

Report of the Auditor General of Department of National Zoological Gardens – Head 294 – Year 2017

The Appropriation Account and the Reconciliation Statement of the Head and subject number in the first schedule and third schedule of the Amended Appropriation Act No. 24 of 2016 as amended by the Appropriation (Amended) Act No. 32 of 2017 had been presented to the audit by Department of National Zoological Gardens. The financial and physical performance indicated from that account and reconciliation statement was audited in pursuance of provisions in Article 154 (1) of the Constitution of the Democratic Socialist Republic of Sri Lanka.

1.2 Responsibility of the Chief Accounting Officer and Accounting Officer for the Financial Management and Accountability

As per Financial Regulation 124 of Financial Regulations of the Democratic Socialist Republic of Sri Lanka, the Minister of Finance is charged with the raising of Revenue and the collection of other Government monies as well as with the general oversight of the supervision of all the financial operations of government. The Chief Financial Officers have been appointed for performing those duties as per Financial Regulation 124(2). In accordance with the Financial Regulation 125(1) (a), the Head of Department is the Accounting Officer in respect of all the financial transactions of his department and Revenue Accounting Officer is appointed by the Treasury. This responsibility includes the maintenance of accounts and the Reconciliation Statements that presented by performing own duties within the limits imposed by the Parliament in accordance with the provisions in Articles 148,149,150 and 152 of the Constitution of the Democratic Socialist Republic of Sri Lanka, other Statutory Provisions, Government Financial regulations and Administrative Regulations, preparation and planning, implementation and maintenance of internal controls in relation to present fairly.

1.3 Scope of Audit

The audit of planning in respect of financial and physical performance, management of public income, public expenditure, human and physical resources, using of internal control provisions, compliance with laws, rules and regulations and maintenance of books, documents, reports and reconciliation statements by updating, preparation and presentation of accounts timely, issuing performance reports based on performance indicators to the related parties of the Head 294 – Department of National Zoological Gardens for the year ended 31 December 2017 was carried out in pursuance of provisions of Article 154 (1) of the Constitution of the Democratic Socialist Republic of Sri Lanka. The Management Audit Report for the year under review had been issued to the Director General of the Department on 31 July 2018. The audit observations, comments and findings were based on a review of the plans, accounts, reconciliations and performance reports presented to audit and substantive tests of samples of transactions. That review and the

scope and extent of tests were such as to enable as wide audit coverage as possible within the limitations of staff, other resources and time available to me.

1.4 Audit Observation

Audit observations revealed at the audit carried out of Department of National Zoological Gardens for the year ended 31 December 2017 had been stated in detail in the Management Audit Report mentioned in the above 1.3 paragraph. Material and significant audit observations had been mentioned in the paragraph 2.1 to paragraph 2.11 of this report out of those observations. Except for the audit observations that revealed when performing the provisions of Financial Regulations 128 of Financial Regulations of the Democratic Socialist Republic of Sri Lanka so as to confirm the sufficiency of financial administration stated in the following note by summarizing, it was observed that the own accountability as the Chief Financial Officer had been accomplished in satisfactorily.

Accountability of Accounting Officer as per Financial Regulation 128(1)	Non-compliance of those provisions by Accounting Officer	Paragraph Reference to the report included the observation
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128 (1) (a)	The work of his department is planned and carried out with due dispatch, having regard to the policy laid down by the Government and the intentions of Parliament in granting him financial provision for the activities authorized, and that an endeavour is made to complete the programme of work laid down for the year and/or to attain the targets specified.	<ul style="list-style-type: none"> 1. An Action Plan had not been prepared correctly. 2.1.1 2. Procurements had not been planned sufficiently. 2.2.1 3. Readiness for achieving sustainable development goals. 2.1.2(c) 4. Overprovision 5. Trainings for staff had not been planned. 2.7 2.11(a)
128(1)(d)	The Financial Regulations and other supplementary instructions of the Government are adhered to in his department, and that they are supplemented by departmental instructions, where necessary.	<ul style="list-style-type: none"> 1. Non-maintenance of documents and books 2.9 2. Non-compliances 2.10

