

Wildlife Conservation Fund - 2012

1. Financial statements

1:1 Qualified Opinion

In my opinion, except for the effects of the matters described in paragraph 1:2 of this report, the financial statements give a true and fair view of the financial position of the Wildlife Conservation Fund .as at 31 December 2012 and its financial performance and cash flow for the year then ended in accordance with Generally Accepted Accounting Principles.

1:2 Comments on Financial Statements

1:2:1 Accounting Deficiencies

The following accounting deficiencies were observed.

- (a) Expenditure of Rs.55,895,662 relating to 17 items of work in progress pertaining to buildings had been shown as fixed asset in the financial statements instead of being shown as work-in-progress.
- (b) Elephant cartridges valued at Rs.43,526,689 had been purchased during the year 2012 and the balance stock as at 31 December 2012 as per register of inventories was 31,250. Action had not been taken to physically verify them and include in the accounts.
- (c) The stock of milk powder and medicines based on book values of Rs.1,490,411 and Rs.11,218,465 had been included in the statement of accounts without being physically verified.
- (d) The sum of Rs.1,385,646 received as income had not been accounted for. As a result, the income for the year under review had been understand by a similar amount.
- (e) A sum of Rs.14,454,000 had been accounted for, as bonus being 60 percent of the fines for the year amounting to Rs.24,090,000, instead of specifically identifying the actual bonus payable for the year, that is, the number of officers to whom bonus should be paid and the amount payable to each officer.

1:2:2 Unreconciled Control Accounts

The balance of the Receipts and Payments Account of the Fund for the year under review was Rs.1,115,525,248 and it was Rs.1,113,817,176 as per summery of accounts of the Treasury. The difference of Rs.1,708,072 had been written off against the Accumulated Fund through an Adjustment Account without identifying the reason for the difference and without proper approval.

1:2:3 Accounts Receivable and Payable

Nine balances of receivables aggregating Rs.16,045,658 and the balances of bonus payable amounting to Rs.25,900,809 existed for over 1 year. Meanwhile, the balances of service charges payable amounting to Rs.3,255,318 existed for over 3 years.

1:2:4 Lack of Evidence for Audit

The following observations are made.

- (a) Evidence indicated against each of the following item had not been furnished to audit.

Item -----	Value ----- Rs.	Evidence not made available -----
Purchase of 10 vehicles by the Fund in 2012	27,479,592	Insurance certificates
Courts Fines	2,784,517	Detailed schedules
Accrued Expenses	15,745,392	Detailed schedules
Bonus	25,900,392	Detailed schedules

- (b) Verification of inventory items relating to firearms, bullets and elephant cartridges had not been carried out since 2008. Meanwhile the relevant inventory registers had not been maintained at divisional offices and the number of guns that should be available could not be ascertained in audit. Further, the predecessors had not handed over the assets in their possession in writing.

1:2:5 Non-compliance with Laws, Rules, Regulations and Management Decisions

The following non-compliances were observed.

Reference to Laws, Rules,
Regulations, etc.

Non-compliance

(a) Section 06(i)(j) of the Fauna and
Flora Ordinance No.02 of 1937
as amended by the Act, No. 22
of 2009.

A new road of 55 kilometre had been illegally
constructed within the Wilpattu National
Sanctuary extending from Elavankulama
Kalaoya to Kondachchikuda in spite of the
notification that such a road construction is
prohibited.

(b) Financial Regulations

i. F.R. 104

The double cab vehicle purchased during the
year under review had met with an accident and
a sum of Rs.102,600 had been spent to repair
it. The expenditure could not be reimbursed as
there was no insurance coverage. Also, action
had not been taken to recover it from those who
were responsible.

ii. F.R. 177

The money received should be banked on the
day concerned or the following day. However,
there were delays of 2 to 11 days.

iii. F.R. 755

Handing over and taking over of goods of 5
bungalows had not been done during the time
of transfer of officers. Action had not been
taken to recover the shortage from the officers
responsible.

iv F.R. 756 and 757

Assets and stocks of the Manampitiya Bittu
office and the new Buthawa Circuit Bungalow
had not been physically verified.

2. Financial Review

2:1 Financial Results

According to the financial statements presented, the financial results of the Fund for the year under review amounted to a surplus of Rs.442,202,868 as compared with the previous years' surplus of Rs.509,253,575 showing a deterioration, in financial results by Rs.67,050,707. The decrease in visitors' fees of sanctuaries by Rs. 62.46 million during the year under review as compared with that of the previous year had mainly contributed to this deterioration.

