 comprising the balance sheet as at 31 December 2015 and the income and expenditure account, the 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(3) of the Constitution of the Democratic Socialist Republic of Sri Lanka read in conjunction with Regulations issued under Section 71(2)(h) of the Fauna and Flora Protection Ordinance as amended by the Fauna and Flora Protection (Amendment) Act, No. 22 of 2009. 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 Auditing 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 judgement, including the assessment of risks of material misstatement 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 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.

2. Financial Statements

2.1 Opinion

In my opinion, the financial statements give a true and fair view of the financial position of the Wildlife Conservation Fund as at 31 December 2015 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 Accounting Deficiencies

The following observations are made.

- (a) Sums of Rs.449,155 and Rs.1,341,000 payable for frequency charges and court fines respectively in the year under review had not been brought to account.
- (b) Even though the expenditure of Rs.1,934,033 incurred on construction of the Hunuwilagama canteen and book shop should be capitalized under buildings, it had been adjusted to the preceding year as building repair expenditure.

2.3 Accounts Payable

Even though service charges amounting to Rs.11,032,522 was outstanding since three years, action had not been taken to settle it.

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

The following non – compliances with Laws, Rules, Regulations and Management Decisions were observed in audit.

Reference to Laws, Rules and Regulations	Non – compliance
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(a) Letter No. ටඒ/6/1/2/458/11 of 05 March 2008 of the Director General of Wildlife Conservation.	Even though the sand removing of Mahaweli river near Manampitiya should be supervised by the Assistant Director (Mahaweli) and a report thereon submitted to the Director General every week, action had not been taken in terms of that ruling.
(b) Letter No. ටඒ/2/01/01 of 08 October 2015 of the Director General of Wildlife Conservation.	Even though generators had been introduced as a solution for preventing irregularities that may occur in issuing Form General 172 cash receipts during power failures in issuing entrance tickets by computer in National Parks, action had not been taken in accordance with the instructions introduced in respect of using them.

- (c) Letter No. PFD/04/08/01/59 of 11 Even though steps should be taken to revise December 2015 of the Director General of the royalty once in every three years as Public Finance of the Department of Public required in supplying sand near Finance Manampitiya, action had not been so taken.

2.5 Transactions not supported by Adequate Authority

Incentives of Rs.46,225, 450 had been paid in the year under review to Field Officers of the Department of Wildlife Conservation without the approval of the Director General of Establishments.

3. Financial Review

3.1 Financial Results

According to the financial statements presented, the financial result of the Fund for the year ended 31 December 2015 amounted to a surplus of Rs.942,005,927 as compared with the corresponding surplus of Rs.735,934,278 for the preceding year, thus indicating an improvement of Rs.206,071,649 in the financial result of the year under review as compared with the preceding year. The increase of the income of the Parks entrance fees by a sum of Rs.263,225,311 had mainly attributed to improve the financial result. A continuous improvement was indicated in considering the contribution of 05 preceding years.

3.2 Abnormal Increase in Expenditure

Expenditure in purchase of thunder crackers and service charges had increased by Rs.18,017,935 and Rs.31,266,478 respectively in the year 2015 as compared with the preceding year. Nevertheless, 63 lives had been lost due to animals in the year under review.

4. Operating Review

4.1 Performance

The functions of the Fund shall be

- the promotion of public interest in the protection and conservation of Wild Life;
- the maintenance, improvement and development of all areas established for the purpose of protection and conservation of Wild Life;
- the payment of rewards or awards to officers and members of the public who have done good work or shown outstanding merit or who have shown bravery in the exercise, discharge or performance of their powers, functions or duties;
- the payment of rewards or awards to persons who, in their capacity as informers or otherwise, had been directly or indirectly responsible for securing the conviction of

persons for offences committed under any written law stipulated in schedule II of the Fauna and Flora Protection Ordinance to these regulations.

The following matters were observed in the examination carried out in respect of fulfilling the above objectives.

- (a) Even though a sum of Rs.1.8 million had been estimated to fix 03 units of solar water pumps in the Yala Park with the objective of solving the water problem, it had not been implemented in the year 2015.
- (b) Even though sums of Rs.13 million and Rs.73 million had been estimated for the reconstruction of Darshana Tank and Karuwalagaswewa Tank and construction of 04 circuit bungalows respectively, they had not been implemented in the year 2015.

