

Head 284 – Department of Wildlife Conservation

1. **Financial Statements**

1.1 **Qualified Opinion**

The audit of the financial statements of the Department of Wildlife Conservation for the year ended 31 December 2018 comprising the statements of financial position as at 31 December 2018 and statements of financial performance and cash flow statement for the year then ended was carried out under my direction in pursuance of provisions in Article 154(1) of the Constitution of the Democratic Socialist Republic of Sri Lanka read in conjunction with provisions of the National Audit Act, No. 19 of 2018. In terms of Sub-section 11(1) of the National Audit Act, No. 19 of 2018, the summary report including my comments and observations on the financial statements of the Department of Wildlife Conservation was issued to the Accounting Officer on 30 May 2019. In terms of Sub-section 11(2) of the National Audit Act, the Annual Detailed Management Audit Report relating to the Department was issued on 30 May 2019 to the Accounting Officer. This report which should be read in conjunction with Article 154(6) of the Constitution of the Democratic Socialist Republic of Sri Lanka is submitted to Parliament in terms of Section 10 of the National Audit Act, No. 19 of 2018.

In my opinion, except for the effects of the matters described in paragraph 1.6 of this report, the financial statements give a true and fair view of the financial position of the Department of Wildlife Conservation as at 31 December 2018, and of its financial performance and cash flows for the year then ended in accordance with Generally Accepted Accounting Principles.

1.2 **Basis for Qualified Opinion**

I conducted my audit in accordance with Sri Lanka Auditing Standards (SLAuSs). My responsibilities, under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified pinion.

1.3 Responsibility of the Chief Accounting Officer and the Accounting Officer for the Financial Statements

The Chief Accounting Officer and the Accounting Officer are responsible for the preparation of financial statements that give a true and fair view in accordance with Generally Accepted Accounting Principles and in terms of Section 38 of the National Audit Act, No.19 of 2018 and for such internal control as the Chief Accounting Officer and the Accounting Officer determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. As per Sub-section 16(1) of the National Audit Act, No.19 of 2018, the Department is required to maintain proper books and records of all its income, expenditure, assets and liabilities, to enable annual and periodic financial statements to be prepared of the Department.

In terms of Sub-section 38(1) (c) of the National Audit Act, the Chief Accounting Officer and the Accounting Officer shall ensure that an effective internal control system for the financial control exists in the Department and carry out periodic reviews to monitor the effectiveness of such system and accordingly make any alterations as required for such systems to be effectively carry out.

1.4 Auditor's Responsibility for the Financial Statements

My objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's summary report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Sri Lanka Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of on audit in accordance with Sri Lanka Auditing Standards, I exercise professional judgment and maintain professional scepticism throughout the audit. I also,

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Department's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with the Accounting Officer regarding, among other matters, significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

1.5 Report on Other Legal Requirements

As required by Sub-section 6 (d) of the National Audit Act, No.19 of 2018, I state the followings.

- (a) As there was no requirement of preparation of financial statements by the Department for the preceding year, I could not state that the financial statements of the year under review are consistent with the preceding year.
- (b) As there was no requirement of preparation of financial statements by the Wildlife Conservation Department for the preceding year, reconciliations on financial statements had not been made by the Department.

1.6 Comments on Financial Statements

1.6.1 Non compliance with the circulars provisions

Even though the financial statements should have been prepared in accordance with the state Accounts Circular No.267/2018 dated 21 November 2018, Exceptions are as follows.

Audit Observation	Recommendation	Comments of the Accounting Officer
----- A value of Rs.308,032,299 of Physical Assets had been acquired by the Department during the year under review had not been included in the statement of non Financial Assets.	----- Purchases during the year should be included in the statement of non Financial Assets.	----- Balances of Fixed Assets relevant to the Department had not been reconciled with the balances of Cigas soft ware.

1.6.2 Statements of Financial Performance

The following observations are made.

Audit Observation	Recommendation	Comments of Accounting Officer
(a) Even though the other receipts amounting to Rs.496,665,961 had been shown in the Statements of Financial Performance. According to the information furnished to the audit. It was amounting to Rs.77,270,068.	The books of the Department should be compared monthly with the Treasury books.	Take actions to correct.
(b) A value of Rs.471,472 of Treasury remittance and payments of income amounting to Rs.237,802,027 had not been included in the statement of Financial Performance.	The books of the Department should be compared monthly with the Treasury books.	Take actions to correct.
(c) Even though the imprest of the Treasury amounting to Rs.542,624,000 in accordance with the Statements of Financial Performance, it had been an amount of Rs.552,759,418 according to the monthly summaries.	The books of the Department should be compared monthly with the Treasury books.	Relevant to the items of the year 2017 and done in the year 2018.

