

Head- 294 Department of National Zoological Gardens

1. Financial Statements

1.1 Qualified Opinion

The audit of the financial statements of the Department of National Zoological 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 Zoological Gardens in terms of Section 11(1) of the National Audit Act, No. 19 of 2018 was issued to the Accounting Officer on 18 May 2023 . The Annual Detailed Management Audit Report was issued to the Accounting Officer on 07 June 2023 in terms of Section 11(2) of the National Audit Act, No.19 of 2018. The report of the Auditor General in pursuance of provisions in Article 154(6) of the Constitution of the Democratic Socialist Republic of Sri Lanka read in conjunction with Section 10 of the National Audit Act, No.19 of 2018 will be tabled in Parliament in due course.

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 Zoological Gardens as at 31 December 2022, and its financial performance and cash flow 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 are 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 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 system and accordingly make any alterations as required for such systems to be effectively carry 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 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 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 accordance with Section 6(1)(d) and Section 38 of National Audit Act, No. 19 of 2018.

- (a) The Financial Statements are in consistent with these of the preceding year.
- (b) The recommendations made by me on the financial statements of the preceding year had been implemented.

1.6 Comment on the Financial Statements

1.6.1 Accounting Deficiencies

(a) Capital Expenditure

Audit Observation

In the year under review, Rs.527,920 was spent on the rehabilitation and improvement of capital assets from the provision made for the acquisition of capital assets, and the amount was capitalized under property, plant, and equipment in the statement of financial position.

Comments of the Accounting Officer

This situation was caused by the non-allocation of provisions under the relevant expenditure vote, and it will be corrected in year 2023.

Recommendation

Needs should be identified and allocations should be allocated under the correct expenditure vote and expenditure should be incurred.

(b) Deposits

Audit Observation

When comparing the closing deposit balance in form ACA 4 included in the previous year's financial statements with the opening balance of the same form in the year under review, contract retention No. 6000-0-0-16-74 had been overstated by Rs.210,989 and temporary retention on account of statutory payments No. 6000-0-0-18-81 had been also understated by Rs.2,130.

Comments of the Accounting Officer

Action will be taken to obtain advise on this situation from Public Accounts Department.

Recommendation

Action should be taken to adjust the accounts properly.

(c) **Non – maintenance of Registers and books**

Audit Observation	Comments of the Accounting Officer	Recommendation
The register of damages had not been updated as per Financial Regulation 110.	Registers of damage and loss are maintained separately in the sub-institutions belonging to the department.	As per the provisions of Financial Regulation 110, the head office shall update and maintain a register of damages in the format specified under that.

2. Financial Review

2.1 Certifications to be made by the Accounting Officer

According to the provisions of Section 38 of the National Audit Act No. 19 of 2018, the accounting officer should have made assurances regarding the following matters, but had not done so.

Audit Observation	Comments of the Accounting Officer	Recommendation
The Accounting Officer shall ensure that the Department has developed and maintains an effective internal control system for financial control and shall periodically review the effectiveness of the system and accordingly make necessary changes to maintain the system effectively. The reviews should have been done in writing and a copy submitted to the Auditor General, but statements that such reviews were done were not submitted to the audit.	The internal audit activities regarding the financial control of the department will be conducted and reviewed by the audit and management committee meetings and that the copies of related reports will be submitted to the Auditor General.	Action should be taken according to the provisions of Section 38 of the National Audit Act No. 19 of 2018.

2.2 Non-compliance with Laws, Rules and Regulations

Instances of non-compliance with the provisions of the laws, rules and regulations observed during the cause of audit test checks are analyzed below.

Reference to Laws, Rules and Regulations	Observation		Comments of the Accounting Officer	Recommendation
	Value Rs.	Non- Compliance		
(a) Establishment Code of Institutions of the Democratic Socialist Republic of Sri Lanka Section 4.5 and 4.6 of Chapter xxiv	3,652,371	Action had not been taken to recover Rs.478,872 from 08 dead officers, Rs.999,225 from 12 retired officers, Rs.932,925 from 17 retired officers and Rs.1,241,39 from 18 suspended officers, and totaling Rs.3,652,371. Out of which Rs.1,104,071 remained outstanding for more than 05 years.	Due to the difficulty in finding the relevant information and heirs regarding the debts to be collected, the said debts have not been recovered and other debts will be recovered from retirement gratuity money, as per disciplinary investigation decision and through prosecution.	Steps should be taken to promptly recover outstanding loan balances by following suitable measures.