4.2 Management Activities

The following observations are made.

- (a) The Yala staff circuit bungalow had not been used in the year 2014 due to lack of essential goods and equipment and action had not been taken to provide necessary equipment even up to May 2016.
- (b) Action had not been taken to recover a sum of Rs.5,823,516 from the Department, paid from the Fund to obtain insurance cover for 86 motor vehicles of the Department of Wildlife Conservation.

4.3 Management Inefficiencies

The following observations are made.

- (a) Even though a sum of Rs.4,178,965 had been paid on 15 August 2014 to the Sri Lanka Army to purchase 7,500 rubber bullets with 12 bores with the objective of using them for control wild elephants, action had not been taken to obtain that stock of rubber bullets up to 11 May 2016.
- (b) The Nilgala circuit bungalow constructions of which had been completed and handed over on 30 June 2014 had not been used even up to 20 May 2016, the date of audit and the sum of Rs.3,291,392 spent for it, had become a fruitless expenditure. An income that could have been earned during that period had been deprived of to the Fund as it was not used for a period of about 02 years. Even though the lack of kitchen had been shown as the reason for not using the bungalow, a kitchen had been constructed by spending a sum of Rs.764,699 in the year 2015.
- (c) The circuit bungalow at Weewala constructed at a cost of Rs.11,727,309 had remained underutilized since 02 years due to difficulty in access and lack of permanent water supply to the bungalow.

4.4 Transactions of Contentious Nature

Contrary to the objectives of the Fund, a sum of Rs.3,025,974 had been spent for the printing of calendars and diaries in the year under review.

4.5 Idle and Underutilized Assets

Even though the Mahawewa circuit bungalow constructed in the year 2013 at a cost of Rs.14,456,219 had been opened to tourists, it had been closed down unprotectedly for a period of 02 years as the arrival of tourists was at a low level due to difficulties in access to the bungalow.

4.6 Identified Losses

Even though the cab belonging to the Elephant Control Unit, Girandurukotte had met with an accident on 06 May 2015, action had not been taken in terms of financial regulations 103 and 104 in that connection and the loss caused to the vehicle amounted to approximately Rs.300,000 from this accident.

5. Accountability and Good Governance

5.1 Action Plan

An Action Plan had not been prepared for the year under review.

5.2 Budgetary Control

Eleven Objects had been underestimated by a sum of Rs.11,092,437 in the year under review and a sum of Rs.8,878,352 had been spent, exceeding the budgeted limit of 07 Objects. Further, the budget of the Fund had been revised on 04 March 2016 thus observing that the budget had not been made use of as an effective instrument of management control.

5.3 Unresolved Audit Paragraphs

Action had not been taken even by the date of this report to settle the following matters pointed out by the audit.

- (a) Even though a sum of Rs.4,574,919 had been spent in the year 2008 for the construction of the platform for herding and unloading of elephants at the Angammedilla National Park, the buildings had remained idle.
- (b) Even though agreements had been signed in the year 2011 for the construction of Staff Quarters, Range Forest Office and the labour quarters in Mannar at a cost of Rs.8,630,360 and a mobilization advance of Rs.1,933,200 had been paid on the agreement that the work would be completed before the end of the year 2011, the work of the Project had not been commenced even by the end of the year under review.

6. Systems and Controls

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

Areas of Systems and Controls

Observations

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(a) Collection of Fines and Payment of Bonus	Action had not been taken to identify the receipt of fines properly according to the relevant years.
(b) Maintenance of Documents	Non-maintenance of computerized documents, counterfoil books and detailed schedules.
(c) Contract Administration	Contracts had not been carried out in terms of agreements.
(d) Stock Control	Stock Registers had not been properly maintained in regional offices.
(e) Issuing Entrance Tickets	Possibility of misappropriation of money in instances where entrance tickets are not issued by computer and failure in paying attention on unsatisfactory condition of the accuracy of the money received.
(f) Budgetary Control	Variances existed between the budgeted and actual income and expenditure.