

Head 179 - Report of the Auditor General on the Ministry of Agrarian Services and Wildlife and Departments coming under the Ministry – Year 2013

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This report consists of two Parts.

Part 1 - Summary Report on the Accounts of the Ministry and the Departments under the Ministry

Part 2 - Detailed Report on each Appropriation Head

**Part I**

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Summary report on the Accounts of the Ministry of Agrarian Services and Wildlife and the Departments under the Ministry

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1. **Departments under the Ministry**

Head	Name of the Department
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281	Department of Agrarian Development
284	Department of Conservation of Wildlife

2. **Accounts**

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2.1 **Appropriation Account**

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(a) **Total Provision and Expenditure**

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The total net provision for the Ministry and two Departments under that made amounted to Rs.43,650,100,000 and a sum of Rs.25,253,404,835 had been utilized from it as at the end of the year under review. Accordingly, the savings in the Ministry and each Department ranged from Rs.58,678,260 to Rs.18,160,371,253 representing 1.34 per cent to 47.67 per cent of the total net provision. Particulars are given below.

Head	<u>As at 31 December 2013</u>			Savings as a Percentage of Net Provision
	Net Provision	Utilization	Savings	
	Rs.	Rs.	Rs.	
179	38,097,535,000	19,937,163,747	18,160,371,253	47.67
281	4,378,055,000	4,319,376,740	58,678,260	1.34
284	1,174,510,000	996,864,348	177,645,652	15.12
Total	43,650,100,000	25,253,404,835	18,396,695,165	

## 2.2 Revenue Accounts

### Estimated Revenue and Actual Revenue

A Department under the Ministry had estimated a revenue of Rs.17 million in the year 2013 for a revenue code and a revenue of Rs.17.2 million had been collected during the under review. Accordingly, 101 per cent of the estimated revenue had been collected.

Revenue Code	<u>As at 31 December 2013</u>			
	Estimated Revenue	Actual Revenue	Over Collection	Over Collection as a Percentage of Estimated Revenue
	Rs.	Rs.	Rs.	
20.03.02.06	17,000,000	17,250,282	250,282	1.47

## 2.3 Advance Accounts

### 2.3.1 Advances to Public Officers Account

#### Limits Authorized by Parliament

The limits authorized by the Parliament for advances to Public Officers Accounts in the Ministry and two Departments under the Ministry and the actual figures are given below.

Item No.	Expenditure		Receipts		Debit balance	
	Maximum Limit	Actual	Minimum Limit	Actual	Maximum Limit	Actual
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
17901	5,000,000	4,428,118	2,200,000	13,136,827	30,000,000	8,899,840
28101	250,000,000	113,382,029	140,000,000	156,000,000	830,000,000	341,111,103
28401	44,000,000	33,664,318	28,000,000	32,178,008	140,000,000	122,850,630

## 2.4 Imprest and General Deposit Accounts

### 2.4.1 Imprest Account

Imprest Balances of the Ministry and two Departments under the Ministry as at 31 December 2013 amounted to Rs.1,549,963. Details appear below.

Ministry / Department	Imprest Account No.	Balance as at 31 December 2013
		Rs.
Ministry of Agrarian Services and Wildlife	7002/0000/00/0418/0013/000	38,253
Department of Conservation of Wildlife	7002/0000/00/0145/0013/000	1,478,852
Department of Agrarian Development	7002/0000/00/0088/0013/000	32,858
Total		1,549,963

## 2.4.2 General Deposit Accounts

Balances in the General Deposits Accounts of the Ministry and two Departments under the Ministry as at 31 December 2013 amounted to Rs.1,779,944,481. Details appear below.

Ministry / Department	Deposit Account No.	Balance as at 31 December 2013
		Rs.
Ministry of Agrarian Services and Wildlife	6000/0000/00/0015/0188/000	455,093
Department of Agrarian Development	6000/0000/00/0015/0136/000	106,817,372
	6000/0000/00/0006/0051/000	281,742,736
	6000/0000/00/0001/0010/000	25,247
	6000/0000/00/0002/0010/000	636,964
	6000/0000/00/0013/0024/000	142,419
Department of Conservation of Wildlife	6000/0000/00/0015/0139/000	110,286,413
	6000/0000/00/0006/0020/000	1,279,838,237
Total		1,779,944,481

## Part II

### Detailed Report relating to each Appropriation Head

#### 1. Head 179 – Ministry of Agrarian Services and Wildlife

##### 1.1 Scope of Audit

The audit of the appropriation account of the Ministry of Agrarian Services and Wildlife for the year ended 31 December 2013 comprising the financial reports, reconciliation statements books and other records was carried out in pursuance of provision in Article 154(1) of the Constitution of the Democratic Socialist Republic of Sri Lanka. The management audit report for the year under review had been issued to the Secretary to the

Ministry on 02 December 2014. Audit observations, comments and findings on accounts and reconciliation statements are based on review of accounts and reconciliation statements presented to audit and substantive tests of samples of transactions. The scope and extent of such review and tests were such as to enable as wide an audit coverage as possible within the limitations of staff, other resources and time available to me.

## **1.2 Chief Accounting Officer`s Responsibility for the Accounts and Reconciliation Statements**

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Chief Accounting Officer is responsible for the maintenance, preparation and fair presentation of the Appropriation Accounts and reconciliation statements in accordance with Article 148, 149, 150 and 152 of the Constitution of the Democratic Socialist Republic of Sri Lanka, other Statutory Provisions Public Finance and Administration Regulations. This responsibility includes designing implementing and maintaining internal control relevant to the preparation and fair presentation of accounts and reconciliation statements that are free from material misstatements, whether due to fraud or error.

