

Head 322 – Department of National Botanical Garden

1 Financial Statements

1.1 Qualified Opinion

The audit of the financial statements of Head 322 – Department of National Botanical Garden for the year ended 31 December 2023 comprising the statement of financial position as at 31 December 2023 and the statement of financial performance for the year then ended and cash flow statement 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 Garden was issued to the Accounting Officer on 14 May 2024 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 14 May 2024 in terms of Section 11(2) of the 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, 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 Garden as at 31 December 2023, 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 are 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 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 scepticism 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 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) 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 the Financial Statements

1.6.1 Accounting Deficiencies

Audit Observation	Comments of the Accounting Officer	Recommendation
The 12 stalls constructed in the year 2013 near the main entrance of Mirijjawila Botanical Garden in Hambantota had not been assessed and accounted and Rs.3,712,800 Solar Power system had not been accounted under non-financial assets.	That it will be corrected in the future.	All assets should be accounted..

2. Financial Review

2.1 Revenue Mangement

Audit Observation	Comments of the Accounting Officer	Recommendation
(a) Since the initial revenue estimates of Rs.250,000,000 in the Department of Botanical Gardens were revised to Rs.750,000,000 in the year under review, a variation of 200 percent between the initial revenue estimate and the revised estimate were exist..	That there was a variation due to the revision of fees in the year 2023 and as it was estimated based on the income up to the second quarter of the year 2022.	Estimates should be prepared as realistically and accurately as possible.
(b) Rs.3,421,664 arrears of income consisting of rent income receivable of Rs.627,000 from rent of tea garden in Seethawaka Wetland Botanical Garden, the rent income of the Royal Botanic Gardens Cafeteria Restaurant and the water and electricity bills of Rs.2,794,664 had not been recovered by the end of the year under review.	That the necessary actions are being taken to recover the arrears.	The arrears should be recovered promptly.

2.2 Expenditure Management

Audit Observation	Comments of the Accounting Officer	Recommendation
(a) Although 34 percent of the net capital provision or Rs.59,408,225 remained as of December 31 of the year under review, an additional capital provision of Rs.4,000,000 had been made during the year through a supplementary estimate.	That the additional provision for repair of 02 vehicles was obtained as it was planned to utilize all the capital provision.	Expenses should be managed systematically.
(b) According to the progress report of the action plan prepared by the department for the year under review, the total provisions allocated for 07 activities i.e. Rs.20,100,000 remained save at the end of the year under review.	It was inability to implement due to delays in procurement and reasons of weather.	Provisions should be utilized efficiently and effectively.

2.3 Entering to Liabilities and Commitments

Audit Observation	Comments of the Accounting Officer	Recommendation
During the sample audit made regarding the payments in January and February of the year 2024, the amount of Rs.1,374,068 paid in 17 cases for the year under review had not been stated in the statement of liabilities.	That the payment was made in the year 2024 as the expenditure in December of the year under review was subsequently identified and due to insufficient provision.	Liabilities for the year should be disclosed in the financial statements.

2.4 Non-compliance to Laws, Rules and Regulations

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

Audit Observation	Comments of the Accounting Officer	Recommendation						
<table border="1"> <thead> <tr> <th>Reference to Laws, Rule and Regulations</th> <th>Value</th> <th>No-compliance</th> </tr> </thead> <tbody> <tr> <td>(a) Section 224 of the State Land Ordinance No. 08 of 1947</td> <td>-</td> <td>The acquisition of land belonging to 05 gardens with an area of 362.3744 hectares</td> </tr> </tbody> </table>	Reference to Laws, Rule and Regulations	Value	No-compliance	(a) Section 224 of the State Land Ordinance No. 08 of 1947	-	The acquisition of land belonging to 05 gardens with an area of 362.3744 hectares	That these lands to be taken over from the Department of Agriculture and	Arrangements should be made to formally and immediately taken
Reference to Laws, Rule and Regulations	Value	No-compliance						
(a) Section 224 of the State Land Ordinance No. 08 of 1947	-	The acquisition of land belonging to 05 gardens with an area of 362.3744 hectares						

had not been completed by the end of the year under review. have not been formally handed over.

(b) Establishment code of the Democratic Socialist Republic of Sri Lanka

Sections 4 and 6.3 of Chapter XXIV 4,343,939

The loan balances of 35 retired, deceased and vacated their post at the end of the year under review had not been recovered.

That the necessary actions to recover in the future are being carried out.

It should be act in accordance with the Establishment Code.