(b) 571(2) Financial Regulation 571(2) of the Democratic Socialist Republic of Sri Lanka	35,044,824	Although the overdue deposits should be credited to the government revenue or the relevant account, 138 deposits of Rs.34,820,423 worth more than 02 years related to three deposit accounts were not done so. Also, action had not been taken to prepare half- yearly lists of overdue deposits.	Actions are being taken to notify the relevant institutions in writing to make the claim within 30 days and that due to the lack of imprest, a situation has arisen where it is impossible to pay an amount of Rs.11,020,67.	Deposit balances should be settled as per Financial Regulations.
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3. Operating Review

3.1 Non- achievement of Expected Outcome

The following observations are made.

Audit Observation	Comments of the Accounting Officer	Recommendation
Although the construction of the monkey island of Pinnawala zoological garden, which was started in 2019, was fully completed by the year 2021, the premise remained idle for more than a year without releasing animals (monkeys) to the premises.	At present, the acclimatization of the ape species that have been brought to the shelters is being carried out and negotiations are being conducted with foreign zoological gardens to obtain foreign ape species.	Necessary arrangements should be made for exhibiting animals in the premises.

3.2 Project Abandoned Without Completing

The following observations are made.

Audit Observation	Comments of the Accounting Officer	Recommendation
(a) According to the agreements entered into by the National Zoological Department with the National Machinery Institute for 06 construction projects worth Rs.176,281,496, the said institute had not worked. As a result, although the contracts related to those projects had been terminated as per the decision of the Procurement Committee, the Rs.69,558,270 incurred for the construction had become an idle expenditure due to the fact that the projects which had been stopped in the meantime were not returned to a new contractor. Rs.14,360,310 should have been recovered from the mobilization advance amount given to the National Machinery Institute for 04 projects after adjusting the retention amount.	Action will be taken to recover the money due from projects that have been terminated due to suspension of construction work by National Machinery Institute through retentions and unpaid closing bills. The rest of the work of one project was done through the Civil Security Department, but due to the economic situation in the country, the construction work had to be suspended.	A correct procedure should be followed without allowing the money spent to become idle expenses and steps should be taken to recover the outstanding amount.
(b) The construction work of Modarawatta Car park of Pinnawala zoological garden, which had started construction in 2018, was	The remaining construction works of the project have been completed due to the condition that it is not	Action should be taken to properly maintain the guardhouse and toilet system and use the

stopped in 2020 without completing the construction work. The guardhouse and the toilet system that were being built were being destroyed by weeds.

possible to remove the stones that was raised during the construction of this project and that the necessary work is being done to park small vehicles in the prepared section.

finished parts in a useful manner.

(c) The construction work of the butterfly research center building and the toilet system of the Pinnawala zoological garden, which had been started by the National Machinery Institute in 2018, had been stopped midway since 2020. The toilet system was being destroyed by weeds in the buildings.

As per the action plan of the year 2023, it is proposed to complete the remaining works of Butterfly Research Center building and toilet system at Pinnawala zoological garden. This construction is expected to be completed in such a way as to receive funds and Imprest for capital projects.

Action should be taken to complete the construction work and ready for use.

3.3 Delays in the Execution of Projects

Audit Observation

08 months had passed since the land called Vagolla Hena or Pinnalanda Watta, which has an area of about 17 acres, was handed over to the Pinnawala Elephant Orphanage, but the boundaries of the land had not been marked and necessary measures had not been taken to protect the land and fulfill the related objectives.

Comments of the Accounting Officer

A wire fence has been constructed around one part of the land and the materials needed to build the wire fence in the other parts are being managed by managing the available funds and imprest.

Recommendation

Action should be taken to protect and utilized the land.

4. Human Resource Management

The following observations are made.

Audit Observation	Comments of the Accounting Officer	Recommendation
(a) There were 163 vacancies in the National Zoological Department as on 31 December 2022 out of 887 approved cadre. Out of that, 06 senior level posts, 01 secondary level posts and 156 tertiary and primary level posts were vacant.	As per the circular for public expenditure management, new recruitments are not possible, so the posts remained vacant.	The approved staff should be reviewed and revised for their ability to fill vacancies or manage the work based on existing staff in accordance with the regulations.
(b) There was an excess of 10 field assistant posts under the primary service category.	Action will be taken on the excess number of field assistant posts.	Action should be taken to settle.