## **1.3 Audit Observation**

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According to the Financial Records and Books for the year ended 31 December 2013, it was observed that except for the effects of the general observations appearing at (a) and (b) and other major audit findings appearing in paragraph 1.4 to 1.09 herein, the Appropriation Accounts and reconciliation Statements of the Ministry of Agrarian Service and Wildlife had been prepared satisfactorily.

### **(a) Budgetary Variance**

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The following observations are made.

- i. The entire net provision amounting to Rs.1,365,000 made under 12 Objects had been saved.
- ii. Excess provisions had been obtained for 15 Objects and as such the savings thereunder after utilizing the provisions ranged between 41 per cent and 98 per cent of the net provisions relating to those Objects.

**(b) Imprest Account**  
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The imprest balance of the Ministry unsettled as at 30 April 2014 amounted to Rs.29,000 and that balance had been brought forward since the year 2011.

**1.4 Assets Management**  
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**Irregular use of Assets belonging to other Institutions**  
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Instances of using certain assets belonging to other institutions without formal approval by the Ministry were observed during audit test checks. Details appear below.

Category of Assets	Institution relating to Asset	Number
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Motor Vehicles	Department of Conservation of Wildlife	01
	Ministry of Education	05
	Department of Agrarian Development	02
	Ministry of Irrigation and Water Management	01

**1.5 Non-compliances**  
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**Non-compliances with Laws, Rules, Regulations etc.,**  
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Even though Rs. 457,535 of the amount paid in terms of Guideline 5.4.6 of the Government Procurement Guidelines should be retained for renovation of 08 toilets by the Ministry, it had not been so done.

**1.6 Transactions of Contentious Nature**  
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Despite giving appointments for 01 post of Management Assistant and 01 post of KKS in addition to the approved cadre in terms of the circular No. CA/1/17/1 of 14 May 2010 of the Secretary to the President in respect of management of public expenditure, an amount of Rs. 253,483 had been paid for 4,385 extra hours for 05 Management Assistants and a KKS from February to May 2013.

## 1.7 Irregular Transactions

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Following observations are made.

- (a) Video cameras, computers, televisions, refrigerators, photocopy machines and office equipment had been purchased at a cost of Rs. 6,269,571 by the Ministry of Conservation of Wildlife in the year 2012. Even though those assets had been assigned to the Ministry of Economic Development as the offices of the Ministries had been reorganized in 2013, the Ministry of Economic Development had not confirmed that those assets had been received.
- (b) Even though works under Item Nos. 03 and 05 of the estimate of the contract of colour washing the walls inside the Ministry building had not been completed, an amount of Rs. 112,810 had been paid to the contractor.
- (c) In order to encourage the paddy farmers to use organic fertilizer production in the organic fertilizer production units situated in rural areas, the said organic fertilizer had been provided free of charge to farmers in equal amounts of urea fertilizer used by farmers. The Committee to decide on commercial prices of fertilizer had determined the relevant value of fertilizer distributed by organic fertilizer production units. Payments had been made for the fertilizer produced and distributed by the organic fertilizer production units in rural areas based on the said price. As such a total of Rs. 19,239,546 had been paid to the organic fertilizer producers of 20 Agrarian Centers in the said District by the Anuradhapura Agrarian Development District Office. Following observations are made in this respect.
- (i) A quantity of 384,143 kg of organic fertilizer had been produced and distributed by 48 members of organic fertilizer production units attached to the Katiyawa Agrarian Services Center and according to the said distribution list; an amount of Rs. 3,073,144 had been paid. The following matters were revealed during the field inspection carried out in this connection.
- An amount of Rs. 280,476 had been paid for 09 members of the organic fertilizer production unit No. Thulana 385 of Tract 10. Actually an amount of Rs. 29,468 had been paid for 01 person for production and distribution of 3,683.5 kg of fertilizer. Accordingly, a sum of Rs. 251,008 had been overpaid.
  - Even though it was indicated in registers that an amount of Rs. 314,396 had been paid for the production and distribution of 39,299.5 kg of organic fertilizer to 04 members of the Ihala

Halmillewa Agrarian Organization belonging to the organic fertilizer production unit No. Thulana 396, actually a quantity of only 3,200 kg had been produced and distributed. As such, an amount of Rs.311,196 had been overpaid for 36,099.5 kg of fertilizer to the said members.

- (ii) Even though an amount of Rs. 19.23 million had been paid for the production and distribution of 2,404.95 metric tons of organic fertilizer in 20 Agrarian Services Centers of the District, no proper system had been carried out to check whether the fertilizer had been produced according to the proper standard.
- (iii) Even though an amount of Rs.72,558,460 had been spent for the supply of organic fertilizer equipment and input for 40 Agrarian Services Centers in the Anuradhapura District, no organic fertilizer production whatsoever had been carried out in 18 centers out of them even by 30 June 2014.
- (iv) Accordingly, expected progress had not been reached by the amount spent for the Organic Fertilizer Production Project and fertilizer production activities had not been carried out continuously. Follow up action in this respect had not been carried out.

## **1.8 Uneconomic Transactions**

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Parts removed from the decorative entrance constructed for the Deyata Kirula Exhibition in 2012 had not been returned. Even though a transport fee of Rs. 50,000 had been included according to the quotation submitted for the decorative entrance constructed for the Deyata Kirula Exhibition in 2013, an amount of Rs.39,000 had been paid separately for transport, loading and unloading.