1.6.3 Cash flow Statements

The following observations are made.

Audit Observation	Recommendation	Comments of Accounting Officer
(a) Even though the cash flow generated from operational activities amounting to Rs.3,859,830,467. According to the monthly summaries and other information it had been an amount of Rs.3,935,862,072.	Should be take actions to compare monthly the books of the Department and summaries of accounts with the Treasury books.	Considering the actual total cash receipts.

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|-----|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------|
| (b) | An expenditure for operational activities, had been included in the cash flow statement as an amount of Rs.2,772,770,802 and it had been an amount of Rs.3,607,198,585 according to the monthly summaries and other information. | Should be take actions to compare monthly books of the Department and summaries of accounts with the Treasury books. | Detailed adjustments had been made and correct the changes and adjust the cash flow statement. |
| (c) | Even though it was stated that there were no cash flows generated from investment activities reimbursement of advances had been an amount of Rs.55,792,855 according to the monthly accounts summaries and other information. | Should be take actions to compare monthly books of the Department and summaries of accounts with the Treasury books. | Detailed adjustments had been made and correct the changes and adjust the cash flow statement. |
| (d) | The total cash flow had been expended for investment activities amounting to Rs.17,167,390. It had been an amount of Rs.384,581,760 according to the monthly accounts summaries and other information. | Should be take actions to compare monthly books of the Department and summaries of accounts with the Treasury books. | Detailed adjustments had been made and correct the changes and adjust the cash flow statement. |
| (e) | Even though the changes of deposit accounts and other liabilities had been shown as Rs.1,069,892,276. Any such amount had not been generated from financial activities. | Should be take actions to compare monthly books of the Department and summaries of accounts with the Treasury books. | Detailed adjustments had been made and correct the changes and adjust the cash flow statement. |
| (f) | It had been mentioned that there were no opening balance of cash and closing balance of cash. There had been a balance of Rs.135,418 as at the date of 01 January 2018. | Should be take actions to compare monthly books of the Department and summaries of accounts with the Treasury books. | Detailed adjustments had been made and correct the changes and adjust the cash flow statement. |

1.6.4 Deposits

The following observations are made.

Audit Observation	Recommendation	Views of the Accounting Officer
----- A value of Rs.107,352,613 of retention relating to the building contracts of year 2011 to year 2016 had not been settled.	----- Should be take actions to settle.	----- Should be recover from the contracts which were defects.

1.6.5 Non – compliance with Laws, Rules and Regulations

Instance of non-compliance with Laws, Rules and Regulations were observed during the course of audit test checks are analyzed below.

Observation	Recommendation	Views of the Accounting Officer
----- Reference to Laws, Rules, Regulations etc.	----- Value	----- Non-compliance
----- (a) Section 4.5 and 4.6 of paragraph xxiv of the Establishment Code of Democratic Socialist Republic of Sri Lanka	----- 3,702,788	----- Actions had not been taken to recover loans from 60 officers who were retired vacated of post, died and interdicted.
		----- Should be take actions to recover cash receivable.
		----- No answers have been submitted.

(b)	Financial Regulations of the Democratic Socialist Republic of Sri Lanka	412,656	59 No. of cheques remain un cashed for more than six months from the date of issue had been left in the General Deposits Account.	Should be take actions in accordance with the Financial Regulations.	Take actions to credit to the government revenue.
(i)	Financial Regulations 396(d)				
(ii)	Financial Regulations 571(3)	745,419	It was observed that 40 instances of unclaimed salaries and bonuses and 94 instances of which had not been settled within 2 years completion of the project.	Should be take actions in accordance with the Financial Regulations.	Take actions to credit to the government revenue.
(b)	Public Administration Circular No.30/2016 dated 26 December 2016.	-	Testing of fuel had not been done relating to the 22 No. of vehicles owned to the Department.	Testing of fuel should be done.	Planning to do from the month of June 2019.

1.6.6 Irregular Transactions

The following observations are made.

Audit Observation	Recommendation	Views of the Accounting Officer
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Due to the recommending for soil cutting in the reservation of Elephant Management. An area of 18 acres had been excavated in depth of 15 meters and the lives of wild animals had made unsecure because of that reason.	Should be apply conditions and monitor them to minimize the situations to be harmful to wild animals.	Answers had not been submitted.

1.6.7 Transactions in the form of fraud

The following observations are made.

Audit Observation	Recommendation	Views of the Accounting Officer
----- An extra No. of 15,690 fuel liters of kerosene oil had been used within two years to sail ketches in the Senanayake Samudraya and value of its amounting to Rs.1,035,540.	----- The consumption of fuel should be check once in every six months by running before the staff officer.	----- No answers have been submitted.

2. Financial Review

2.1 Management of Expenditure

The following observations are made.

