

Head 322 - Department of National Botanical Gardens

1. Financial Statements

1.1 Qualified Opinion

The audit of the financial statements of the Head - 322 Department of National Botanical Gardens for the year ended 31 December 2022 comprising the statement of financial position as at 31 December 2022 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 containing my comments and observations on the financial statements of the Department of National Botanical Gardens was issued to the Accounting Officer on 30 May 2023 in terms of Section 11(1) of the National Audit Act, No.19 of 2018. The Annual Detailed Management Audit Report relevant to the Department was issued to the Accounting Officer on 30 May 2023 in terms of Section 11(2) of the National Audit Act, No.19 of 2018. This report is presented to 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 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 2022, and its financial performance and cash flows for the year then ended in accordance with Generally Accepted Accounting Principles.

1.2 Basis for Qualified Opinion

My opinion is qualified based on the matters described in paragraph 1.6 of this report. I conducted my audit in accordance with Sri Lanka Auditing Standards (SLAuSs). My responsibility for the financial statements is further described in the Auditor's Responsibilities Section. 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.

The 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 the determination of the internal control that is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

As per 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 the preparation of annual and periodic financial statements.

In terms of Sub-section 38(1)(c) of the National Audit Act, 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 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 an auditor's summary report that includes my opinion. Reasonable assurance is a high level of assurance 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 and its materiality depends on the influence on economic decisions taken by users 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:

- Appropriate audit procedures were designed and performed to identify and assess the risk of material misstatement in financial statements whether due to fraud or errors in providing a basis for the expressed audit 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.
- An understanding of internal control relevant to the audit was obtained in order to design 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 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.
- Evaluate the overall presentation, structure and content of the financial statements including 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 terms of Section 6 (1) (d) and Section 38 of the National Audit Act, No. 19 of 2018.

- (a) The financial statements are consistent with the preceding year,

- (b) The recommendations made by me on the financial statements of the preceding year had been implemented.

1.6 Comments on Financial Statements

Accounting Deficiencies

(a) Reconciliation Statement on the Advances to Public Officers Account

Audit Observation	Comment of the Accounting Officer	Recommendation
<p>Although the minimum limit of receipts was stated as Rs.22,000,000 in the reconciliation statement submitted in terms of financial regulation 506 (d), according to the Annual Appropriation Act that limit was Rs.22,200,000. Accordingly, there was a difference of Rs.200,000 between the minimum limits of receipts in the reconciliation statement and the minimum limits of receipts of the Annual Appropriation Act.</p>	<p>A corrected advance 'B' account of government officers as per Financial Regulation 506(d) will be prepared and submitted.</p>	<p>Limitations should be accurately stated in the reconciliation statement.</p>

(b) Property, Plant and Equipment

Audit Observation	Comment of the Accounting Officer	Recommendation
<p>(i) The closing balance of non-financial assets which was Rs.7,727,804,451 according to the financial statements of the previous year was not shown as the opening balance in the financial statement of the year under review.</p>	<p>Recorded as additions to the opening balance of the accounts in the year 2022.</p>	<p>Account balances should be accurately presented.</p>
<p>(ii) No adjustment had been accounted for in Treasury Print SA - 82 relating to non-financial assets, for the value of work in progress and disposals relating to non-financial assets in the year under review.</p>	<p>The relevant adjustments were noted to be made correctly in the year 2023 after the asset account has been properly accounted.</p>	<p>Account balances should be accurately presented.</p>
<p>(iii) Although the acquisition of capital assets was Rs. 21,525,173 according to the Statement of Expenditure according to program ACA - 2(i) in the Financial Statements prepared as on the last date of the year under review, acquisitions</p>	<p>It was noted that, assets will be accurately accounting in the year 2023.</p>	<p>Assets acquired during the year should be brought to account.</p>

during the year were not stated in the SA - 82 format under the CIGAS program.

2. Financial Review

2.1 Incurring of Liabilities and Commitments

Audit Observation	Comment of the Accounting Officer	Recommendation
Although according to paragraph 03 of State Accounts Circular No. 255/2017 dated 27 April 2017, commitments and liabilities could not exceed the allocations made for each expenditure head, the total of Rs.1,968,451 had entered into liabilities exceeded the allocation of 03 expenditure heads.	Action will be taken to avoid these defects in the future.	Action should not be taken to exceed the approved allocation limits.

2.2 Certification of Accounting Officer

Audit Observation	Comment of the Accounting Officer	Recommendation
According to provisions of section 38 of the National Audit Act, No.19 of 2018 the Accounting Officer should ensure that an effective internal control system for the financial control exists in the Department of National Botanical Gardens 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. Such reviews should be carried out in writing, and a copy thereof should be presented to the Auditor General, but no statements had been furnished to the Audit that the reviews had been carried out.	Action will be taken to submit the relevant information to the Auditor General in the future.	Action should be taken in accordance with the provisions of Section 38 of National Audit Act, No. 19 of 2018.

3. Operating Review

3.1 Projects without Progress despite the release of Money

Audit Observation	Comments of the Accounting Officer	Recommendation
Although Rs.18,581,000 was paid to the Department of Irrigation on 03 occasions between 2020 and 2022 without a memorandum of understanding for obtaining water supply from Deduru Oya to Ganewatta Medicinal Garden and Rs.1,323,623 was paid to the Road Development Authority on 16 December 2021 for the related activities. However, the activities of this project were not completed even by December of the year under review.	Currently, the project is in its final stage and there has been a delay due to the closure of the country and restrictions on imported goods, due to the corona pandemic situation and the economic crisis etc. in the years 2020, 2021 and 2022.	Projects should be completed within the relevant timeframe.