(c) Regulation 571 (3) of the Financial Regulations of the Democratic Socialist Republic of Sri Lanka 3,396,098

55 overdue deposits were not settled.

That it will be settled in the year 2024.

Financial Regulation should be followed.

(d) Paragraph 05 of Public Accounts Circular No. 30/94 dated 20 April 1994 10,519,457

The foreign funds provided for 03 research projects from the year 2021 to the year under review were remitted directly to the departmental accounts without crediting the foreign grant fund account of the Treasury.

That the relevant officers have been informed that they should act according to the Public Accounts Circular.

Circulars should be followed..

3 Operational Review

3.1 Performance

Audit Observation

The 08 activities such as maintenance and development of endemic plants, maintenance and development of the plant house in the garden, training of staff, awareness of staff, holding workshops for staff, providing

Comments of the Accounting Officer

That the only limited training programs were implemented due to shortage of officers, weather conditions, and insufficient financial provisions.

Recommendation

Action plan should be efficiently implemented to achieve progress.

guidance and publishing publications for visitors etc. at the Mirijjawila Botanical Garden had not been implemented and the progress of 04 activities such as plant labeling in the park nursery, maintenance and development of foreign plants, maintenance and development of local plants in the park and conducting training programs for external parties was ranged from 0 percent to 58 percent.

3.2. Foreign aid Projects

Audit Observation

Comments of the Accounting Officer

Recommendation

Although Rs. 1,776,688 was awarded to the department on 09 November 2022 by the Institute of Botanic Garden Conservation International for the conservation of endemic plants of Sri Lanka, Rs.1,696,270 i.e. 95 percent had not been used by the end of the year under review for project work.

This provision is expected to be used and completed by the year 2024.

Provisions should be utilized efficiently and effectively.

3.3 Procurement

Audit Observation

Comments of the Accounting Officer

Recommendation

Rs.6,481,080 had been paid to a supplier for the installation of 02 LED boards near the entrance and exit gates of Hakgala Botanical Garden without obtaining a report of the technical division as per sub-clauses 9.3.1 (c) and 8.9.1 (b) of the Procurement Guideline and entering into an agreement.

That the action will be taken in the future by contacting the relevant institution.

The relevant rules and regulations should be followed while making the procurements.

3.4 Assets Management

Audit Observation	Comments of the Accounting Officer	Recommendation
(a) The 54 machines and equipment worth Rs.7,916,374 remained idle and underutilized in a warehouse of Peradeniya Royal Botanical Garden from 01 to 05 years. There were 03 machines and equipment worth Rs.3,572,815 in them which have not been used since the date of purchase.	That it will be used in the future.	Machines and Equipment should be used effectively.
(b) The 10 golf cars worth Rs.23,610,780 purchased for 04 gardens by Department of Botanical Gardens were left to rot without being repaired and used for a period of 02 months to 04 years. As a result an income that could have been earned by using those vehicles had been lost.	That it will be repaired and put to use in the future.	Golf carts should be repaired and put back to use as soon as possible. .
(c) The 09 unrecognizable stalls that were built in the year 2013 in the Mirijjawila Dry Zone Botanical Garden have remained idle for 10 years.	That the necessary steps will be taken to call the regional prices for the year 2024/2025 rent it.	Buildings should be used effectively.
(d) Since the Mirijjawila Dry Zone Botanical Garden employed only 05 drivers for 10 battery cars, 05 battery cars were constantly idle.	That there are different sizes of battery cars to supply according to the needs of the visitors and that 02 battery cars are planned to be sent to Hakgala Botanical Garden.	Efforts should be made to effectively utilize battery cars.
(e) Although 0.5015 hectares of land belonging to Seethawaka Wetland Botanical Garden and 49.564 hectares of land belonging to Hakgala Botanical Garden are being enjoyed by encroachers, action had not been taken to settle these lands.	That the land settlement activities are being carried out.	The land should be settled and the rights should be taken over immediately.