## 1.9 Human Resources Management

### (a) Approved Cadre and Actual Cadre

The position of cadre as at 31 December 2013 was as follows.

Category of Employees	Approved Cadre	Actual Cadre	Vacancies
Senior level	12	11	01
Tertiary level	42	38	04
Secondary level	25	25	-
	<b>79</b>	<b>74</b>	<b>05</b>

Following observations is made.

No action had been taken by the Ministry to fill 05 vacancies by the end of the year under review.

### (b) Human Resources released irregularly to Other Parties

Details on human resources released in an irregular manner to other parties in the year under review are as follows.

Category of Employees	No of Employees	Other Party	Duration of Release
Management Assistant	01	Ministerial staff	February 2013
KKS	01	Ministerial staff	February 2013

### (c) Training in Disciplinary Procedure

A training in disciplinary procedure had been held from 22 to 24 April 2013 by the National Institute of Labour Studies for the officers of Grades II and III of Sri Lanka Administrative Service and parallel services targeting Managers at top level and Super Grade Officers of the public service. Two Development Assistants and two Management Assistants irrelevant for the above posts had also been made to participate in the said training.

## 2. **Head 281 – Department of Agrarian Development**

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### 2.1 **Scope of Audit**

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The audit of the appropriation account of the Department of Agrarian Development for the year ended 31 December 2013, comprising the financial records, reconciliation statements, books and other records was carried out in pursuance of provisions in Article 154(1) of the Constitution of the Democratic Socialist Republic of Sri Lanka. The management audit report for the year under review had been issued to the Commissioner General on 09 September 2014. Audit Observations, comments and findings on accounts and reconciliation statements were based on a review of the accounts and reconciliation statements presented to audit and substantive tests of samples of transactions. The scope and extent of such review and tests were such as to enable as wide an audit coverage as possible within the limitations of staff, other resources and time available to me.

### 2.2 **Responsibility for the Accounts and Reconciliation Statements of the Chief Accounting Officer and the Accounting Officer**

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Chief Accounting Officer and the Accounting Officer are responsible for the maintenance, preparation and fair presentation of the Appropriation Account and reconciliation statements in accordance with Article 148, 149, 150 and 152 of the Constitution of the Democratic Socialist Republic of Sri Lanka, other statutory provisions, Public Finance and Administrative Regulations. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of accounts and reconciliation statements that are free from material misstatements whether due to fraud or error.

### 2.3 **Audit Observations**

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According to the Financial Records and Books for the year ended 31 December 2013, it was observed that except for the effects of the general observation appearing from (a) to (c) and major audit findings appearing in paragraph 2.4 to 2.11 herein, the Appropriation Account and Reconciliation Statement of the Department of Agrarian Development had been prepared satisfactorily.

**(a) Presentation of Accounts**

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Accounts of Agrarian Development Councils had not been presented to audit by 31 March 2014 by the Department as follows.

<b>Year</b>	<b>No of Accounts not Presented</b>
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2006	32
2007	32
2008	36
2009	59
2010	56
2011	64
2012	109
2013	205

**(b) Imprest Account**

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A total of Rs. 2,167,000 of ad-hoc-sub imprest had been issued in 04 instances to a non-staff grade officer contrary to provisions in Financial Regulation 371.

**(c) Reconciliation Statement of the Advances to Public Officers Account**

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The following observations are made.

- (i) As per the reconciliation statement as at 31 December 2013 on the Advances to Public Officers Account under Item No 28101, the total of the outstanding balances amounted to Rs. 22,612,243 and the follow up action for the recovery of those balances were at a weak level.
- (ii) When comparing the total of individual balances summary with the balance of the Control Account, there is a difference of Rs. 678,192. An amount of Rs. 189,178 the difference of the individual balances

summaries as at 31 December 2007, unidentified debit balance of Rs. 2,049,291 and unidentified credit balance of Rs. 1,560,277 at the end of the year under review had been included in this difference.

- (iii) The total recoverable loan balances as at 31 December 2013 from officers who did not act in terms of Section 4 of Chapter XXIV of the Establishments Code and had retired, had been interdicted and terminated of service amounted to Rs. 13,643,691 and loan balances of Rs. 5,255,012 over 05 years were included in those balances.
- (iv) The loan balance recoverable as at 31 December 2013 from retired officers amounted to Rs. 4,362,950 and Rs.1,155,948 out of it had been recovered from the Pensions Gratuity of 20 officers and retained in the Department of Pensions. It had failed to obtain provisions for this from the Department of Pensions even by 31 December 2013.
- (v) No action had been taken to recover a loan balance of Rs. 55,110 recoverable from 05 Members elected by contesting for Provincial Councils and Pradeshiya Sabhas.
- (vi) Loan balances of Rs. 486,944 recoverable from Officers of Agrarian Services absorbed as Provincial Council Officers are existing over a period of 05 years and no action had been taken to recover the said balances.
- (vii) Even though in terms of National Budget Circular No. 118 of 11 October 2004, the loan balances of officers transferred from and to the Department should be settled within 03 months, the total loan balances of Rs. 5,809,595 of officers transferred from the Department and total loan balances of Rs. 20,273 of officers transferred to the Department that had not been settled over a period of 06 years of the Department had not been settled even by 31 December 2013.
- (viii) Loan balances of Rs.2,772,758 shown in the Control Account of 2012 had been omitted from the Control Account of 2013 and no evidence had been presented to audit that those balances had been settled.

