

## **Head 322 - Report of the Auditor General of the Department of National Botanical Gardens – Year 2017**

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The Appropriation Account and a Reconciliation Statement under Head and Item Number stated in the First Schedule and Third Schedule of the Appropriation Act No. 24 of 2016 as amended by the Appropriation (Amendment) Act No.32 of 2017 and a Revenue Account relating to the revenue codes included in the table 3.1.2 of the Annual Budget Estimates were presented to audit by the Department of National Botanical Gardens. The financial and physical performance reflected from those accounts and the reconciliation statements were audited in terms of Article 154(1) of the Constitution of the Democratic Socialist Republic of Sri Lanka.

### **1.2 Responsibility on the Financial Management and Accountability of the Chief Accounting Officer, Accounting Officer and the Revenue Accounting Officer**

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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 all the financial operations of Government in terms of Financial Regulation 124. The Minister of Finance appoints the Chief Accounting Officers to discharge above responsibility in terms of Financial Regulation 124(2). The Head of the Department will be the Accounting Officer in respect of all financial transactions of his Department in terms of Financial Regulation 125(1)(a) and the Revenue Accounting Officer has been appointed by the Treasury. This responsibility includes designing, implementing and maintaining internal controls relevant to the maintenance, preparation and fair presentation of Accounts and Reconciliation Statements presented within the limitations imposed by Parliament in accordance with the provisions in Article 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.

### **1.3 Scope of Audit**

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The audit of Department of National Botanical Gardens – Head 322 for the year ended 31 December 2017 was carried out in pursuance of provisions in Article 154(1) of the Constitution of the Democratic Socialist Republic of Sri Lanka in respect of designing of financial and physical performance, Government expenditure, Government revenue, management of human and physical resources applying of internal control systems, compliance with laws, rules and regulations and maintenance of updated books, registers, records and reconciliation statements, preparation and presentation of accounts in timely manner, issuance of performance reports to respective parties based on the performance indicators. The Management Audit Report for the year under review was issued to the Director General of the Department on 30 May 2018. The audit observations, comments and findings on the accounts and the reconciliation statements were based on a review of the plans, accounts, reconciliation statements and performance reports presented to audit and tests of samples of transactions. The scope and extent of such review and tests were such as to enable as wide an audit coverage as possible within the limitations of staff, other resources and time available to me.

#### 1.4 Audit Observation

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The audit observations of the Department of National Botanical Gardens for the year ended 31 December 2017 revealed in audit appear in Management Audit Report mentioned in paragraph 1.3 above. The material and significant audit observations out of the audit observations included in the Management Audit Report appear in paragraph 2.1 to 2.10 of this report. It was observed that the accountability as the Accounting Officer has been executed, to ensure the adequacy of the financial control satisfactorily subjected to the following summarized audit observations revealed in the execution of the provisions of the Financial Regulations 128 of the Democratic Socialist Republic of Sri Lanka.

<b>Accountability of the Accounting Officer in terms of Financial Regulation 128</b>	<b>Non-compliance with that Provision by the Accounting Officer</b>	<b>Reference to the Paragraph included Observation</b>
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Financial Regulation		
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128(1)(a)	The work of his Department is planned and carried out with due despatch, 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.	<ol style="list-style-type: none"> <li>1. Not achieved expected output level. 2.1</li> <li>2. Non-preparation of a plan for the residential training programmes in “Meegalawa Haritha Piyasa” Training Centre. 2.3.1 (b)</li> <li>3. Not planned for staff training. 2.10 (b)</li> </ol>
128 (1)(c)	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.	<ol style="list-style-type: none"> <li>1. Deploying labourers in work without a proper approval. 2.10 (a)</li> </ol>
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	<ol style="list-style-type: none"> <li>1. Under-utilisation of the two storied building in the Ganewatta Medicinal Garden. 2.3.1 (a)</li> <li>2. Idle or Under-utilized Assets. 2.3.2</li> </ol>

	such disposal is according to prescribed Regulations and instructions.		
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 money.	1. Failure to recover outstanding loan balances.	2.9
128(1)(i)	The activities of his Department are under taken with due regard to economy, efficiency propriety and intergrity expected in the transaction of public business.	1. Non-completion of work of the Orchid Plant House. 2. Financial loss of Rs.526,500 in leasing out the canteen of the Hakgala Botanical Garden. 3. Purchasing of 100 Security Net Rolls for Rs.960,000 and non-utilisation of those. 4. Decrease of Golf Car Revenue	2.2 (a) 2.2 (b) 2.5 2.6(a)
128(1)(j)	Any expenditure or Commitment incurred, falls within the scope and limits of his votes or other authorised financial provision and is covered by adequate authority.	1. Committed liabilities exceeding the provisions. 2. Made excess provisions	2.4 (a) 2.7
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.	1. Non-disclosure of liabilities.	2.4 (b)