3.2 Procurements

Audit Observation	Comments of the Accounting Officer	Recommendation
In the contract for the construction of the toilet system in the Medicinal Plant Garden Ganewatta, Provisional sum values of Rs.970,000 have been included for 06 activities related to the installation of the roof, iron gates and floor tiles which are costs that can be estimated and provisional sum of Rs.776,357 had been paid for 04 of them exceeding the agreed value.	Specific prices are given for items that can be specifically identified in the quantity sheet. Prices for fitting other items are included separately in the estimate. But for all the activities completed so far, payments were made less than the recommended amount of payment within 10 percent of the value.	Cost estimates should be prepared for precisely identifiable activities.

3.3 Assets Management

The following observations are made.

Audit Observation	Comments of the Accounting Officer	Recommendation
(a) The cafeteria, which was built at a cost of Rs.1,936,769 in the year 2016 in the Ganewatta Medicinal Plant Garden has remained unused since February 2020.	That the buyer has stopped running the cafeteria as the income from the cafeteria was insufficient and that it will be rectified in the future.	Buildings should be utilized effectively.
(b) Although a multi chopper machine was purchased spending Rs.593,340 for the production of organic fertilizers at the Royal Botanical Garden on 29 December 2015, the machine remained idle for 7 years due to the unavailability of a place to install it.	This equipment is intended to be used after the modernization of the organic fertilizer yard in the year 2024.	That the machine should be utilized for the intended purpose.
(c) Although Rs.547,432 worth of 130 chairs and Rs.237,000 worth of 30 tables were purchased for the cafeteria that was planned to be built in the Royal Botanical Garden, due to the non-commencement of the construction work of the cafeteria even by the last day of the year under review, 28 chairs were issued for the old cafeteria and all the remaining items remained idle for almost 03 years.	This equipment's were used for various needs of the garden and in the future these chairs will be given to another unit where there is a need.	The purchase should be made after a proper assessment of the need and furniture and fittings should be utilized.
(d) The land of Hakgala Botanical Garden belonging to the Welimada Divisional Secretariat had not been surveyed and the ownership had not been taken over.	An amount of Rs.448,500 has been paid to the Survey Department for measuring and marking the boundaries of this section and marking these boundaries has been requested as soon as possible.	Land should be surveyed and ownership should be taken.

3.4 Management Weaknesses

The following observations are made.

Audit Observation	Comments of the Accounting Officer	Recommendation
(a) The two-storied lecture hall building which was built at a cost of Rs.23,392,342 in the year 2017 in the Ganewatta Medicinal Plant Garden for the purpose of conducting lectures, training programs and workshops, 64 lectures have been held over a period of 6 years and renting it out to external parties Rs.40,500 had been earned. Accordingly, the building, which was built at a huge cost, remained underutilized.	Even the organized workshops could not be held due to the conditions prevailed in the COVID pandemic and the restrictions during the economic crisis.	The relevant buildings should be utilized effectively.
(b) The land where the assistant director's office is located at Narahenpita has not been formally acquired and unauthorized construction had also been carried out in the said premises by August 2022.	Under the current situation, it was difficult to take legal action to remove the unauthorized construction.	Ownership of the land should be acquired and unauthorized construction should be removed.
(c) According to the letter of Kandy District Secretary No. 04/04/988 dated 27 February 1989, in front of the Royal Botanic Garden, 50 feet from the middle of the main road was set aside for the road reserve and the rest of the plot was assigned to the garden as a parking place for vehicles visiting the Royal Botanic Gardens, Peradeniya. Although an outsider had constructed a building of about 250 square feet on the land belonging to the premises and was running a business, action had not been taken to remove it.	An investigation will be carried out and necessary steps will be taken to evict the squatters from this plot.	Ownership of the land should be acquired and unauthorized construction should be removed.
(d) The 08-acres tea garden belonging to Seethawaka Wet Zone Botanical Garden was leased to an outsider on 29 January the previous year for a period of 05 years without a government assessment. Although the agreement was canceled on	Action will be taken to collect the relevant arrears amount in the future.	Arrears amount should be recovered.

28 January 2022 for breach of the agreement by the lessee, The action had not been taken to recover the arrears amount of Rs.477,002.

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| (e) | As at 31 December of the year under review, the non-financial assets belonging to the department had not been valued and brought to account. | The valuation and accounting of non-financial assets are in progress. | Assets should be valued and brought to accounts. |
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4. Human Resource Management

Audit Observation

Comments of the Accounting Officer

Recommendation

The staff of 12 officers belonging to 06 posts attached to the Sri Lanka Samurdhi Authority was assigned to the National Botanical Gardens Department. Even though 06 officers belonging to 02 positions were employed an amount of Rs.335,596 was being paid monthly for those officers without absorbing the approved cadre of the department.

Although the above number of employees was not shown in the approved cadre of the Department, and the salary has been paid under the provisions given in the head of Salary and Remuneration Expenditure 322-02-1-1001.

Action should be taken to absorb the approved cadre of the department.