Zoological Gardens Development and Welfare Fund – 2024

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1. Financial Statements

1.1 Qualified Opinion

The audit of financial statements of the Zoological Gardens Development and Welfare Fund for the year ended 31 December 2024 comprising the statement of financial position as at 31 December 2024 and the statement of income, statement of changes in equity and cash flow statement for the year then ended and notes to financial statements including material accounting policy information was carried out under my direction in pursuance of provisions in Article 154(3) 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. My comments and observations which I consider should be presented in Parliament appear in this report.

In my opinion, except for the effects of the matters described in Paragraph 1.5 of this report, the financial statements give a true and fair view of the financial position of the Fund as at 31 December 2024, and its financial performance and cash flows for the year then ended in accordance with Sri Lanka Public Sector Accounting Standards.

1.2 Basis for the Qualified Opinion

My opinion is qualified on the matters described in paragraph 1.5 of this report.

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 qualified opinion.

1.3 Responsibilities of Management and Those Charged with Governance for the Financial Statement

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with Sri Lanka Public Sector Accounting Standards and for such internal control as management determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Fund's stability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intend to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

As per Section 16(1) of the National Audit Act No. 19 of 2018, the Fund is required to maintain proper books and records of all its income, expenditure, assets and liabilities, to enable annual and periodic financial statements to be prepared.

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 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, they could reasonably be expected to influence the economic decisions of users taken 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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my 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.

- Obtain an understanding of internal control relevant to the audit in order to design audit 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 appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.

- Conclude on the appropriateness of the management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause to cease to continue as a going concern.

- Evaluate the overall presentation, 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.

The scope of the audit also extended to examine as far as possible, and as far as necessary the following;
- Whether the organization, systems, procedures, books, records and other documents have been properly and adequately designed from the point of view of the presentation of information to enable a continuous evaluation of the activities of the Fund, and whether such systems, procedures, books, records and other documents are in effective operation;

- Whether the Fund has complied with applicable written law, or other general or special directions issued by the governing body of the Fund;

- Whether the Fund has performed according to its powers, functions and duties; and resources of the Fund had been procured and utilized economically, efficiently and effectively within the time frames and in compliance with the applicable laws.

1.5 Audit Observations on the Preparation of Financial Statements

1.5.1 Accounting Deficiencies

	Audit Observation	Comment of the Management	Recommendation
(a)	The Value Added Tax amount of Rs.8,294,320 included in the income received from the sale of tickets for providing fruits to animals, fish spa, elephant bathing and children's corner had been credited to the relevant ticket revenue account instead of being credited to the Value Added Tax control account. As a result, the ticket sales income was overstated by that amount and the balance of Value Added Tax payable was understated in the financial statements.	It is informed that after verifying the tax collection on the sale of tickets for fruits for animals, fish spa, elephant bathing and children's corner, the amount of Value Added Tax amounting to Rs.8,294,320 will be paid to the Inland Revenue Department, and that Value Added Tax will be paid accordingly from the year 2025.	The answers had been given to only a part of the audit observations. Officials are responsible for keeping accurate accounts.
(b)	Electricity bill charges receivable for the rental of outlets amounting to Rs.2,218,016 had been correctly accounted in the electricity bill revenue account and electricity bill receivable account for the year, but had also been credited back to the electricity expense account.	It is informed that electricity bill income of Rs.2,218,016 has been mistakenly credited to the electricity expense account, and that action will be taken to correct this when preparing the accounts for the year 2025.	Officials are responsible for keeping accurate accounts.
(c)	The cash flow generated from operating activities in the cash flow statement showed movements in 05 account balances under non-financial movements with a difference of Rs.8,180,288.	It is informed that all these changes will be corrected in the preparation of the accounts for the year 2025.	Officials are responsible for keeping accurate accounts.
(d)	The cost of Rs.948,588 incurred for the acquisition of animals, which was an item that could not	The amount of Rs.948,588, which is the expenditure incurred for	Officials are responsible for following correct accounting methods.

	be deducted from the animal revaluation reserve balance, had been deducted from the animal revaluation reserve in the statement of changes in equity.	the acquisition of animals, had been included in the animal revaluation account as it is a payment related to that account.	
(e)	Although the Social Security Contribution Levy of Rs.32,561,361 should have been shown under other expenses in the income statement, it was deducted from the ticket revenue and adjusted to the Value Added Tax control account. Therefore, the ticket revenue and the expenditure for the year under review were understated by that amount.	It is informed that when preparing the accounts for the year 2025, action will be taken to include that amount under other expenses.	Officials are responsible for keeping accurate accounts.