## 2.4 **Good Governance and Accountability**

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### 2.4.1 **Internal Audit**

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Even though an internal audit unit is in operation, affairs of the Head Office and District Offices had not been covered by the internal audit.

### 2.4.2 **Implementation of Audit and Management Committees**

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Only two meetings of Audit and Management Committee had been held in the year under review.

## 2.5 **Assets Management**

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Following observations are made.

### (a) **Idle and Underutilized Assets**

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Following observations are made during audit test checks carried out in respect of assets belonging to the Department.

- (i) Thirty items of machinery belonging to the Department had remained idle between the period of 02 and 10 years.
- (ii) Seventy five quarters owned by the Department were in a dilapidated condition.

### (b) **Irregular use of Assets owned by other Institutes**

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Even though 03 vehicles owned by the Ministry of Agriculture had been used irregularly from over a period of 15 years by the Department, no action had been taken to return them to the Ministry or to transfer them to the Department even by 31 March 2014.

## 2.6 Non-compliances

### Non-compliance with Laws, Rules, Regulations etc.

Instances of non-compliance with Laws, Rules and Regulations observed at audit test checks are analyzed below.

Reference to Laws, Rules, Regulations etc.	Value	Non-compliance
(a) Statutory Provisions	Rs.	
Agrarian Development Act No. 46 of 2000		
Section 43	-	No registration of 1,846 Farmers' Organizations had been done even by 31 August 2014.
Section 56	1,054,554	Even though acreage tax should be charged before 31 of March every year, the outstanding amount of tax by 20 November 2014 was Rs. 1,054,554.
(b) Financial Regulations of the Democratic Socialist Republic of Sri Lanka		
Financial Regulation 237(a)	24,704,195	Payments had been approved without obtaining stock certificates by 03 Development Councils of Moneragala.
(c) Public Administration Circulars		
Paragraph 2.11 of circular No. 41/90 dated 10 October 1990	-	Even though the consumption of fuel in vehicles should be checked once in every 06 months, it had not been so done.
(d) Treasury Circulars		
Circular No. 842 of 19 December 1978	-	No register on fixed assets had been maintained.

(e) Public Finance Circulars

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Circular No. 438 of 13 November 2009

No action had been taken to dispose of vehicles, agro equipment, machinery and tractors belonging to the Department that was in condemned condition.

(f) Procurement Guidelines of the Democratic Socialist Republic of Sri Lanka

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(i) Guideline 9.3.1(b)

The approval of the Secretary to the Line Ministry had not been obtained in 05 instances in respect of repairs exceeding Rs. 200,000 contrary to the Procurement Guidelines.

(g) Circulars of the Commissioner General of Agrarian Development

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Paragraph 4.4.2 of the circular (Agrarian Banks) No. 04/2012 dated 29 February 2012.

59,605,855

Even though capital granted to the Agrarian Bank should be refunded within 05 years, the non-refunded outstanding capital by 24 Agrarian Banks as at 31 December 2013 amounted to Rs. 59,605,855.

2.7 **Planning**

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**Failure to act in accordance with the Annual Action Plan**  
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Following observations are made.

- (a) Even though Rs. 582,707 had been spent for repairing the fertilizer store at Yakkalamulla, Galle, it had not been included in the Action Plan in the year under review.
- (b) Even though according to the Action Plan, it had been planned to purchase computer software targeting 04 Districts in the year under review, according to the progress report as at 31 December 2013, those had been purchased only for the Head office.

## 2.8 Deficiencies in the Operation of Bank Accounts

### Balances to be Adjusted

Details revealed according to the analysis on the adjustments shown in the bank reconciliation statements prepared by the Department for the month of December 2013 are as follows.

Particulars of Adjustments	<u>Age Analysis</u>			Total
	Over 06 months and below 01 year	Over 01 year and below 03 years	Over 03 years	
	Rs.	Rs.	Rs.	Rs.
(i) Unrealized deposits	81,776	53,729	9,675	145,180
(ii) Cheques issued but not presented for payments	1,809,387	290,270	600	2,100,257
(iii) Unidentified Debit	-	376	15,475	15,851
(iv) Unidentified credit	-	1,249	14,625	15,874

## 2.9 Losses and Damages

A vehicle had met with accidents in 02 instances in the year under review and no action in terms of Financial Regulations 104(3) and 104(4) had been taken in this respect.

## 2.10 Management Weaknesses

Following weaknesses were observed during audit test checks.

- (a) Even though the Agrarian Development Officer, Kahathuduwa had taken written statements from relevant officers in respect of misplacement of receipt books of the said Agrarian Development Council and sent them to the Assistant Commissioner of Agrarian Development, Colombo District on 28 May 2011, no action had been taken to carry out an investigation in this connection even by 31 August 2014.



- (b) When remitting the income to the Head Office, obtained by renting out machines, each district had not followed a proper and regular methodology. A proper system had not been prepared to remit the income collected by renting out the machines of District Offices to the Head Office in the following month.
- (c) In terms of the circular No. 14/2003 – (Agrarian Banks 09/2003) dated 19 August 2003 of the Commissioner General of Agrarian Development, the Department had failed to get the monthly consolidated reports of the Agrarian Banks. The Department had not taken action to obtain the consolidated reports of 08 Agrarian Banks existing in the Colombo District after the month of December in 2011 and out of the 532 Agrarian banks, the number of Agrarian Banks that had not sent the consolidated reports as at 31 December 2013 was 311.
- (d) Interviews had been held in 2010 to recruit 343 posts of Agriculture Research Production Assistants in North Eastern Provinces. An amount of Rs. 4,542,044 had been spent for same and the staff had not been recruited even by 19 November 2014.
- (e) No action had been taken to recover a total of Rs. 5,062,645 identified during the period from 2005 to 2011 in the Agrarian Development Councils of Yakalla, Ranorawa and Maradankadawala in the Anuradhapura District in respect of deficits in fertilizer stocks from responsible parties even by 19 November 2014.
- (f) A vehicle had been repaired by spending Rs.774,400 in the year under review. Without considering the guarantee period of one year, re-repairing had been carried out by spending Rs.539,680 from the institute which had carried out the first repair.
- (g) The officer who had assigned the Nuwara Eliya Additional Commissioner's quarter had been interdicted since 31 December 2010. He had not taken action to hand over the said quarter even by 14 July 2014. However, action had not been taken to recover the house rent for the same period.

