

Head-161 Ministry of Wildlife and Forest Resources Conservation

1. Financial Statements

1.1 Opinion

Head 161 - the audit of the financial statements of the Ministry of Wildlife and Forest Resources Conservation for the year ended 31 December 2023 comprising the statement of financial position as at 31 December 2023 and the statement of financial performance and cash flow statement for the year then ended, and notes to the financial statements, including material accounting policy information 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 Ministry of Wildlife and Forest Resources Conservation was issued to the Chief Accounting Officer on 30 May 2024 in terms of Section 11(1) of the National Audit Act, No.19 of 2018. The Annual Detailed Management Audit Report was issued to the Chief Accounting Officer on 27 June 2024 in terms of Section 11(2) of the National Audit Act. 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, the financial statements of the Ministry of Wildlife and Forest Resources Conservation give a true and fair view of the financial position of the Ministry of Wildlife and Forest Resources Conservation as at 31 December 2023, and of its financial performance and its cash flows for the year then ended in accordance with Generally Accepted Accounting Principles.

1.2 Basis for Opinion

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 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 Responsibility of the Chief Accounting Officer on Financial Statements

The Chief Accounting Officer is responsible to preparation of financial statements that give a true and fair view in accordance with the 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 determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud and error.

As per Section 16(1) of the National Audit Act, No.19 of 2018, the Ministry 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 to be prepared of the Ministry.

In terms of Sub-section 38(1)(c) of the National Audit Act, the Chief Accounting Officer shall ensure that an effective internal control system for the financial control exists in the Ministry 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 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 Ministry'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 Chief 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 the section 6(1)(d) 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.

2. Financial Review

2.1 Expenditure Management

Audit Observation	Comment of the Chief Accounting Officer	Recommendation
In terms of Finance Regulation 50(ii) of the Democratic Socialist Republic of Sri Lanka the annual expenditure estimates shall be prepared as fully and accurately as possible. However, there was a saving of Rs. 51,482,224 or 65 percent of the total net allocation of Rs.79,600,000 in 23 expenditure codes of the Ministry in the year under review. Among the expenditure codes , the savings ranged from 53 percent to 100 percent.	According to the circulars issued on public expenditure management, the allocation was not utilized due to the reasons such as giving authority only for essential expenses, the presence of officer vacancies in the driving service of the ministerial staff and the delay in the establishment of the Ministry in the new premises.	Annual expenditure estimates should be prepared accurately as per the Financial Regulations.

2.2 Non-compliance with Laws, Rules and Regulations

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

Reference to Laws, Rules and Regulations	Observation Value Rs.	Non-compliance	Comment of the Chief Accounting Officer	Recommendation
(a) Financial Regulations of the Democratic Socialist Republic of Sri Lanka				
i. Financial Regulations 104 (3), 104 (4)		If a delay of more than 07 days is expected in submitting a complete report on a motor vehicle accident, an initial report should be sent immediately. But for 03 vehicles that had passed between 114 and 204 days after the accident, an initial report or a complete report had not been submitted, and for 02 vehicles that had passed 197 and 199 days after the accident, no complete report had been submitted.	Regarding vehicle accidents, preliminary steps are being taken to conduct F.R. 104 (3) and 104 (4) investigations.	Action should be taken as per the Financial Regulations and complete the investigations promptly.
ii. Financial Regulations 1642		Although the officers using the vehicles or when the absence of officers, drivers should report all the accidents to the nearest police, 03 vehicle accidents that occurred in the year under review and one vehicle accident that occurred in January 2024 were not handled in this way.	A thorough warning was taken in this regard.	As per the Financial Regulations, arrangements should be made to notify the nearest police regarding vehicle accidents.

3. Operational Review
3.1 Non- performance of Functions

Audit Observation	Comment of the Chief Accounting Officer	Recommendation
<p>Compilation, implementation, follow-up and evaluation of the subjects, functions and related policy programs and projects of the institutions under the Ministry is a prominent function of the Ministry. But the Ministry had not done follow-up activities regarding 38 tasks of Rs.23,094,700 mentioned in the action plan of the reviewed year of two Departments under the Ministry and a Fund.</p>	<p>Due to the rise in commodity prices due to the prevailing economic crisis, as per the instructions given by the Cabinet and the Treasury, the plans of the Departments under the Ministry and the Statutory Funds under it had to be revised and the scope limited.</p>	<p>Activities of the institutions under the Ministry should be monitored and followed up.</p>

3.2 Foreign Aid Projects

The following observations are made.

Audit Observation	Comment of the Chief Accounting Officer	Recommendation
<p>(a) In accordance with Article 3.7 of the Procurement Guidelines published in 2011 regarding World Bank (IBRD) loans and International Development Association (IDA) loans and allocation, sufficient confirmations have been submitted to the World Bank to justify the selection of the relevant supplier and to follow the direct procurement method. But it was not confirmed that such confirmations were submitted for the contracts related to the unfinished construction of the Forestry Institute, whose estimated value was Rs. 793,534,305, and that approval was given to follow the direct procurement method from the World Bank. Also, as it was decided in the Ministerial Procurement Committee meeting dated 01 March</p>	<p>Under the condition that no local funds will be provided for this construction, the rest of the construction of the Nuwara - Eliya Forestry Institute has been carried out by the Central Engineering Consultancy Bureau under the Ministry of Urban Development and its affiliated construction company, Central Engineering Services (Pvt) Limited, on the agreement of the World Bank.</p>	<p>To adopt direct procurement methods, approval of the World Bank should be taken and approval should be obtained from the Standing Technical Committee of the Ministry of Urban Development and Housing for agreed prices.</p>

2023, the approval of the Standing Technical Committee of the Ministry of Urban Development and Housing for the agreed prices in handing over the remaining works to new companies was not done.