128(2)(i)	Rates and charges etc. are reviewed and that due action is taken to revise them from time to time, where necessary, having regard to changes in economic and other circumstances.	1. Losses incurred due to non-application of revised prices in sale of plants.	2.6(c)
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**2. Material and Significant Audit Observations**

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**2.1 Performance**

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**Expected Output Level not Achieved**

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The “Meegalawa Haritha Piyasa” Training Centre was established in the year 2008 as a training centre for maintenance of medicinal plants and trees and to produce and distribute plants. Even though, a period about 8 ½ years had elapsed from the establishment of the centre, no training programme whatsoever had been conducted even by the end of the year 2016. In the year 2017 one training programme on floriculture had been conducted one each per month.

**2.2 Obtaining Supplies and Services through Procurement Procedure**

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The following observations are made.

- (a) A project for construction of an Orchid Plant House had been commenced in the year 2015 as per a proposal presented in the year 2013 at an estimated cost of Rs.15.85 million with an objective to increase the attraction of the viewers in the Gampaha Botanical Gardens in the year 2013. The project had not been completed even by 09 October 2017.
- (b) The new canteen constructed in the Hakgala Botanical Gardens by incurring a sum of Rs.2.39 million in the year 2016 had been leased out by the Staff Welfare Society. Inviting tenders as well as the selection of the suitable tenderer had been carried out by the Society. The tenders submitted as Rs.802,500 and Rs.625,750 had been rejected by stating that those were not complied with the Constitution of the Welfare Society and the tender had been awarded to the tenderer who offered the tender amounting to Rs.276,000. In view of the maximum price offered, it was observed that a financial loss of Rs.526,500 had been incurred in awarding the tender.

## 2.3 Assets Management

### 2.3.1 Non-utilisation of Assets of the Government with Maximum Efficiency

The following observations are made in this connection.

- (a) A two storied lecture hall building had been constructed for Ganewatta, Medicinal Garden by incurring Rs.23,397,342 in the year 2016. Six training sessions only had been conducted during the period of first 08 months of the year under review. Therefore, this two storied building had not been utilized maximizly for the execution of the role of the Department.
- (b) A hostel had been constructed in the Meegalawa Haritha Piyasa Training Centre for conducting residential training courses in the year 2017 by incurring a sum of Rs.7,418,000. Household items and equipment as well had been purchased in May 2017 by incurring Rs.700,525. But a plan in respect of conducting residential training courses had not been prepared.

### 2.3.2 Idle and Under-utilized Assets

It was observed during the course of audit test checks that certain assets categorized below had been either idle or underutilized.

Category of Assets	Number of Units	Value	Idle Period
(i) Motor Vehicles	04	Could not be identified.	02 months to 01 Year
(ii) Buildings	01	7,418,000	01 Year
(iii) House hold items	-	700,525	08 months

## 2.4 Commitments and Liabilities

The following observations are made.

### (a) Commitments made exceeding Annual Budget Limit

The commitments of Rs.4.8 million had been made exceeding the provisions of Rs.76.8 million made for 09 Objects without complying the provisions of Paragraph 02 (a) of the Public Accounts Circular No.255/2017 dated 27 April 2017.

**(b) Non-disclosure of Liabilities**  
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The liabilities amounting to Rs.413,805 relating to the year under review had been paid in 15 instances during the first quarter of the year 2018. Nevertheless, those liabilities had not been stated in the Statement of Liabilities in the Appropriation Account presented to audit for the year under review.

**2.5 Uneconomic Transactions**  
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One hundred security net rolls purchased at Rs.960,660 in the year 2016 for the construction of a security fence around the garden had been kept in the premises of the garden without being utilized even by 16 March 2018, the date of audit.

**2.6 Management Weaknesses**  
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The following observations are made.