2.11 **Human Resources Management**

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 Approved Cadre and Actual Cadre  
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The position of cadre as at 31 December 2013 was given below.

Category of Employees	Approved Cadre	Actual Cadre	Number of Vacancies	Excess
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(i) Senior Level	107	59	48	-
(ii) Tertiary Level	645	434	211	-
(iii) Secondary Level	14,248	11,634	2,614	-
(iv) Primary Level	425	278	147	-
(v) Other(Casual/Temporary/Contract basis)	-	178	-	178
Total	15,425	12,583	3,020	178
	=====	=====	=====	=====

The following observations are made.

- (a) The Department had not taken action to fill 3,020 vacancies at the end of the year under review.
- (b) Even though 12,873 posts had been approved by the letter No. DMS/G2/56/01(Vel-1) dated 08 January 2013 of the Director General of Management Services, the approved cadre as at 31 December 2013 had been stated as 15,425 by the Department.
- (c) One hundred and sixteen Development Assistants, 62 Agro Products Project Assistants who had been attached to the Department by the other Ministries had been deployed in the Department without approval of the Department of Management Services. The number of 178 of these officers had been shown under the actual cadre by the Department.

### 3. **Head 284 -Department of Wildlife Conservation**

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#### 3.1 **Scope of Audit**

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The audit of the appropriation account of the Department of Wildlife Conservation for the year ended 31 December 2013 comprising the financial reports, reconciliation statements books and other records was carried out in pursuance of provision in Article 154(1) of the Constitution of the Democratic Socialist Republic of Sri Lanka. The management audit report for the year under review had been issued to the Head of the Department on 02 December 2014. Audit observations, Comments and findings on accounts and reconciliation statements are based on review of accounts and reconciliation statements presented to audit and substantive tests of samples of transactions. The scope and extent of such review and tests were such as to enable as wide an audit coverage as possible within the limitations of staff, other resources and time available to me.

#### 3.2 **Responsibility for the Accounts and Reconciliation Statements of the Chief Accounting Officer and the Accounting Officer**

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The Chief Accounting Officer and the Accounting Officer are responsible for the maintenance, preparation and fair presentation of the Appropriation Account, Revenue Account and the Reconciliation Statements in accordance with Article 148, 149, 150 and 152 of the Constitution of the Democratic Socialist Republic of Sri Lanka, other Statutory Provisions, Public Finance and implementation of such internal control necessary to enable the preparation and fair presentation of accounts and reconciliation statements that are free from material misstatements whether due to fraud or error.

#### 3.3 **Audit Observations**

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According to the Financial Records and Books for the year ended 31 December 2013, it was observed that except for the effects of the general observations appearing at (a) to (e) and other major audit findings appearing in paragraph 3.4 to 3.10 herein, the Appropriation Account and Reconciliation Statements of the Department of Wildlife Conservation had been prepared satisfactorily.

**(a) Lack of Evidence for Audit**

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A register had not been maintained for the loan balances recoverable amounting to Rs.745,631 from 24 officers whose services were suspended and Rs.1,530,637 from 29 officers who vacated their posts.

**(b) Utilization Exceeding the Provisions**

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The provision had been made in the annual estimates for 11 Objects exceeded by totalling of Rs.17,523,281 had been utilized at the end of the year under review.

**(c) Budgetary Variance**

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Excess provisions had been obtained for 06 Objects and as such the savings thereunder after utilizing the provisions ranged between 5 per cent and 58 per cent of the net provisions.

**(d) Advances to Public Officers Account**

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According to the Reconciliation Statement of the Advances to Public Officers Account Item No.28401 as at 31 December 2013, the balances that remained outstanding as at that date totaled Rs.4,445,535. The Department had failed to recover those outstanding balances.

**(e) General Deposit Account**

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The following observations are made.

- (i) Action had not been taken in terms of the Financial Regulation 571 in respect of 141 deposits aggregating to Rs.28,313,641 which had elapsed over a period of two years.

(ii) In terms of the Financial Regulation 571(2), the Project Funds lapsed 2 years from the date of completion of Project should be disposed considering as lapsed deposits. However, action had not been so taken in relation to deposits at 10 instances totalling Rs.807,453 .

(iii) Out of the sum amounting to Rs.930,000 which had been granted to the Strategic Environmental Evaluation Project of the Northern Province, except the expenditure of the field inspections, a balance sum of Rs.535,700 had been utilized for the purchase of the equipment in the said Division without taking into the Government Revenue.

### 3.4 **Assets Management**

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The following observations are made during the audit test checks carried out in relation to the assets management in the Department.

#### **(a) Idle and Underutilized Assets**

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The following observations are made.

