

Head 322- Department of National Botanical Gardens

1. Financial Statements

1.1 Qualified Opinion

The audit of the financial statement of the Department of National Botanical Gardens for the year ended 31 December 2018 comprising the statement of financial position as at 31 December 2018 and the statement 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. The summary report including my comments and observations on the financial statements of the Department of National Botanical Gardens was issued to the Accounting Officer on 31 May 2019 in terms of Sub-section 11 (1) of the National Audit Act, No. 19 of 2018 and the Detailed Annual Management Audit Report in terms of Section 11 (2) of the National Audit Act was issued to the Accounting Officer on 24 May 2019. This report will be tabled in Parliament in pursuance of provisions in Article 154 (6) of the Constitution of the Democratic Socialist Republic of Sri Lanka to be read in conjunction with Section 10 of the National Audit Act, No. 19 of 2018.

In my opinion, except for the effects of the matters described in the Paragraph 1.6 of this report, the financial statements give a true and fair view of the financial position of the Department of National Botanical Gardens 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 opinion.

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

Accounting Officer is responsible for the preparation of financial statements that give a true and fair view in accordance with Generally Accepted Accounting Principles and provisions in Section 38 of the National Audit Act, No.19 of 2018 and for such internal control as Accounting Officer determines 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.

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

1.4 Auditor's Responsibilities for the Audit of 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 the summary report of the Auditor General 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 an audit in accordance with Sri Lanka Auditing Standards, I exercise professional judgment and maintain professional skepticism 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

I express the following matters in accordance with Section 6 (d) and Section 38 of National Audit Act, No. 19 of 2018.

Since there was no need for the preparation of financial statements for the preceding year, it could not be stated that the financial statements presented for the year under review were consistent with the preceding year.

1.6 Comments on Financial Statements

1.6.1 Non-compliance of Financial Statements to the Provisions of Circulars

The following observations are made.

Audit Observation	Recommendation	Comments of the Accounting Officer
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(a) In terms of State Accounts Circular No.267/2018 dated 21 November 2018, annual financial statement should be forwarded to the Auditor General before 28 February 2019. However, it had been presented to audit on 22 March , after a delay of 21 days.	Action should be taken in accordance with the provisions of the Circular issued annually for the preparation of financial statements by the Department of Public Accounts.	I kindly informed that the delay has been occurred due to the Secretary to the Ministry changed and failure in obtaining approval .
(b) Reconciliation of imprest had not been done	Statement of reconciliation of imprest should be prepared in terms of Paragraph 07(iv) of the Circular.	Replies has not been provided.

1.6.2 Statement of Financial Performance

The following observations are made.

Audit Observation	Recommendation	Comments of the Accounting Officer
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(a) Even though the income of the Department according to the treasury printouts for the year	Income should be brought to account correctly.	As the Revenue Account of the Botanical Gardens for Expenditure Head has been

under review amounting to Rs.836,533,974, the income has been shown in the statement of financial performance amounting to Rs.861,958,651. As a result of that, the difference of the income amounted to Rs.25,424,677.

prepared on accrual basis , collection of net income for the year 2018 has been computed by adjusting the income as at 31 December 2017 , brought to account in January 2018, and income as at 31 December 2018 , brought to account in January 2019 and in addition to that, paying back from the income adjusted to the gross income according to the treasury computer printouts .

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| (b) Treasury imprests, deposits, advances and other receipts had not been shown in the Statement of Financial performance under non-revenue receipts. | Non-revenue receipts should be shown in financial statements. | After pointing out the fault, revised format had been submitted as an annexure. |
| (c) Even though the total receipt of imprest should be amounted to Rs.943,643,888 in Format A.C.A 3, it had been shown as Rs.871,498,614. | In terms of the Circular, the values to be included in relevant formats should be shown accurately. | Only the imprests received from the General Treasury and income received from Department Expenditure Head are brought as imprests received in Format ACA 03 .After pointing out, a revised form had been presented as an annexure, |

1.6.3 Statement of Financial Position

The following observations are made.

Audit Observation	Recommendation	Comments of the Accounting Officer
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(a) According to the statement of financial position, the value of property, plant and equipment amounted to Rs.467,915,465. However, it was amounted to Rs.7,557,586,399 according to the Treasury Printouts. Thus , a difference amounted to Rs.7,089,670,934 observed.	The balances of property, plant and equipment should be brought to account accurately.	Replies had not been provided

Further , since the Treasury had presented a nil assets report, the accuracy of the assets could not be ascertained.

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| (b) Even though the balance of the Advance Account amounted to Rs.81,704,540 ,it was amounted to Rs,80,069,532 according to the Treasury Printouts. Thus, it had been overstated by Rs.1,635,008. | The relevant value should be brought to account accurately according to the Circular. | The balance of Rs.81,704,536 under 322-11 (cash payment) has been shown as advances. |
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1.6.3 Cash Flow Statement

The following observations are made.