- (a) Two Golf Cars with 03 seats and 02 Golf Cars with 07 seats belonging to the Hakgala Gardens had remained even by 10 October 2017, the date of audit. In a comparison of the monthly revenue obtained from running of the Golf Cars upto September 2017 with the revenue of the respective months of the previous year, it was observed that the revenue earned for each month of the year under review had decreased in the ranges from 34 per cent to 82 per cent.
- (b) The attention of the management had not been paid for the activities such as to identify the medicinal plant varieties for the school children, ayurvedic medical students and explorers coming for various studies and to labeling the plants correctly to facilitate studies, making descriptive boards, preparation of plant models in the herbarium, making arrangements to exhibit parts of the plants conserved in aqueous media and to exhibit dry medicinal parts of the medicinal plants and collection of pictures to view medicinal plants through photographs which could not be grown within the Ganewatta Medicinal Garden.
- (c) Even though, a price revision was made relating to the plant sales from 01 January 2017, a revenue of Rs.12,380 had been deprived from the plant sales from 01 January to 01 August 2017 due to implementation of the Meegalawa Haritha Piyasa Training Centre from 01 August 2017.

**2.7 Utilisation of Provisions authorized by Parliament to Perform Activities**  
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The particulars relating to the provisions made for the Department during 05 years ended 31 December 2017, utilisation and savings and the audit observations thereon are given below.

<b>Year</b>	<b>Category of Expenditure</b>	<b>Net Provision</b>	<b>Utilisation</b>	<b>Savings</b>	<b>Savings as a Percentage of Net Provision</b>
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		Rs.Millions	Rs.Millions	Rs.Millions	
2013	Recurrent	226.95	208.29	18.66	8.22
	Capital	598.15	424.44	173.71	29.04
	Total	825.10	632.73	192.37	23.31
2014	Recurrent	236.54	236.46	0.08	0.03
	Capital	425.30	419.55	5.75	1.35
	Total	661.84	656.01	5.83	0.88
2015	Recurrent	337.21	332.79	4.42	1.31
	Capital	369.30	349.22	20.08	5.44
	Total	706.51	682.01	24.50	3.47
2016	Recurrent	349.52	348.72	0.80	0.23
	Capital	287.80	285.92	1.88	0.65
	Total	637.32	634.64	2.68	0.42
2017	Recurrent	364.69	358.28	6.41	1.76
	Capital	300.05	297.56	2.49	0.83
	Total	664.74	655.84	8.90	1.34

The following observation is made in this connection.

#### **Excess Provisions made**

Excess provisions had been made for 02 Capital Objects in the year under review and as such the savings after the utilisation of provisions had been 10 per cent and 21 per cent of the net provisions.

#### **2.8 Estimated Revenue and Actual Revenue**

Revenue amounting to Rs.900 million had been estimated by the Department for the Revenue Code 20.03.02.19 for the year 2017 and the revenue amounting to Rs.791 million had been collected in the year under review. That was 88 per cent of the estimated revenue.

## 2.9 Advances to Public Officers Account

### Limits Authorized by Parliament

The limits authorized by Parliament for the Advances to Public Officers Account, Item No.32201 of the Department, and the actual amounts are given below.

Expenditure		Receipts		Debit Balance	
Maximum Limit	Actual	Minimum Limit	Actual	Maximum Limit	Actual
Rs.Millions	Rs.Millions	Rs.Millions	Rs.Millions	Rs.Millions	Rs.Millions
29.00	29.00	17.50	18.80	83.00	68.86

The following observation is made in this connection.

According to the Reconciliation Statement presented to audit, the balances that remained outstanding as at that date, except the loan balances of the officers transferred out, totalled Rs.675,596. Even though, those outstanding balances remained over periods ranging from 01 year to 05 years, the Department had failed to recover those outstanding loan balances even by the end of the year under review.

## 2.10 Human Resources Management

The particulars relating to the Approved Cadre, Actual Cadre and the Vacancies as at 31 December 2017 are given below. The Department had incurred a sum of Rs.294 million for the personal emoluments for the year under review. Accordingly, the per capita expenditure had been Rs.467,118.

	Category of Employees	Approved Cadre	Actual Cadre	Number of Vacancies
(i)	Senior Level	34	16	18
(ii)	Secondary Level	189	130	59
(iii)	Tertiary Level	10	04	06
(iv)	Primary Level	741	480	261
	<b>Total</b>	<b>974</b>	<b>630</b>	<b>344</b>



The following observations are made in this connection.

(a) Deploying Labourers in the Service without Proper Approval

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The employees had been recruited on adhoc basis for the daily works of the Gardens without an approval of the Department of Management Services and a sum of Rs.14 million had been paid from Botanical Gardens Trust Fund in the year under review.

(b) Training of Staff

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As there is a requirement to train staff regularly, the training requirements relating to each post and the subject should be identified. Nevertheless, the training programmes had not been planned and implemented to meet that requirement.