- (i) Twenty two motor vehicles owned by the Department had remained idle for a period of one year.
- (ii) The building where the canteen in the Palatupana office premises was being decayed and destroyed due to the closing of the said canteen maintained in the building.
- (iii) Action had not been taken to repair and develop the building as a circuit bungalow which is situated near the Butawa circuit bungalow which had been abandoned after using by the Army. Further, there was a large number of household equipment in the same building. Action had not been taken to count and bring them into the books where as some equipment has being decayed.

**(b) Conduct of Annual Boards of Survey**

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According to the report of the Boards of Survey in the year 2013, a deficit of 12,971 units of equipment in 20 places was observed and action had not been taken in terms of Financial Regulation 104 in this connection.

**3.5 Non-compliances**

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**Non-compliance with Laws, Rules, Regulations etc.**  
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Instances of non-compliance with Laws, rules and regulations observed at audit test checks are analyzed below.

Reference to Laws, Rules, Regulations -----	Amount ----- Rs.	Non-compliances -----
<b>(a) Statutory Provisions</b>		
(i) Fauna and Flora Protection Ordinance (Chapter 469) 1964 as amended by the Act No 01 of 1970 and Act No. 49 of 1993 and the Sections 23 (1) and 22 (a) (1) of the Fauna and Flora Protection (Amendment) Act. No 22 of 2009.		Even though keeping an elephant or a tusker in once possession without a license is unlawful, 22 elephant calves captured from Udawalawa and Habarana areas had been unlawfully kept by various businessmen and at temples and sacred places .
(ii) Fauna and Flora Protection (Amendment) Act. No 22 of 2009 Section 6		Construction of tourist hotels by any person within a distance of one mile from the boundary of a National Reserve is prohibited, whereas six buildings of two storied had been constructed at a distance of 150 meters from the boundary of the Minneriya National Park for hotels.

Section 9 (a)

The Director General of Wildlife had not initiated legal actions on the construction of 06 buildings within a sensitive animal habitat without obtaining a Preliminary Survey Report and an Environmental Impact Assessment Report.

(b) Financial Regulations of the Democratic Socialist Republic of Sri Lanka.

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(i) Financial Regulation 104

Action had not been taken to assess the extent of the damages caused to the vehicles in 06 instances in the year 2013 and in 15 instances during the period from 2008 to 2012 and to prepare Preliminary Reports.

(ii) Financial Regulation 115

1,452,328

A payment of Rs.1,452,328 had been made on 31 December 2013 in respect of a stock of timber posts purchased prior to two years. Nevertheless, the approval of the Chief Accounting Officer had not been secured for this purpose.

(c) Government Procurement Guideline

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Guideline 9.3.1 (b)

125,000

A vehicle had been repaired without calling of quotation

### 3.6 **Performance**

#### **Activities not Adequately Executed**

Following observations are made.

- (a) A sum of Rs.192,700,000 had been allocated for the erection of electric fence during the year under review and the actual expenditure amounted to Rs.199,248,727. The following observations are made in this connection.

- (i) An expenditure amounting to Rs.6,548,727 exceeding the allocated provision had been incurred for the erection of electric fences.
- (ii) For the purpose of erection of the electric fence and clearance activities although a sum of Rs.65,528,703 had been made available to the Department of Civil Security in terms of the Guideline 8.9.1 (a) of the Government Procurement Guideline, a proper agreement had not been entered into in this connection.
- (iii) Out of Rs.65, 528,703 granted towards the clearance activities, Rs.9, 630,322 or 15 per cent alone had been spent as at the end of the year under review. The balance amount had been retained idle in the General Deposit Account of the Department of Civil Security. Accordingly, it was observed that the Department of Wildlife had not carried out follow up action on the progress of the construction of electric fence.
- (iv) Erection of 50 electric fences of 1,020 km. in length comprising 07 uninterrupted electric fences in 2012, 11 electric fences under new work in 2013, 10 electric fences under Deyata Kirula Programme 2013 and 22 electric fences under other work in 2013 had been planned. Nevertheless, 21 electric fences of 252.35 km. alone had been erected as at 31 December 2013. Further, only 33 electric fences of 490.5 km. in length had been constructed as at 15 May 2014. Accordingly, the progress of the construction had been 25 per cent as at 31 December 2013 and 48 per cent as at 15 May 2015. Further, the number of completed electric fences as at 15 May 2014 had been 14.
- (v) Equipment at a cost of Rs.28.4 million had been purchased for the erection of proposed 10 electric fences of 155.4 Km. in the year 2012, whereas action had not been taken to complete the relevant fences in the year 2012 or 2013 with the utilization of the said equipment.
- (vi) Clearance and erection of the electric fence should have been simultaneously carried out. Although Rs. 8,251,759 had been incurred for the clearance activities, 10 electric fences of 245 Km had not been erected. Accordingly, since there is a possibility to overgrow the area for failure to erect fences expeditiously and to incur expenses again for clearance activities, the above expenditure had been idled.



- (vii) Erection of 07 electric fences included in the Action Plan with the Provision of Rs.49,100,000 made under the provisions for Deyata Kirula had not been carried out.
- (viii) Even though a sum of Rs.104,918,100 had been incurred for the purchase of equipment required for the erection of electric fences, an inventory had not been maintained and a physical verification had not been conducted on such equipment. Therefore, it could not be ascertained the number of electric posts utilized for each electric fence.

(b) **Physical Verification on the Erection of Electric Fences**

The following matters were observed at the audit test check.