3.5 Transactions in the Nature of Financial Frauds

Audit Observation	Comments of the Accounting Officer	Recommendation
(a) An amount of Rs.145,125 had been defectively paid in excess within the amount of Rs.900,000 paid by estimating as provisional sum for the laying of Kumbuk planks in 04 rooms of the tourist bungalow in Hakgala Botanical Garden on 12 August 2022. The necessary actions had not been taken as per the Financial Regulations 104(3) and 104(4) in this regard.	Comments were not given.	Action should be taken as per Financial Regulations.
(b) According to the payment bill of the contract related to the Children's Educational Unit built at the cost of Rs.3,344,731 in Peradeniya Royal Botanic Garden, when the works included in 02 work subjects as plastering to the ratio of 1:3 and laying interlocks in the play area were not completed, Rs.174,627 had been paid by recommending as completed.	Comments were not given.	Payment should not be made for unfulfilled work.
(c) For the construction of a Ferrocement tank for the water needs of Peradeniya Royal Botanic Garden, the construction was assigned to a contractor on 19 August 2021 for Rs.5,609,030. Although the work was scheduled to be completed on 15 November 2021, when the said contract was not completed and handed over until end of the year under review, a total of Rs.5,855,645 had been paid to the contractor on 05 occasions at the end of the year under review. When the 27 and 29 to 41 work subjects mentioned in these bills payment were not done, bills were prepared defectively and recommended that the work was done and Rs.2,145,422 had been paid for them.	Comments were not given.	Payments should be made only for work performed.

3.6 Lossess and Damages

Audit Observation	Comments of the Accounting Officer	Recommendation
A full investigation according to Financial Regulation 104 (4) was not conducted in relation to 05 incidents of damage and loss that occurred in the department during the year under review and the loss and responsible parties had not been identified and necessary actions had not been taken.	That the investigations of Financial Regulation 104 (4) will be carried out immediately.	Investigation should be conducted within the stipulated time as per the Financial Regulations.

3.7 Unecomnomic Transactions

Audit Observation	Comments of the Accounting Officer	Recommendation
(a) A side wall built at a cost of Rs.904,909 in Hakgala Botanical Garden in December 2021 was collapsed in April 2023 due to construction without proper planning and adequate supervision.	That it has been caused by a natural disaster.	Action should be taken regarding the damage as per the Financial Regulation 104(3).
(b) The 4000 commemorative plates worth Rs.3,096,360 and 1000 books named “200 th Anniversary Celebration” worth Rs.3,081,000 were bought in the last year for the celebration of 200 th anniversary of the Royal Botanic Gardens without proper evaluation and out of which 930 books worth Rs.3,534,930 and 3273 commemorative plates worth Rs. 2,537,474 remained unsold for more than a year.	That due to the bad situation in the country in the year 2022, the 200 th anniversary celebrations could not be held at the expected level and therefore these items are idle.	The purchase should be made after a proper evaluation of the requirement.

3.8 Management Weaknesses

Audit Observation	Comments of the Accounting Officer	Recommendation
(a) Although 17 years have passed since the Botanical Gardens which were under the Department of Agriculture announced as a new department by	That the takeover is in progress.	The land should be surveyed and the ownership should be

Gazette No. 1471-2006 dated 10 November 2006, the takeover proceedings of Director General of Agriculture's quarters and Agriculture Publications Unit of agriculture department which was established in the premises of the Botanical Gardens Department had not been completed.

taken over immediately.

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| (b) | Without recovery of rent arrears of Rs.2,027,165 due by the private institution which was the cafeteria restaurant in Royal Botanical Garden was rented out for the period from 2016 to 2021, the restaurant had been leased back to that institution also for the year 2022 for an amount of Rs.287,000 per month. | Accept. That it was not possible to recover the arrears due to the deficiencies in the office work. | Actions should be taken to recover the arrears of income immediately. |
| (c) | When water and electricity charges of Rs.130,608 and Rs.744,410 were to be paid respectively by using the cafeteria restaurant during the period of the Covid pandemic i.e. during the period of 18 months from April 2020, it was decided not to collect the monthly rent of Rs.9,023,652 from the contractor during that period. | Comments were not given. | The correct methodology should be followed in deducting government revenue. |

4 Acheiving Sustainable Development Goals

Audit Observation

According to the performance report of the year 2023, the progress of the 04 indicators established in relation to the 04 Sustainable Development Goals (SDG) was ranged from 50 percent to 66 percent.

Comments of the Accounting Officer

That the targets could not be met due to shortage of officers, lower demand for training courses and rising cost of production.

Recommendation

It should be act efficiently to achieve sustainable development goals.

5. Human Resource Management

Audit Observation	Comments of the Accounting Officer	Recommendation
As of 31 December of the year under review, the approved cadre was 906 and the actual cadre was 750. There were 166 vacancies including 11 senior level officers and 10 redundant officers.	That the 05 senior level posts have been recruited and call for other recruitments have been made.	The requirement should be identified and the vacancies should be filled immediately.