2:2 Analytical Financial Review

The income of the Fund for the year 2011 amounting to Rs.724.8 million had increased by Rs.8.6 million or 1.19 per cent upto Rs.733.4 million during the year 2012. The expenditure of 2011 amounted to Rs.215.58 million and it had increased by Rs.75.59 million or 35 percent upto 291.17 million during the year 2012.

2:3 Legal Action taken by/against the Institution

During the year under review, 14 cases had been filed in courts against the Department by external institutions and persons. The number of cases filed against external persons by the Surprise Raid Unit of the head office from January to 31 August 2012 was 601.

2:4 Abnormal Increase in Expenditure

The increase in 8 items of expenditure amounting to Rs.114.12 million to Rs.225.20 million during the year under review ranged from 21 to 100 percent. A sum of Rs.44.58 million had been paid as Voluntary Guide Allowances and it had increased by 41 percent compared with the previous year. However, the visitors fees of sanctuaries for the year had decreased.

3. Operating Review

3:1 Management Inefficiencies

The following observations are made.

- (a) Although there were 03 divisional wild sanctuaries, 11 forest offices and 12 beat offices in the area, outsiders had maintained 56 plots of lands for growing ganja plants within the sanctuaries.
- (b) Action had not been taken against the officer in charge of the Henanigala Beat Office of the Eastern Zone who was not present at his workplace.

3:2 Operating Inefficiencies

The following observations are made.

- (a) The number of foreign tourists and local tourists entering and leaving the sanctuaries and the number of the admission tickets issued are noted anywhere and the admission tickets had not been cancelled. This may allow room for admission tickets to be substituted or misused.
- (b) As a result of not rectifying the defects in the computers, the number and value appearing in the already issued admission tickets had been reprinted. Accordingly, the internal control relating to admission tickets was weak although they had been issued using computers.
- (c) Lack of correctness in the daily income report furnished to the head office and the lack of correctness in the number of tourist arrivals shown as per daily income report, with reference to the Udawalawa National Sanctuary had not been examined and action taken accordingly.
- (d) Thirty five volunteer employees had been employed at the Udawala National Sanctuary. But, check rolls had not been maintained. A daily roster too had not been prepared. Accordingly, the management had not taken action to confirm the presence of employees at the worksites.

- (e) Sixteen books valued at Rs.58,000 had been misplaced at the Udawalawa Ethathuru Sevana. In this connection, action had not been taken to recover the loss from the officers responsible.
- (f) Ten General 172 counterfoil books handed over on 13 July 2011 and 03 counterfoil books handed over on 01 March 2012 to the Udawalawa National Sanctuary had been misplaced. Further, it was observed at a physical verification carried out on 22 January 2013 that 12 unused counterfoil books received from the head office on 13 February 2011 had been retained at the office of the Sanctuary. The management had not taken action with regard to the weak internal control relating to counterfoil books.
- (g) The vision of the Department of Wildlife is to “Preserve the Wildlife Heritage for the present and future generation. However, due to the human elephant conflict, the number of deaths of elephants had rapidly increased from 2007 to 2012. The management had not taken action to minimize this situation. The number of deaths of elephants, each year, as furnished by the Department of Wildlife, appear below.

Year -----	No. of deaths of Elephants -----
2007	189
2008	224
2009	228
2010	227
2010	255
2011	250

- (h) Although 8 main functions and responsibilities of the elephant preservation division had been classified, expenditure had not been incurred on main functions and responsibilities such as, implementation of national elephant preservation policy, establishment of places of protection with guidance to elephants etc. Instead of preserving elephants, the following expenditure had been incurred on implementation of the Gajamithuro Programme and for erection of electric fences with a view to chase away elephants, to combat them, to pay compensation for losses caused by wild animals, to purchase elephant cartridges and for casing the human-elephant complicit.

Details	Year	
	2011	2012
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	Rs.million	Rs.million
Expenditure to chase away elephants	0.36	5.95
Compensation for losses caused to the public by animals	25.18 (1348 instances)	15.90 (3183 instances)
Expenditure on elephant cartridges to chase away elephants	41.14 (No. of elephant cartridges purchased – 514,000)	43.52 (No. of elephant cartridges purchased – 514,00)
Implementation of Gajamithuro Programme	300	802.62

According to the above, it was observed that the management had not taken action to fulfil the main function of preserving elephants.