Audit Observation	Recommendation	Views of the Accounting Officer
----- Due to the over provision had been made for 8 No. of votes the savings had been a range of 40 percent to 80 percent out of the net provision, after utilizing those provisions.	----- Estimate should be prepare accurately in terms of Financial Regulations 50.	----- Provisions had been remained due to the relevant approval had not been given.

3 Operational Review

3.1 Activities not Executed

The following observations are made.

Audit Observation	Recommendation	Views of the Accounting Officer
----- 29 No. of activities included in the Action Plan amounting to Rs.72,250,000 had not been executed.	----- Should be take action according to the Action Plan.	----- No answers have been submitted.

3.2 Procurement

The following observations are made.

Audit Observations	Recommendation	Comments of Accounting Officer
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(a) Contrary to the section 3.4.1 of the procurement guide line there had been followed shopping method for goods which could not be purchased immediately and indicate higher price of a quantity of that goods in three instances.	Should be take actions in terms of procurement guide line.	The shopping method had been applied in terms of paragraph 3.4.1(a)(iii) and the annexure No. 28 to the procurement guide line.
(b) There had been three instances of total cost estimates not approved in terms of section 4.3.1 and 4.3.2 of the procurement guide line.	Should be take actions in terms of procurement guide line.	Total cost estimates may prepare at present.
(c) There had been four instances of Engineering estimates not reviewed for abnormal vacancies in terms of section 7.8.2, 7.9.2 and 7.9.3 of the procurement guide line.	Should be take actions in terms of procurement guide line.	The Engineering estimate had been received.
(d) In terms of procurement guide line 7.9.11 a performance guarantee had not been taken in two instances.	Should be take actions in terms of procurement guide line.	Shall act at present.
(e) In terms of section 5.4.13 of the procurement guide line and section 49 of the bulletin of ICTAD/SDB/01 issued by the Authority of the construction Industry Development liquidated damages of	Should be recover liquidated damages.	Constructions delaying due to issues and Extension of days had been allowed.

Rs.1,029,789 had not been recovered in three instances.

3.3 Assets Management

The following observations are made.

Audit Observation	Recommendation	Comments of Accounting Officer
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(a) Two buildings constructed by expending Rs.3,379,729 for the expansion of centre of turtle conservation tourists at Kirigalbhe and the centre adjoining it had been idle and under utilized.	Required officials should be deployed to the tourists centre.	Decision had been made to keep it close during the period of April to November.
(b) Ritigala Elephant orphanage had remained under utilized without using.	Should be take actions to use.	No answers have been submitted.

3.4 Management Weaknesses

The following observations are made.

Audit Observation	Recommendation	Comments of Accounting Officer
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(a) Proper actions had not been introduced to register safari boats which are visited to the National Park of "Paravi Dupatha".	Tourism activities should be mentioned.	No answers have been submitted.
(b) Entrance fee of National Park at Hikkaduwa had not been revised.	Tourism activities should be mentioned.	Submitted to the Director of State Finance for revise fees.

- (c) Out of 319 number of the deaths of Elephants had been during the year under review 16 number of deaths had occurred by train accidents and 10 number of deaths had occurred by electricity power and other accidents but the necessary actions had not been taken to avoid them. Proper actions should be take to control the deaths of Elephants. An action plan had prepared together with the Railway Department.
- (d) Even though fourteen buildings had been obtained on lease basis without calling open bids by the Department Lease agreements had not been entered into until the month of July 2019. Should be call open bids and enter into agreements. No answers have been submitted.

4 Approaching the Sustainable Development Goals

The following observations are made.

Audit Observation	Recommendation	Comments of Accounting Officer
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(a) Even though the Sustainable Development Goals had been identified by the Department. The action plan had not been prepared as per able to those be achieved.	Should be identified goals and according to that action plan should be prepared.	Submitted answers later.
(b) A permanent program had not been identified to remove the invasive plants in the parks including Udawalawa National Park and the plants which had been a threat of extinction needy for wild animals.	Should be implement a permanent procedure to remove invasive plants.	Submitted answers later.

5 Good Governance

5.1 To provide services to the public

The following observations are made.

Audit Observation	Recommendation	Comments of Accounting Officer
----- The procedure of informing attack of Wild Elephants due to the actions had not taken to active telephones in the Beat office of Namal Oya at Galoya Nimna National park and it had been a impact to the minimizing process of conflict between human beings and animals.	----- Telephone facilities should be properly maintain.	----- Answers had not been submitted.

6 Human Resources Management

The following observations are made.

Audit Observation	Recommendation	Comments of Accounting Officer
----- It was observed that there had been 594 number of vacancies in the total staff including 31 November of vacancies in the senior level.	----- Should be take actions to fill vacancies.	----- Answers will submit later.