128 (1) (e)	Adequate and proper arrangements are made for the safe custody and preservation of money, stores, equipment and other assets belonging to the Government, or is in its custody and that these are verified from time to time; and, where they are disposed of, such disposal is according to prescribed Regulations and instructions.	<ol style="list-style-type: none"> 1. Deficiencies in conducting Board of Survey 2. Deficiencies in documentation of assets 	2.3(b) 2.3(a)
128(1)(f)	Such information, statements and returns as are called for by the Chief Accounting Officer or the Treasury, are rendered correctly and promptly.	Submission of Annual Performance Report being late.	2.1.3
128 (1) (h)	Special arrangements are made to recover outstanding dues and that the officers assigned that task report to him at least once a quarter or as otherwise directed regarding arrears and action pursued to expedite their recovery	Non-recovery of loan balances outstanding in Advance to public officers account	2.8
128 (1) (i)	The activities of his department are undertaken with due regard to economy, efficiency, propriety and integrity expected in the transaction of public business.	<ol style="list-style-type: none"> 1. Irregular transactions 2. Non-performing of activities mentioned in the Action Plan 3. Delays in execution of projects 4. Deficiencies in implementing procurement process 	2.5 2.2.1 2.1.2(b) 2.2.2
128(1)(j)	Any expenditure or commitment incurred, falls within the scope and limits of his Votes or other authorized financial provision, and covered by adequate authority.	01. Make into obligations exceeding the limit of provisions	2.4

128(1)(m) An Appropriation Account is rendered to the Chief Accounting Officer at the end of the financial year in respect of each Programme of a Head of Expenditure for which he is responsible as Accounting Officer

Deficiencies in 2.9(a)
Appropriation Account

2. Material and Significant Audit Observations

2.1 Performance

2.1.1 Planning

The Action Plan for the year 2017 had not been prepared as per Public Finance Circular No. 01/2014 dated on 17 February 2014. Accordingly, there were 05 main activities that should be implemented by the Department in the year under review. Although it was provisioned Rs. 508.7 million for the activities such as reproduction and conservation of animals, welfare of animals, exhibition and entertainment according to the Action Plan prepared for obtaining expected results from the institutions established under the Department and Welfare and Development fund, the main activities such as education and research had not been included in it.

2.1.2 Non-performing of Activities

Following observations were made.

(a) Non-performing of Activities Included in the Action Plan

The provision of Rs. 7 million and Rs. 0.80 million had been made respectively for the erection of electric fences for Asian Zonal and Bengal Tiger Zone in Ridiyagama safari park. However, those activities had not been implemented in the year under review.

(b) Delays in Executing Projects

The provision of Rs. 72.97 million and Rs. 34.81 million respectively had been made for the 02 projects of construction of Dehiwala veterinary hospital and renovation of pond in Pinnawala Elephant Orphanage. Although these activities should be completed on 26 June 2018 and 09 December 2017 respectively, it had not been completed even by 15 July 2018.

(c) Readiness for Achieving Sustainable Goals and Targets

The Department had identified 05 sustainable goals and 09 targets.

Following observations are made in this regard.

- (i) Although the Department had identified sustainable goals and targets, the interested parties in this regard had not been identified correctly. As a result of that, any awareness program on these goals and targets had not been done by the Department.
- (ii) When preparing the Action Plan of the year under review, the provision had not been made so as to achieve these goals.

2.1.3 Annual Performance Report

Although the performance report of the year under review should be table in the parliament by the Department within 150 days ending the financial year as per Public Finance Circular No. 402 on 12 September 2002 that report had been tabled in the parliament even by 15 July 2018.

2.2 Obtaining Supplies and Services through Procurement Process

2.2.1 Procurement Planning

The provision of Rs. 77.94 million had been made to the Department for implementing supplies and services through procurement process during the year under review and, Rs. 59.26 out of it had been utilized. The following observations are made on procurement plans that should be prepared regarding the provisions made.

(a) Procurement Planning and Preliminary Stage

When procurement planning, summary of procurement package, documents required to obtain special approval available for the identified procurement had not been prepared and even the preliminary procurement plan had not been prepared.

(b) Pre Contract Stage

The detailed procurement plans for consultancy services and work, goods and services had not been prepared and, even the documents such as each contract package and procurement time schedule had not been prepared.

(c) Post Contract (Contract Administration) Stage

The procurement administration plan and cash outflows plan connected with that had not been prepared.

2.2.2 Implementation of Procurement Process

Following observations are made.