Audit Observation	Recommendation	Comments of the Accounting Officer
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(a) Receipts of imprest amounting to Rs.35,000,000, deposits amounting to Rs,35,199,078 and other income amounting to Rs.20,225,429 had not been shown as cash receipts under operating activities in the cash flow statement in the year under review	Cash inflows and outflows in the cash flow statement of the year under review should be shown accurately.	As Heads had not been allocated as cash receipts for imprest, deposits and other income under operating activities in the cash flow statement in Format ACA-C , those had not been included. It is corrected as per the instructions given by the Government Audit and submit herewith.
(b)Even though the receipts ,payments of the advances of the Government Officers should be shown under investment activities in the cash flow statement of the year under review, only the payment of advances amounted to Rs.35,644,699 had been shown under financial activities.	Receipts and payments of the advances should be shown accurately.	It is corrected as per the instructions given by the Audit and submit herewith.

1.6.4 Reconciliation Statement of Advances to Public Officers

The following observations are made.

Audit Observation -----	Recommendation -----	Comments of the Accounting Officer -----
(a) Action had not been taken on the recovery of the balance of loan advances amounted to Rs.375,704 recoverable from 06 officers.	Action should be taken to recover according to the provisions mentioned in Section 4 of Chapter XXIV of the Establishments Code.	Action will be taken to recover certain loan balances from summary of accounts and death gratuity and write off the non-recoverable loan balances from the book .
(b) Loan amounting to Rs.286,551 relevant to 04 officers who has been retired had not been recovered due to the activities of the personal file was not completed.	Action should be taken to complete the personal files of the officers for granting of pensions to the officers as per the Circulars.	I kindly informed that action will be taken to recover the balance amounting to Rs.286,551 immediately after the completion of personal files of 04 officers who retired on 31 December 2018 .

1.6.5 Responsibilities of the Accounting Officer

The following observations are made.

Audit Observation -----	Recommendation -----	Comments of the Accounting Officer -----
(a) 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 make alterations as required for such system to be effectively carried out. Even though Copies of the reviews shall be submitted to the Auditor General in written, statements for having been done such a review	Action should be taken in accordance with the provisions of Section 38 of the National Audit Act, No.19 of 2018	An effective control system has been prepared for the financial control of the Department and an internal audit unit has been established for the identification of periodic weaknesses in internal control system and to report and to recommend the modifications to be required. I kindly informed that 03 internal circulars has been issued by the Department for the solving of problems in the internal control which has been identified in the year 2018.

had not been presented to audit.

- (b) The Accounting Officer shall ensure that the timely preparation of annual and other financial statements and in addition to that the Chief Accounting Officer is responsible to be required to submit annual reports of the relevant entity which is being audited, to parliament. However, that requirement had not been fulfilled due to the audit observations mentioned in paragraph 1.6 in the report.
- Action should be taken in accordance with the provisions of Section 38 of the National Audit Act, No.19 of 2018
- It is kindly informed that failure to submit annual financial statements before 28 February by reason of retirement of the Chief Accountant of the Department on 04 December 2018 and new Chief Accountant reported to the service in February 2019, the Ministry belonging to our Department has been amalgamated to another Ministry.

1.6.6 Non- Compliance with Laws, Rules and Regulations

The following observations are made.

Observation

Reference to laws, Rules and Regulations	Value Rs	Non-compliance	Recommendation	Comments of the Accounting Officer
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Financial Regulations of Democratic Socialist Republic of Sri Lanka				
(i)Financial Regulation 571	3,943,168	Action had not been taken in terms of Financial Regulations regarding 09 deposits exceeded 2 years and retained on General Deposit Account.	Necessary steps should be taken in terms of Financial Regulations	Out of 25 General Deposits exceeded 02 years ,17 General Deposits have been settled by this time.
(ii)Financial Regulation 643	1,091,475	Treasury should be consulted before any	Necessary steps should be taken in	A committee has been appointed for

action is taken in terms of Financial the disposal of respect of Obsolete Regulations ticket books which Forms. However, a the price were stock of 1488 revised and action admission tickets is being taken belonging to foreigners, children and students at Seethawaka Botanical Garden had been stored in the stores without taking suitable measure.

2. Financial Review

2.1 Management of Expenditure

The following observations are made.

Audit Observation	Recommendation	Comments of the Accounting Officer
As a result of Expenditure amounting to Rs.23.28 million relevant to 03 Objects incurred by the National Botanical Gardens Trust Fund , the expenditure of said Objects had not been exceeded the provision.	Accurate Expenditure Estimates should be prepared in terms of Financial Regulation 50.	Comments had not been made.

2.2 Incurring of Commitments and Liabilities

The following observation is made.