(i) **Maintenance of Andarawewa Usgala Electric Fence**

This electric fence of 10 Km. in length erected by a non-governmental organization had been devoid of the due standard and as such equipment required for the re-erection of the fence had been provided to the Civil Defense Force in June 2013. It was observed in the site inspection conducted on 23 June 2014 that although a period of one year had elapsed the relevant repair had not been entirely completed. At the inspection of sample of 17 posts it was revealed that, although 68 (17x4) nuts should be utilized to fasten the fence at the rate of 04 bolt nuts , only 50 nuts had been utilized. The meter which had been provided to the Civil Defense Personnel to measure the Voltage of three electric fences had been out of service.

(ii) **The Electric Fence From Kirindioya up to Demodara.**

Except for an area of 6 km., the remaining parts of the fence had entirely fallen on the ground and an adequate number of soldiers had not been deployed for the maintenance activities. Since this fence had not been repaired, elephant could be observed wandering in the jungle area around the Ranawarawa tank and inside (within the village) and outside of the fence. Further, farm lands, houses and properties had been destroyed by the elephants.

(iii) **Delay in the Erection of Handapanagala- Anapallama Electric Fence**

Posts and equipment required for the erection of Handapanagala- Anapallama electric fence of 30 Km in length had been provided on 07 October 2013 while the provisions required for that purpose had been made to the Department of Civil Security on 09 September 2013. However, despite a period of exceeding 22 months had elapsed, relevant construction had not

been completed. Further it was observed that the constructed fence too had not been up to the prescribed standard.

Even though the Voltage to be contained in an electric fence is 12 Volts, the test carried out at 5.50 p.m. on 31 July 2014 revealed that the Voltage of the fence had been at a lower level of 3.7 Volts. It was observed at the search inspection that entangling of wires and weak level of clearance activities of the fence had resulted in the above situation.

(iv) **Demaliya Electric Fence from Kirindioya up to Kumbukkanara.**

At the inspection carried out on 30 July 2014, it was observed that except for an area of 06 Km. from Kirindioya the entire part of the fence had completely fallen on the ground. The remaining area of 06 Km of the fence too had overgrown and wires at certain places could be observed so lowered that they were almost touching the ground. The Earth wire of the fence could not be found at certain places and electric wires in the vicinity of Kumbukkan Oya could be found tied to the nearby trees.

As a result of the damage caused to this electric fence almost all the cultivations of the people in the area had been destroyed by the elephants. It was observed that although the people in the area had constantly taken steps to inform the Department of Wildlife in this regard, the Department had not adopted due measures.

(v) **Erection of Electric Fence from Annasigala up to Icepeella.**

Erection of 17 Km of this electric fence had been completed as at 23 July 2014, whereas construction of the remaining 20 Km had become standstill halfway owing to a land dispute. The Department of Wildlife had not checked about the number of equipment utilized and the remaining number of equipment out of the total number of equipment provided with the Department of Civil Security. This equipment had remained idle and the Department of Wildlife had not adopted an appropriate method to issue these equipment in keeping with the required amount.

(vi) **Erection of the Electric Fence of 40 Km from Ayakapolla to Hulandawa**

According to the information made available to the audit, expenditure incurred for the construction of the fence amounted to Rs.19,827,341 and out of which a sum of Rs.6,667,322 had been released to the Department of Civil Security on 07 July 2013 to construct the fence

and the way along the fence. Even though erection of 10 Km from Ayakapolla to Helgama, 10 Km from Helgama to Weliara, 10 Km from Weliara to Devalamankada and 10 Km from Devalamankada to Hulandawa had been planned, only 09 Km comprising 07,01 and 01 K.ms respectively had been completed and the part of the fence from Devalamankada to Hulandawa had not been erected.

Area of 4 ½ Km of the fence from Ayakapolla to Mahawelgala had been erected under the contribution of the community, whereas expenditure had been incurred by estimating the fence considering it was erected from Ayakapolla. Accordingly it was observed at the audit that expenditure had been incurred twice in respect of already constructed 4 ½ Km. of the electric fence.

(vii) **Supply of Substandard Post for Electric Fence.**

At the search inspection carried out by Walliammara Range Office belonging to the Assistant Director's Office, Uva on the standard of the fence posts made by the State Timber Corporation it was observed that, the diameter of certain posts supplied had not complied with the prescribed standard.

(viii) **Bearing Expenses in two Instances Prior to Erecting the Electric Fence**

Although equipment had been purchased by preparing estimates in the year 2007 for the erection of electric fence spanning 17 km from Ayakapolla to Devalamankada, the fence had not been erected up to September 2010. However, estimates had once again been prepared for erecting the fence for 7 km from Ayakapolla to Mahawelgala in July 2010. The electric fence had not been erected despite the equipment had been purchased and issued.

Action had been taken to use equipment bought for the electric fences in Wilambawewa and Dahaiyagala for the erection of electric fence spanning 7 km from Ayakapolla to Mahawelgala in July 2010.

However, stretches of 17 km from Ayakapolla to Dewalamankada and 7 km from Ayakapolla to Mahawelgala had not been erected. A stretch of 4.5 km had been erected in the year 2012 under contribution from the community with electricity supplied by Pelawatta Sugar Factory.

(ix) Privately- owned Electric Fences sans Regulation.

Physical inspections carried out on the erection of electric fences revealed that some people had erected electric fences around their croplands unlawfully. The source of electricity for such fences was unclear and it was revealed those whether the voltage is being used in those fences were within the standard limits and was not regulated. It was not possible to satisfy in audit that conserved wild animals or elephants were not harmed due to those privately-owned electric fences. Furthermore, there was no proper methodology to regulate them.