(a) Constructions of Road No. 8 of Dehiwala Zoological Garden

- (i) Although it was important to prepare the most realistic cost estimates and Bill of Quantities (BOQ) for achieving thrift, efficiency, effectiveness as procurement objectives, the project had been completed without implementing activities such as Meer Kat Ferrer & Enclosure, Bird Enclosure, Summer Hut amounted to Rs. 13,792,486 out of the main activities within its estimated amount of Rs. 45,354,486 when preparing these estimates.
 - (ii) As per Guideline 4.3(c) of Procurement Guideline, although it was able to allocate money subject to the maximum upto 10 per cent for physical emergency requirements, that amount should be attached to the cost related to the changes and variances occurred in the activities mentioned in the approved Bill of Quantities (BOQ). However, constructions had been done by costing under the sum of Rs. 1,198,829 of work uncertainties and additional works beyond the project.
 - (iii) Although an observation gallery had been constructed near Water Park from the expense of Rs. 182,088 as additional work of the Road No. 8 Project, the observation gallery had not been constructed so as to view the water park properly. Further, it was observed in audit at the physical inspection that water was polluted as the disposal of unclean water to that water park and accordingly it was observed that the constructions of the observation gallery was not productive.
- (b) Calling Bids for Renting Out a building with the Extent of 10,000 square feet for the Head Office of the Department
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The key evaluation criteria were the access road and ability of parking 10 vehicles and, the bid had been awarded to the bidder who was not fulfilled it in contrary to the Guideline 7.8.4(e) of Government Procurement Guideline.

2.3 Asset management

Following deficiencies were observed at the sample audit test conducted in respect of the assets of the Department.

(a). Documentation of Assets

As per the Asset Management Circular No. 01/2017 dated on 28 June 2017, information regarding assets such as vehicles, plant and machineries, constructions, buildings, lands and office equipment and furniture had not been submitted to the Office of the Comptroller General under Ministry of Finance and Mass Media.

(b). Conducting Annual Board of Survey

Following observations are made.

- (i) Although those reports should be submitted to the Auditor General before 30 June 2018 as per Paragraph 3.1.6 of the Circular by conducting a Board of Survey for the year 2017 as per Public Finance Circular No. 05/2016 dated on 31 March 2016, a Board of Survey had not been conducted for the Security Section of Pinnawala Elephant Orphanage and the library of Waagolla New Zoological Garden.
- (ii) As per recommendations shown from the reports of the Board of Survey related to year 2017, old scrapped materials prevailed from many years in the stores of Pinnawala Elephant Orphanage and library of Dehiwlaa Zoological Garden had been stored without disposing.

2.4 Commitments and Liabilities

Incurring Commitments Exceeding Annual Budget Limit

The commitments of Rs. 8.82 million had been incurred by exceeding the savings of Rs. 0.19 million from the provisions of Rs. 13.14 million made for 06 expense objects in compliance with Paragraph 02 (a) of State Accounts Circular No. 288/2017 on 27 April 2017.

2.5 Irregular Transactions

Some transactions entered into by the Department were irregular. Such incidents observed were as follows.

- (a) Although two officers should certify the expenses for the payment from Deposit Account, it had been paid for 06 vouchers amounted to Rs. 2,924,314 by certifying expenses by only one officer.
- (b) It was paid for 02 vouchers amounted to sum of Rs. 1,158,062 without approving.

2.6 Unsolved Audit Paragraphs

The reference to the paragraphs that had not been corrected by the Department in relation to the deficiencies shown from audit paragraphs that included in reports of Auditor General in year 2016 regarding the Department are as follows.

Reference of Auditor General Report ----- Paragraph Number -----	Referred Subject -----
3.10 (i)	Not vesting Pinnawala and Waagolla lands.
3.10 (ii)	Not vesting 08 blocks of lands of 79 acres 01 roods 27 perches in extent

2.7 Utilization of Provisions made by Parliament for the Performing of Functions

The details of provisions made, utilization and savings and audit observations on them for the period of 05 years ending for 31 December 2017 as follows.