Audit Observation	Recommendation	Comments of the Accounting Officer
Liabilities of the expenditure amounting to Rs.3,917,114 paid in the year 2019 for the year under review had not been disclosed in the financial statements.	Liabilities should be disclosed accurately.	Presented by note III in financial statements.

3. Operational Review

3.1 Delays in implementation of Projects

The following observations are made.

Audit Observation	Recommendation	Comments of the Accounting Officer
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<p>Even though plans has been made to create a desert model structure for the entertainment and educational purposes of the spectators from the year 2006 in the Botanical Garden at Mirijjawila, about 12 years period has been spent even at this moment , it had not been completed. Only date trees had been planted in that premises.</p>	<p>Action should be taken to achieve the expected output from the Project.</p>	<p>Permission has not given by the Department of Coast Conservation for obtaining a large amount of sea sand from the shore required for desert model .The said desert model has been planned to change as a collection of desert plants at present and a collection of Cactus plants are kept and therefore the sea sands required for that purpose is less than the previous model. The sea sands required for that purpose has been purchased at present and the construction work will be commenced in the year 2019.</p>

3.2 Procurement Procedure

The following observations are made.

Audit Observation	Recommendation	Comments of the Accounting Officer
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<p>(a) The procurement procedure of the contract of construction of a chain link fence estimated value amounted to Rs.4.99 million at Seetawaka Botanical Garden had been divided into two parts and procurement procedure had been done separately. Further, declarations had not been received from the procurement and technical evaluation committees relevant to the contracts.</p>	<p>Action should be taken in accordance with Guideline 4.4 (c) and 2.12 of the Government Procurement Guidelines.</p>	<p>As a dispute was arisen on the boundary at the occasion of commencing the construction , the chain link fence allocated for the part near the Ranaviru Uyana and the chain link fence allocated for the tea estate part were constructed at the same place. The declarations of the evaluation committees in the prescribed format had not been received in the year 2018 and steps has been taken to implement it in the year 2019.</p>

- (b) Immediate purchasing amounting to Rs.965,769 had been carried out in 30 instances for the year 2018 for Mirijjawila Dry Zone Botanical Garden contrary to the Normal Tender Procedure. Selection of bidders should be done in terms of Guideline 2.14.1 of the Government Procurement Procedure. Since this Botanical Garden is a new Botanical Garden with 300 acres in extent, immediate expenditure has to be incurred contrary to the Annual Plan. Essential purchasing and constructions were done with the prior approval of the Director General in the said instances.

3.3 Losses and Damage

The following observations are made.

Audit Observation	Recommendation	Comments of the Accounting Officer
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(a) Even though 03 years has been exceeded as at the date of audit after completion of the contract of construction of the observation gallery of the Seetawaka Botanical Garden, a large number of Kumbuk timber had been damaged and decayed due to failure to use quality wood. As a result of that, it could not be satisfied in audit in respect of the payment amounting to Rs.1.34 million paid.	The technical officer should do the proper supervision and certified so as to the activities has done in accordance with the estimates.	Timber has been purchased from the State Timber Corporation and the approval given by the Civil Engineer by examining the surface condition of the timber before fixing the wooden base. I informed that action will be taken to avoid the said weakness in the future.
(b) Payments had been made for 1200 (Lft) which the work completed in item No.03 of the measurement report and final bill relevant to construction of a chain link fence near the Ranaviru Uyana in the Awissawella Botanical Garden. However, in the physical examination, it can be observed that only 1,120.75 (Lft) had been constructed. Therefore, an overpayment of Rs.101,836 had	The Technical Officer should do the supervision before made payment so as to confirm the relevant work competed properly .	According to the measurements of the Civil Engineer, it has been confirmed as 1200 (Lft) .Therefore, payments has been made for 1200(Lft). After the audit query ,the Civil Engineer re-measured and confirmed as the amount paid by the bill is correct.

been made for the 79,25(Lft)
which could not be completed.

3.4 Assets Management

The following observations are made.

Audit Observation	Recommendation	Comments of the Accounting Officer
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(a) The paddy land of ½ acres in extent belonging to the land of Seetawaka Wet Zone Botanical Garden is possessed by an encroacher and action had not been taken for the acquisition of this land.	Land should be settled and the security should be confirmed.	I kindly inform that legal action is being carried out by this time through the Hanwella Divisional Secretary regarding the encroacher .
(b) The quarters constructed in the year 2016 which the windows and doors with louvers spending a cost of Rs.7,730,690 for the Hakgala Botanical Garden, had not been used since the date of completion of that building as this quarters had not been constructed suitable for cold climate.	Planning should be done by carrying out a study and giving proper attention and assets should be utilized in a maximum level.	The recommendation of the engineer is to existence of windows with louvers is an essential item as the said area having a climate with considerable temperature in day time. Similarly, I kindly informed you that those Louvers windows can be covered by using a glass cover if necessary and therefore a large problem could not be arisen.

