Head 161 Ministry of Wildlife and Forest Resources Conservation - 2024

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 2024 comprising the statement of financial position as at 31 December 2024 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 16 May 2025 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 13 June 2025 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 as at 31 December 2024 give a true and fair view on the financial position and its financial performance and cash flows and on all the material respects in compliance with the basis of preparation of the financial statements set out in Note 01 related to the financial statements.

1.2 Basis for 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 Emphasis of Matter - Basis of Preparation of Financial Statements

I draw attention to Note 1 to the financial statements which describe the basis of preparation of these financial statements. The financial statements have been prepared for the use of the Ministry of Wildlife and Forest Resources Conservation, the Treasury and the Parliament in accordance with Financial Regulations 150 and 151 and Public Accounting Guidelines No. 06/2024 dated 16 December 2024 as amended on 21 February 2025. Therefore, these financial statements may not be suitable for other purposes. My report is intended only for the use of the Ministry of Wildlife and Forest Resources Conservation, the General Treasury and the Parliament of Sri Lanka. My opinion on this matter is not modified.

1.4 Responsibilities of the Chief Accounting Officer for the Financial Statements

The Chief Accounting Officer is responsible for preparing financial statements that give a true and fair view in all material respects in accordance with Financial Regulations 150 and 151 and Public Accounts Guidelines No. 06/2024 dated 16 December 2024 as amended on 21 February 2025, and for determining such internal control as 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, 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.

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 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.

1.5 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 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 judgement 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 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.

2. 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.

3. Financial Review

3.1 Expenditure Management

	Audit Observation	Comments of the Chief Accounting Officer	Recommendation
(a)	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 were balances of Rs.108,931,262 ranging from 52 percent to 100 percent of the total net allocation of 16 expenditure codes of the Ministry in the year under review.	The reasons for the savings have been the Minister's failure to request for foreign official travel expenses, the fact that no Minister has been appointed after 22.09.2024, the Minister's implementation of most of his activities as the Minister of Irrigation from 01.12.2023 to 22.09.2024 in the irrigation premise, the staff of Minister request for vehicles in the Ministry without obtaining transportation allowances, the control of expenses in accordance with Budget Circular 1/2024, the transfer of ownership of the Ministry building to the Ministry from December 2023, the exemption from the payment of monthly rent, the restriction of property loans to government employees by commercial banks, and the failure to make expenses as expected.	When preparing estimates, attention should be paid to all factors and estimates should be prepared accurately in accordance with Financial Regulation 50(ii).

(b)	The provision of Rs.53,000,000 provided in the supplementary estimates for resolving land issues through sustainable forest management had been fully saved.	Comments had not been given.	Provisions made for specific tasks through supplementary estimates should be utilized to complete the relevant tasks.

3.2 Non-compliance with Laws, Rules and Regulations

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

	Observation			Comments of the Chief Accounting Officer	Recommendation
	Reference to Laws, Rules and Regulations	Value Rs.	Non-compliance		
(a)	Section 38(2) of the National Audit Act, No. 19 of 2018	-	Although the Chief Accounting Officer was required to conduct a written review of the internal control system of his institution and provide a copy to the Auditor General, this had not been done.	My letter No. ME/WFRCD/FIN/F1/ Final.St 2024 and dated 24.04.2025 stating that the review of the internal control system was conducted had been submitted to the Auditor General.	In accordance with the provisions of Section 38 of the National Audit Act, No. 19 of 2018, the review of the internal control system should be conducted in writing and a copy of that should be submitted to the Auditor General.
(b)	Financial Regulations of the Democratic Socialist Republic Sri Lanka Financial Regulations	-	Although all accidents occurring by officers using vehicles or by drivers in the absence of officers should be reported to the nearest police station, this had not been done in the	A written notice has been issued stating that the nearest police station should be notified immediately after a vehicle accident occurs. In addition, action had	Action should be taken to report vehicle accidents to the police in accordance with Financial

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4. Operational Review

4.1 Management Weaknesses

	Audit Observation	Comments of the Chief Accounting Officer	Recommendation
(a)	Following the release of the goods for the relevant fences from the equipment purchased for the construction of electric fences around villages under the Ecosystem Conservation and Management Projects implemented under the World Bank loan assistance, the remaining equipment worth Rs. 182,883,806 stored at 07 locations in the Anuradhapura Region and 03 locations in the Northwestern Region of the Department of Wildlife Conservation had remained unused and idle in the warehouses for 03 years as of the audit date of 24 February 2025.	It has been decided to use the remaining goods in the warehouses for the construction of elephant fences on the plantations of the Cashew Corporation and the Coconut Research Institute, and for the national electric fence system to be constructed by the department in the future. It has also been decided to submit the list of equipment that is observed to be practically difficult to use in the department to the appropriate government institutions and complete the work.	Since the relevant equipment has been idle for 3 years, steps should be taken to utilize it effectively without delay to avoid financial loss.
(b)	It was revealed that 4117 Fence Tension Springs, valued at Rs. 10,292,500, included in the remaining inventory, had been subjected to excessive heat and expansion after being applied to the electric fence, which had limited their use. Since no steps had been taken to identify the above problems before purchasing	Fence Tension Springs are not required for all locations of electric fences and they have been reported to face various problems due to expansion when exposed to high heat. However, officials of the Department of Wildlife Conservation stated that steps will be taken to use this device in the future for areas surrounded by heavy vegetation.	The audit conducted revealed that the equipment was not up to standard and could not be used. The officers who made substandard purchases should be held accountable for this expenditure.

	the goods, the money spent on them tended to be a waste of money.	The department will also use this product for electric fences to be constructed in the future.	
(c)	During the inspection conducted by the audit on 01 August 2023 after the completion of the project period, reports regarding the remaining stocks of fence equipment issued for 31 fences around the villages where construction was completed were submitted only in relation to 05 fences, and those stocks had not been physically delivered to the warehouse by 25 February 2025. The financial value of those goods was about Rs.1,044,150.	The Department of Wildlife Conservation has been instructed to use the remaining electric fence equipment for the construction of the department's electric fences and to provide the electric fence equipment that is difficult to do so to appropriate government institutions. It was informed that the Director General has reported to the Secretary of the Ministry that the remaining items that the department cannot use are being handed over to the Ministry of Agriculture and Irrigation.	The officers who carried out the project operations are responsible for this.
(d)	Action had not been taken regarding the remaining stocks of the remaining 26 fences whose construction was completed and the equipment provided for 07 half-completed fences.	The Director General of Wildlife has been instructed to use the remaining electric fence equipment for the electric fence to be constructed in the future by the Department of Wildlife Conservation. In addition, the Director General of Wildlife has also informed that the necessary GI pipes will be provided to the Sri Lanka Railways Department for the installation of the necessary signboards and the preliminary work will be carried out to purchase electric fence materials for the construction of temporary electric fences to cover paddy fields under agricultural projects in the Ampara and Batticaloa districts under the Department of Agriculture.	The officers who carried out the project operations are responsible for this.