The necessity for the construction of watch huts to control elephants trespassing on villages through the roads across elephant corridors had been identified though, it was observed that this expectation had not been fulfilled due to delays in construction.

(x) Controlling Tame Cattle Entering the National Parks

A dual electric fence spanning 17 km parallel to the one in the southern border of the Udawalawa park with a view to preventing tame cattle from entering the parks had been erected at an expense of Rs. 5.68 million. However, the said objective had not been accomplished as the cattle continued entry into the park.

3.7 Transactions of Contentious Nature.

Although the contractor had complained that it was difficult to proceed with the erection of Kudaidiwewa electric fence, Malalara spanning 26km due to influence of the officers of the wildlife office, no disciplinary action had been taken against the officers responsible.

3.8 Losses and Damage

Following observations are made.

- (a) Two hundred and seventy logs valued at Rs. 466,000 sent to Mahaweli G zone had been destroyed by fire on 20 June 2012.
- (b) Twenty eight wooden posts obtained for electric fence were of inferior quality; however, an amount of Rs. 59,576 had been paid in that regard.

### 3.9 **Management Inefficiencies**

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#### 3.9.1 **Issuance of Permits for Elephants**

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Following management inefficiencies were observed during sample audit checks.

- a. Based on the information by the Department of Wildlife Conservation, permits had been issued for 359 elephants till end of September 2014 by the said Department. The Department had not maintained separate registers for elephants in temples , zoological gardens and domestication. Files used for issuing permits for 14 elephants said to have been domestic, were audited and following irregularities were observed.
  - i. Director General of Wildlife had not been informed on the impregnation of a domestic female elephant as per the Sections 10 and 22(9) of Fauna and Flora Protection (Amended) Act No 22 of 2009.
  - ii. Birth of elephant calves had not been registered and the Director General had not been informed on the elephants deceased as per the Act.
  - iii. Grama Niladhari certificates had been fraudulently prepared verifying the birth of elephant calves.
  - iv. Fraudulent affidavits and documents on ownership had been presented.
  - v. Officers of the Department had not presented reports by carrying out field inspection and some reports had fraudulently been presented.
  - vi. DNA reports had not been presented in a proper and acceptable manner.
  - vii. Elephant calves had been registered by tampering with the files of the elephants registered previously.

- viii. Particulars of the veterinarians treated the calves at their births and medical reports had not been presented.

As per the aforesaid matters, it was observed that the tuskers related to all of the files investigated, had been illegally captured from the wild, domesticated and permits had been obtained by registering subsequently.

- b. In terms of the instructions of the Attorney General's Department (case Writ 625/09) and the Act, legal actions should be initiated against those who keep unregistered elephants in their possession and guidelines should be prepared to look after tame elephants. However, the internal system of control implemented by the Department with regard to registration of elephants, specially the security of documents, was at a highly weak level. Owing to this reason, a register out of 6 maintained for registering elephants had been misplaced.
- c. There were following weaknesses observed in the process of registering elephants.
- i. There was no methodology to issue an application for registration of elephants, once the relevant fees are paid.
  - ii. Features to identify the elephant that should be included in the photo of the elephant to be registered had not been decisively mentioned. (eg. To clearly identify the ear, tail, trunk of the elephant )
  - iii. The photo on the registration certificate and the annual permit had not been sealed in a way to make it not possible for swapping the photo with another one , nor any other protective methodology had been followed.
  - iv. A considerable amount of time is taken between the submission of application and issue of certificate of registration. As of the date of issuing the certificate of registration and annual permit, the actual age, height, and circumference of the

front leg had not been mentioned in the certificate; instead, particulars stated in the application had been included.

- v. Names of the elephants had not been mentioned in the certificate of registration and annual permit.
- vi. The annual permit should be extended annually by paying the fees. However, in doing so, action had not been taken to obtain an application with information such as height, age, circumference of the front leg and other obvious features as at the date of applying and a format to this effect had not been introduced. As for the annual license fees, the receipts or the vouchers used in payments did not contain information such as the registration No of elephants, and which elephant the payments had been made for. The documents to be presented in getting the annual permit extended, had not been mentioned properly.
- vii. Permits had been extended without issuing a certificate confirming the extension and there was no proper methodology in that regard.

### 3.9.2 **Conservation of Natural Reserves.**

Following observations are made.

- a) The Director of the Department had not taken any action even as at 31 December 2013 on Ambewela Livestock Farm that encroached Haggala forest reserve along 2 km from the Farm on the Nuwaraeliya – Ambewela road.
- b) In the Haggala forest reserve, 116 and 113 instances of encroachment had been reported in areas belonging to Nuwaraeliya and Badulla districts respectively. Legal action had not been taken to protect or on the encroachments of the environmentally-sensitive reserve.
- c) Following a case filed by Environment Foundation Ltd, the Director of Department of Wildlife Conservation had not taken steps to implement the verdict on prevention of encroachers in the Haggala reserve, removal of encroachers by producing them before the

courts, marking the borders of Haggala reserve, prevention of electricity from being supplied to encroachers, and suspension of renewal, extension or issue of permits to illegal cultivation in the reserve.

3.10 **Human Resources Management**  
Approved Cadre and Actual Cadre

The position of cadre as at 31 December 2013 was as follows.

Category of Employees	Approved Cadre	Actual Cadre	Number of Vacancies
(i) Senior Level	56	23	33
(ii) Tertiary Level	32	26	06
(iii) Secondary Level	1,401	891	510
(iv) Primary Level	426	325	101
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Total	1,915	1,265	650
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