Payments have been made subject to the rates recommended by the Standing Technical Committee of the Ministry of Urban Development and Housing.

- (b) While the original contractor had completed more than 50 percent of the construction works of the Forestry Institute with an original estimated value of Rs.1345 million, according to the Bill of Quantities (BOQ), 02 new companies were awarded to complete the remaining works at an estimated value of Rs.793,534,305. Accordingly, at the time when the original contractor stops the construction work of the junior staff quarters, electrical installations, painting of bathroom and toilet walls to prevent water leakage (Water Proof) and painting of outer walls have been completed to 60 percent. An additional cost of Rs.8,586,182 had to be incurred due to the fact that the completed works were also included and the quantity sheets were prepared and assigned to the new company.

Steps have been taken to appoint a committee to check whether double counting has been done for the construction of the Forestry Institute.

The officials responsible for the overpaid expenses related to this construction carried out under the foreign aid project should be identified and necessary action should be taken.

- (c) After issuing the goods to the respective societies and the Anuradhapura and Kurunegala Agricultural Development Assistant Directorates from the equipment purchased for the construction of electric fences around the villages and fields in Anuradhapura and Kurunegala districts, the equipment worth Rs.80,740,804 and 16 batteries with 12V (90Am) worth Rs.534,400 which will be used for energizers were unused and stored unsecured way in the Ritigala,

The rest of the equipment purchased for the construction of the electric fence has been given to be used for the work of the Wildlife Conservation Department. These instruments were left because it was not possible to issue elephant fence instruments to

Since the Department has informed the audit that the construction, maintenance or follow-up of the fence will not be done by the Department of Wildlife Conservation, it should be directed to the said

<p>Moragoda and Maha Dibulwewa Wildlife Beat Office premises at the end of the year under review. Furthermore, by the end of the project period on 31 May 2023, 47 fences were to be built around the villages of those 02 districts, but 07 fences were only half completed and the construction of 09 fences had not been started.</p>	<p>societies that could not establish a fund. Efforts have been made to get the support of the Department of Agricultural Development to streamline this process again.</p>	<p>Department to use this equipment effectively and build and maintain the fence in the desired manner.</p>
<p>(d) Thieves had stolen 154 rolls of wire valued at Rs.2,818,200 and 122 nuts & bolts of unassessed value, which were stored insecurely in a temporarily constructed shed in the Ritigala Wildlife Office. Action had not been taken to identify the officials responsible for that loss and collect the loss.</p>	<p>A committee has been appointed to check the equipment stolen by the thieves from the temporary shed in the Ritigala Wildlife Office.</p>	<p>The investigations should be completed promptly, the responsible officers should be identified and steps should be taken to recover the loss.</p>
<p>(e) Of the 3183 units of tension spring that had been purchased for the construction of electric fences, only 56 units had been issued for electric fences. Therefore, 3127 units worth Rs. 7,817,500 and 09 units of fence voltage alarm with siren and flashlight worth Rs. 1,408,500 which ring in the event of damage to the electric fence were kept idle in the Moragoda Wildlife Beat Office.</p>	<p>The remainder of the tension spring purchased for rural power lines and power lines around paddy fields has been given for the use of the Wildlife Conservation Department.</p>	<p>For the effective utilization of these equipment purchased under foreign aid projects, the work of the Department of Wildlife Conservation should be directed and followed up.</p>

3.3 Losses and Damage

Audit Observation	Comment of the Chief Accounting Officer	Recommendation
<p>The estimated damage was Rs.988,226 for the accident that occurred when a Ministry cab was parked in front of the Head Office on 16 October 2023 due to the driverless driving. On 28 February 2024, the National Insurance Trust Fund had</p>	<p>According to an internal investigation, it was recommended by the mechanical engineer that appropriate safety measures had been followed and an appeal was made to the insurance company.</p>	<p>Investigations related to this accident should be completed immediately and the damages should be recovered from the responsible parties.</p>

notified that the damage was not recoverable as this was due to "lack of adequate safeguards". However, the investigations related to this accident had not been completed and action had not been taken to recover the damages from those responsible by 30 April 2024.

Accordingly, based on the response of the insurance company, the investigations will be completed and appropriate measures will be taken to recover the damages of this accident.

4. Human Resource Management

Audit Observation

Out of the approved number of 153 employees in the Ministry, 42 were vacant and there was an excess of 07 multi-tasking assistants who were not in the approved number of employees. The vacancies included 18 senior level posts, 02 tertiary level posts, 17 secondary level posts and 05 primary level posts.

Comment of the Chief Accounting Officer

The Ministry of Public Administration and Home Affairs has been informed to fill up the vacancies at senior level, tertiary level and secondary level and a Cabinet Memorandum has been submitted for recruitment of officers in Information and Communication Technology Service.

Recommendation

Arrangements should be made to fill vacancies or restructure staff as necessary, which will adversely affect performance.