1.5.2 Non-compliance with Laws, Rules, Regulations and Management Decisions etc.

Reference to laws, rules and regulations	Non-compliance	Comments of the Management	Recommendation
Guidelines 4.2.2, 4.2.3 and 5.3.10 of the Government Procurement Guideline of 2006	The procurement timetable had not been prepared properly, and the bid validity period, which was supposed to be 91 days, had been extended to 230 days for the procurement of medicines worth Rs. 7,982,747 for the Dehiwala Zoological Garden for the year 2023.	It was informed in writing that it was not possible to participate in the representation of the State pharmaceuticals corporation. Since there are no pharmacists in the department, the evaluation work is carried out by veterinarians, and the validity period has been extended due to the considerable time spent in issuing recommendations.	Should comply with Government procurement guidelines.

2. Financial Review

2.1 Financial Result

The operating result of the year under review amounted to a profit of Rs.250,704,411 and the corresponding loss in the preceding year amounted to Rs.187,636,878. Therefore, an improvement amounting to Rs.438,341,289 of the financial result was observed. This improvement was mainly due to the increase in ticket prices and the increase in the number of visitors.

3. Operational Review

3.1 Identified Losses

	Audit Observation	Comment of the Management	Recommendation
(a)	During the inspection of the second copy of the public 172 receipt books used to issue tickets to school children and pre-school children from the ticket counter of the Ridiyagama Safari Park, it was observed that the receipts were written in an irregular manner, and the information mentioned in the original copies had been fraudulently altered in the second copy when the relevant information was verified by a third party. 270 receipts were selected, out of which 20 were verified by third parties. Of these, 15, or 75% of the verified receipts, were altered.	As soon as this incident was discovered, the fee collection assistant involved was suspended and a departmental investigation was conducted.	Action should be taken to recover from the responsible officials.
(b)	The 15 receipts, which were verified to have been forged, had resulted in a financial fraud of Rs.53,690 by entering the number of visitors and fee amounts in the second copy less than the number entered in the original copy.	It was recommended to recover the fee of Rs.53,690 for the 15 receipts that were confirmed to have been forged.	Action should be taken to recover from the responsible officials.
(c)	There were 250 receipts totalling Rs.1,353,696 that were written in an informal manner but for which confirmation from third parties could not be obtained by the audit.	It was recommended that a formal investigation be conducted and information obtained from third parties regarding the remaining 250 irregularly written receipts to verify whether fraud has occurred.	Action should be taken to recover from the responsible officials.

3.2 Management Inefficiencies

	Audit Observation	Comment of the Management	Recommendation
(a)	An automated ticketing system, which was developed by an officer of the department for zoos operating across the island, is being installed and maintained under the Department of National Zoological Garden. Although the launch of this system was a very important step in the institutional process and had increased efficiency and prevented fraud and errors, as well as brought about formality in reporting and revenue management, there were administrative problems such as the system not being officially taken over by the institution, the lack of a proper monitoring system to ensure the continuous functioning of the system, the uniformity and stability of the system throughout the island, and the lack of appointment of officers responsible for maintenance and updates.	Requests have been made to the Department to obtain the services of Information Technology officers to carry out maintenance and update work for the 04 sub-institutions regarding the use of this system.	Management's attention should be focused on officially taking over the automatic ticketing system under the institution and maintaining the continuous operation of the system with uniformity and stability throughout the island.
(b)	Procurements worth Rs.69,428,799 were awarded to suppliers for the purchase of vegetables and herbs for the zoological gardens belonging to the Department of Zoological Gardens in the year 2024. This included 63103 kg of Kankun, 8700 kg of Mukunuwenna and 2730 kg of Gotukola, which can be easily cultivated and are already cultivated in the farms belonging to the Department, and their procurement value was Rs.17,841,373. This was about	Currently, the Kahapola and Gonapola farms provide the entire production of Kankun, Gotukola and Mukunuwenna on a daily basis.	Action should be taken to utilize the land productively.

	25 percent of the total vegetable procurement value. Of the annual requirements, 10,103 kg of Kankun and 2.5 kg of Gotukola were supplied by the Gonapala farm in the first 6 months of 2024. It was observed that through proper development of the farm and effective use of the land, the above herb requirements can be cultivated within the farms themselves, thereby minimizing the huge annual cost incurred for it.		
(c)	One printed ticket per person was issued to visitors to the park under the Department, but the ticket issued to school children in Ridiagama Safari Park had finished on 23 December 2023. As at 09 May 2025, when the audit was conducted, tickets for school children were issued using general 172 form as one receipt per group of school children.	Due to the non-availability of paper for printing school children's tickets, it was informed to issue general 172 receipts to school children groups. It is informed that since the use of POS machine has been started from December 2024, 172 general receipts will not be issued.	The procedure for issuing tickets should be streamlined.
(d)	The amount of mobilization advance amounting to Rs.28,553,213 from the year 2022 in the financial statements was not settled by bringing the bills of completion from the relevant parties.	Advances paid to National Equipment and Machinery Organization have been unable to be recovered due to poor progress in construction projects due to contract termination and non-submission of bills for work performed on completed projects. Therefore, the outstanding advance amount is Rs.29,734,197.00, the unreleased retention money is Rs.15,675,960.11, and	Action should be taken to settle the advances.