3.5 Management Weaknesses

The following observations are made.

Audit Observation	Recommendation	Comments of the Accounting Officer
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(a) The accurate code numbers had not been placed for 145 medicinal plants and more than 17 other ornamental plants by the cashier machine in the plant sale centre belonging to the Royal Botanical Garden Peradeniya. As a result of	Separate numbers should be entered for each plant.	The cashier machine currently used at the Royal Botanical Garden has not adequate capacity to enter all plants sell in the Garden. I kindly informed that after purchasing of a machine with more facilities, the above problem could be avoided.

that, plants issued and receipts received to the customers under the other code numbers for the plants similar to the same price and it was difficult to count the number of plants sold accurately.

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| (b) Out of the plants received to the plant sale centre from January to June in the year under review, 3,355 plants valued at Rs.126,520 had been destructed and action had not been taken to write them off from books. | Action should be taken to dispose plants properly. | Action is being taken to appoint a committee for write off the destroyed plants mentioned in the list from book and after completion of that work action will be taken to write off the destroyed plants from the book properly. |
| (c) Even though about 300,000 foreign adult tickets had been issued for the foreigners who came to visit Hakgala Botanical Garden, it was observed that the said tickets are adequate for about 10 years. As the prices of tickets revised time to time, printing of such a large amount of tickets is not practicable. Further, without a request for the necessity of the tickets, action had been taken to send tickets to the Peradeniya Botanical Garden. | Action should be taken to issue tickets to the Botanical Gardens considering daily sale of tickets,. | I kindly informed that keeping 50,000 adult tickets for the following years considering the number of adult foreigners annually come to visit Hakgala Garden , action taken to send 250,000 tickets to the Peradeniya Botanical Garden. |
| (d) The cab vehicle of bearing No.56-5389 belonging to the Assistant Director's office Narahenpita (Colombo) met with an accident on 17 October 2015 due to the driver's careless driving. Accordingly, the loss amounted to Rs.151,700 in terms of FR 104 report but only 10 per cent out of that had been recovered from the driver. However, the audit could not be satisfied on the actions taken against the responsible officers in respect of non-receiving of insurance certificates and revenue license relating to the vehicle, non-transferring of the | Action should be taken to recover the loss from responsible persons. | As it was observed that in the instance of relevant accident occurred, the driver was in a condition of very fatigue due to he has driven a long journey of 02 days with foreign officers of Government ,only ten per cent of the loss occurred from the accident is surcharged. A labourer with driving license was deployed as a driver with his consent due to scarcity of drivers. I agreed that running the vehicle at a instant without revenue license and insurance certificate for the relevant vehicle is an offence. |

vehicle, a labourer deployed in drivers' service.

4. Achievement of Sustainable Development Goals

The following observation is made.

Audit Observation	Recommendation	Comments of the Accounting Officer
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<p>Even though 17 sub –targets should have been identified under 08 objectives according to the vision ,objectives and implemented programmes of the Institution regarding the activities of Flower Plantation and Research divisions , only 03 objectives and 05 sub-targets had been identified. Further, awareness of the officers on this Sustainable Development Goals was not adequate.</p>	<p>Necessary action should be taken for the achievement of Sustainable Development Goals.</p>	<p>Out of the 08 objectives identified for Flower Plantation and Research division , 05 sub-targets under 03 objectives are already identified and is being implemented and action will be taken to fulfil the remaining objectives in the future.</p>

5. Human Resources Management

The following observations are made.

Audit Observation	Recommendation	Comments of the Accounting Officer
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<p>(a) Recruitments should be done by identifying service requirements in the suitable instance in the required time to maintain the activities of gardens properly and systematically. However, action had not been taken to fill 275 vacancies by the end of the year under review.</p>	<p>Immediate action should be taken to fill the vacancies.</p>	<p>Seventeen vacancies in the Senior Level are recruitments of Sri Lanka Scientific Service and the reason for the delay is a court case. The recruitment could be done in this year as the case has been withdrawn . The vacancies in the Tertiary Level are Garden Assistants and the interviews has been completed by this time and forwarded to the Public Service Commission. Appointment has been given for the vacancies in the Secondary Level by conducting examinations by the Examination Department</p>

on merit basis. Out of the posts in Primary level, nearly 150 posts had been recruited in the year 2018 . Recruitment procedure has been completed for the recruitment of 19 Battery Car Operator posts.

<p>(b) No any training has been given for the two employees deployed in technical duties in Mirijjawila Botanical Garden accept for the training of less than 02 weeks which was given 10 years before at the recruitment stage.</p>	<p>Training opportunities required for the improvement of knowledge and skills of the employees in the Department should be given.</p>	<p>Action will be taken to give trainings for the officers in this section by identifying necessary trainings.</p>
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