Year	Expenditure Category	Net Provision ----- Rs. Million	Utilization ----- Rs. Million	Savings ----- Rs. Million	Savings as a percentage of Net Provision -----
2013	Recurrent	172.20	172.08	0.12	0.07
	Capital	647.03	351.42	295.61	45.69
	Total	819.23	523.50	295.73	36.10
2014	Recurrent	221.75	219.10	2.65	1.19
	Capital	516.98	163.31	353.67	68.41
	Total	738.73	383.31	355.42	48.11
2015	Recurrent	299.78	299.08	0.70	0.23
	Capital	596.65	564.15	32.50	5.45
	Total	896.43	863.23	33.20	3.70
2016	Recurrent	345.21	344.21	1.00	0.29
	Capital	539.70	453.40	86.30	15.99
	Total	884.91	797.61	87.30	9.86
2017	Recurrent	379.16	375.90	3.26	0.86
	Capital	508.70	451.87	56.83	11.17
	Total	887.86	827.77	60.09	6.76

Overprovisions Made

As the overprovision had been made for 04 expenditure objects in the year under review, the savings after utilizing those provisions had been in range of 14 per cent to 54 per cent from that net provision.

2.8 Advances to Public Officers Account

Limits Authorized by Parliament

The limits authorized by Parliament for the Advances to Public Officers Account of the Department under Item No. 29401 and the actual amounts are given below.

Expenditure		Receipts		Debit Balance	
Maximum Limit	Actual	Minimum Limit	Actual	Maximum Limit	Actual
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Rs. Million	Rs. Million	Rs. Million	Rs. Million	Rs. Million	Rs. Million
30	29.86	14	15.37	90	61.83

(b) Non-recovery of Outstanding Loan Balances

According to the Reconciliation Statement presented to the audit, the sum of the balances that remained outstanding as at that date was Rs. 2,426,092 except the loan balances of officers who transferred out and those outstanding balances had continued to exist over periods ranging from 01 year to 05 years. Even though, the follow-up action on the recovery of the outstanding balances had been at a weak condition.

2.9 Non-maintenance of Registers and Books

Following registers had not been maintained by the Department and, it was observed at the sample audit tests that some registers were not maintained properly and updated.

Register Category -----	Relevant Regulation -----	Observation -----
(a) Official Telephone Register	26 Appendix as per Financial Regulation 845(1)	Not maintained.
(b) Security Register	Financial Regulation 891(1)	Not maintained.
(c) Register on Electrical Equipment	Financial Regulation 454(2)	Not maintained.
(d) Register of Counterfoil Books	G.A.N. 20 format as per provisions of Financial Regulation 341	Not maintained.
(e) Fuel and Lubricant Oil Stock Book	Financial Regulation 1647(d)	Not maintained.
(f) Attendance Registers of procurement Committees and Technical Evaluation Committees	2.11.2 of Government Procurement Guideline	Not maintained.
(g) Inventory Register and Inventory Books	Financial Regulation 751 and Financial Regulation 763	Not maintained.
(h) Fixed Asset Registers on Computers, Accessories and Software	Treasury Circular No. IAI/2002/02 dated 28 November 2002	Not maintained by updating.
(i) Personal Emoluments Register	Financial Regulation 453	Not maintained by updating.
(j) Vehicle Log Books	General 267 Format as per provision of Financial Regulation 1645(a)	Not maintained by updating.

2.10 Non Compliances

Non-compliances of Laws, Rules and Regulations

Although all receipts should be credited to the Consolidated Fund according to the general letter in Public Finance Department No. PND/04/08/01/59 dated on 11 December 2015, an amount of Rs. 976.20 millions received from national zoological gardens in the year 2017 had been credited to the Welfare and Development Fund.

2.11 Human Resource Management

Assigned Cadre, Actual Cadre and Expenditure on Personal Emoluments

Approved, actual and vacant cadre details as at 31 December 2017 for the performing functions of the Department are as follows. The Department had spent Rs. 217.02 million for the expenditure object of personal emoluments for the year under review. Accordingly, the expenditure per one personnel was Rs. 0.31 million.

	Employee Category	Approved Cadre	Actual Cadre	Number of vacancies
(i)	Senior level	29	24	05
(ii)	Tertiary level	02	01	01
(iii)	Secondary	230	166	64
(iv)	Primary level	621	504	117
	Total	<u>882</u>	<u>695</u>	<u>187</u>

Following observations are made in this regard.

(a) Human Resources Released to Other Parties

A driver had been released by the Department to the Ministry of Sustainable Development, Wildlife and Regional Development since year 2016.

(b) Training of Cadre

Any training had not been given for 641 officers owned to primary, secondary and executive grades as not planning the training activities within the year under review.