		the amount calculated for the completed works of the projects for which the works have been completed but no bills have been submitted and payments have not been made, which is Rs.33,011,524.49. Accordingly, the amount of retention money not released to the National Equipment and Machinery Organization is Rs.15,675,960.11 has been credited to the government revenue and the amount payable to that institution is Rs.33,011,524.49 is not paid to that institution.	
(e)	A physical inspection revealed that the farms did not have the necessary skilled labour to run them efficiently and with full utilization of their land. According to the comparison of the number of workers on the farms, each worker on the Gonapala farm had to cover 1.07 acres, while each worker on the Kahapola farm had to cover 17.75 acres.	Skilled labour had not been provided for Kahapola. Kahpola farm is run by daily unskilled labourers. An adequate supply of skilled labour is provided for the Gonapola farm.	Action should be taken to improve the control system.

3.3 Operational Inefficiencies

	Audit Observation	Comment of the Management	Recommendation
(a)	Four works that were expected to be completed under the allocation of Rs.45 million at the Dehiwala Zoological Garden failed to be completed during the year and the	The total estimated cost of this project is approximately 100 million and the funding for this project is being provided in instalments.	Actions should be taken in accordance with the action plan.

	physical progress in the urgent removal of dangerous wires remained at 15 percent.		
(b)	Out of the total allocation allocated for the works of the Pinnawala Zoological Garden, Rs.23.18 million, or 50 percent, was allocated for the construction of an enclosure for small animals of the Felidae family, but the physical progress was 15 percent. Also, during the year under review, although provisions of Rs. 9 million had been allocated to complete the first phase of the Lion Exhibition, the work had not been carried out.	1) The construction of a small animal enclosure for the Felidae family has been carried out under the consultancy of the Central Engineering Consultancy Bureau. The construction company selected through the procurement process has been entrusted with the completion of the work within 180 days from 17/12/2024. As at 30/04/2025, 65% physical progress has been achieved. 2) Necessary plans for the construction of a lion enclosure at the Pinnawala Zoo in 2024 were scheduled to be completed through the Central Engineering Consultancy Bureau. The plans could not be completed in 2024, as a land survey was required to determine the location of the enclosure.	Actions should be taken in accordance with the action plan.
(c)	Provisions of Rs.38.44 million had been allocated for 06 works of the Hambantota Safari Park. The physical progress of the works for which Rs.37.44 million, or 92.4 percent of the total provision, was at a level of 20 percent and below.	Delays in obtaining weather reports for one task, the absence of engineers for two tasks, the need to call for bids twice for one task, and labour shortages have contributed to the slowdown in progress.	Actions should be taken in accordance with the action plan.
(d)	Although provisions of Rs.33 million had been allocated for the construction of elephant sheds at the Pinnawala Elephant Orphanage, the tender remained at the evaluation stage at the end of the year due	Due to the lack of sufficient space and safe places to remove the elephants from the 03 elephant sheds at the same time, only one shed had to be renovated in the year 2024. The Central Engineering	Action should be taken to utilize the estimated allocations efficiently and effectively.

	to the lack of prior plans to remove the elephants currently in those sheds and delays in preparing estimates.	Consultancy Bureau had been assigned to carry out the relevant repairs. The delay has been due to the institution taking more time to prepare the relevant plans and estimates. However, the relevant project had been started on 2024.10.23 and had been completed by 2025.03.30.	
(e)	The Kahapola farm, which covers an area of 71 acres, is being maintained for the purpose of producing food for the Department of National Zoological Gardens, and about 30 acres are under cultivation. The remaining 41 acres of land remained idle.	Although food production activities at the Kahapola farm began in 2022, due to the submission of cabinet papers from time to time, instructions were given to completely stop its production and development activities, which led to severe disruption of cultivation activities. Cultivation activities have resumed this year and if there are no obstacles due to cabinet papers, cultivation activities at the Kahapola farm can be successfully completed.	Action should be taken to utilize the land productively.

4. Budgetary Control

Audit Observation	Comment of the Management	Recommendation
When comparing the approved budget estimate and the actual expenditure for the year under review, a total of Rs.2,151,137 was spent in excess of the budget estimate for 02 expenditure items.	It is kindly informed that the approved budget estimate for the year under review had been revised and redrafted, and that approval has been obtained and the budget estimate has not been exceeded.	Expenditures have been incurred in excess of the estimate as per the revised estimate. Action should be taken not to exceed the expenditure limits.