- (i) General 172 receipts had been used to collect 15 dollars from a foreign adult visitor and 08 dollars from a foreign child visitor and Rs. 60 from a local adult visitor and Rs. 30 from a local child visitor who arrives at the sanctuary. An examination of the Book No. Z/27 490,001 revealed 99 percent of those who arrived were local tourists. It was thus observed that misappropriations could occur by altering the amount in the office copy of General 172 by showing it as collections from local tourists. Although it was agreed at the audit committee meetings to rectify this adverse situation, the management had not taken action to rectify it.

3:3 Idle and Underutilized Assets

The following observations are made.

- (a) Although a sum of Rs.4,574,919 had been spent to construct an elephant parks and a sliding platform at the Angammedilla National Sanctuary, the buildings remained idle.
- (b) A sum of Rs.564,055 had been spent to repair the Thimbiriyamankada Circuit Bungalow. However, a portion of the circuit bungalow had submerged under water. As a result, it had become unsuitable for lodging

facilities and the expenditure of Rs.564,055 had become fruitless. Meanwhile, the department had been deprived an extensive income as this remained without being used for 2 years in spite of the great demand for this circuit bungalow.

4. Accountability and Good Governance

4:1 Corporate Plan

A Corporate Plan for not less than 3 years had not been prepared to fulfil the mission and vision of the Institution.

4:2 Action Plan

An Action Plan had not been prepared for the Fund.

4:3 Internal Audit

The following observations are made.

- (a) An internal audit officers had been appointed during the year under review. However, the internal audit programme and audit reports had not been furnished for audit.
- (b) Although an internal audit until had been established, approval for supportive staff within the cadre approved by the Department of Management Services on 21 August 2012 or to assign adequate staff to the unit to suit the scope of the fund had not been made.

4:4 Procurement Plan

During the year under review, procurements for Rs.164,174,438 had been made by the Fund. However, a procurement plan had not been prepared in terms of the National Budget Circular No. 128 dated 24 March 2006.

4:5 Fulfilment of Environmental and Social Responsibilities

The following observations are made.

- (a) One hundred and sixteen unauthorized occupation of land at Haggala High National Reserve belonging to the Nuwara Eliya District and 103 unauthorized occupation of land in the Badulla District had been reported. Legal action had not been taken to safeguard these environmentally friendly reserves.
- (b) According to the case filed at the Court of Appeal by the Environment Foundation Ltd., the Director of the Department of Wildlife Conservation had not taken action to implement to order, to evacuate unauthorized occupants at the Haggala Sensitive Reserve to evacuate the unauthorized occupants by producing them at the courts, to demarcate boundaries of the Haggala High Reserve not to supply electricity to unauthorized occupants, to suspend any further issue extension or renewal of licences for unauthorized cultivations at the sensitive reserve areas.
- (c) So far, the Director of the Department had not taken any action regarding the unauthorized benefit enjoyed by the Ambewela Animal Husbandry Farm in an area of 2km on the Nuwara Eliya – Ambewela road which belongs to the Haggala Sensitive Reserve.
- (d) A case is being heard at the court of Appeal with regard to the unlawful handing over of two baby elephants named “Sindhu” and “Raju” to the Sri Dalada Maligawa. Action had not been taken to register those two baby elephants and to get licences.
- (e) According to Section 3 and 4(3)(a) of the Fauna and Flora Ordinance (Chapter 469) and section 6.2(2) of the Fauna and Flora Act (Amendment) Act, No. 22 of 2009, “No one should construct a tourist hotel or supply services or facilities afforded by a tourist hotel within a radius of one mile from the boundaries of the premises of a National Reserve”. However, permission for a holiday resort had been sought in the premises belonging to the inductive zone of the Udawalawa National Sanctuary and subsequently the name had been altered as Environmentally friendly Meditation Centre. The Director General had approved it.

5. Systems and Control

The deficiencies in systems and controls observed during the course of audit were brought to the notice of the Director General from time to time. Special attention is drawn to the following areas of control.

- (a) Accounting
- (b) Income from Wildlife Sanctuaries
- (c) Collection of Fines and Payment of Bonus
- (d) Personnel Management
- (e) Maintenance of Documents
- (f) Internal Audit