

Head 161 –Ministry of Sustainable Development and Wildlife

1. Financial Statements

1.1 Qualified Opinion

The audit of the financial statement of the Ministry of Sustainable Development and Wildlife for the year ended 31 December 2018 comprising the statement of financial position as at 31 December 2018 and the statement of financial performance and cash flow statement for the year then ended, 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 including my comments and observations on the financial statements of the Ministry of Tourism Development, Wildlife and Christian Religious Affairs was issued to the Accounting Officer on 31 May 2019 in terms of Sub-section 11 (1) of the National Audit Act, No. 19 of 2018 and the Detailed Annual Management Audit Report in terms of Section 11 (2) of the National Audit Act was issued to the Accounting Officer on 31 May 2019. This report will be tabled in Parliament in pursuance of provisions in Article 154 (6) of the Constitution of the Democratic Socialist Republic of Sri Lanka to be read in conjunction with Section 10 of the National Audit Act, No. 19 of 2018.

In my opinion, except for the effects of the matters described in the Paragraph 1.6 of this report, the financial statements give a true and fair view of the financial position of the Ministry of Sustainable Development and Wildlife as at 31 December 2018, and of its financial performance and cash flows for the year then ended in accordance with Generally Accepted Accounting Principles.

1.2 Basis for Qualified 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 Responsibilities of the Chief Accounting Officer and the Accounting Officer for the Financial Statements

Accounting Officer is responsible for the preparation of financial statements that give a true and fair view in accordance with Generally Accepted Accounting Principles and provisions in Section 38 of the National Audit Act, No.19 of 2018 and for such internal control as Accounting Officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

As per Sub-section 38 (1) (c) of the National Audit Act, the Accounting Officer shall ensure that effective internal control system for the financial control of the Department exists and carry out periodic reviews to monitor the effectiveness of such systems and accordingly make any alterations as required for such systems to be effectively carried out.

1.4 Auditor's Responsibilities for the Audit of the Financial Statements

My objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue the summary report of the Auditor General 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 Department's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- 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.

I communicate with the Accounting Officer regarding, among other matters, significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

1.5 Report on Other Legal Requirements

I express the following matters in accordance with Section 6 (d) and Section 38 of National Audit Act, No. 19 of 2018.

- (a) Since there was no need for the preparation of financial statements for the preceding year, it could not be stated that the financial statements presented for the year under review were consistent with the preceding year.
- (b) Since there was no requirement for the Ministry of Sustainable Development and Wildlife to prepare financial statements for the preceding year, recommendations on the financial statements had not been made.

1.6 Comments on Financial Statements

1.6.1 Property, Plant and Equipment

The following observations are made.

Audit Observation

Recommendation

Comments of the Chief Accounting Officer

- (a) When comparing Treasury Books with the Statement on non-Financial Assets which was presented along with the Financial Statements of the Ministry, a difference of Rs. 715,538,612 was observed.

Description	Value According to the Financial Statement Rs.	Value According to the Treasury Books Rs.	Difference Rs.
Non-Financial Assets (Opening Balance)	319,866,075	225,026,425	94,839,650
Purchase of vehicles	262,929,556		262,929,556
Non-Financial Assets (Closing Balance)	231,662,632	225,026,425	6,636,207
Disposal	351,133,		351,133,

Financial Statements shall be prepared after the comparison with Treasury books

Failure to update all the assets using the computer software CIGAS It has been purchased on behalf of the Departments under the Ministry

	199		199
Total			715,538,612

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|-----|--|---|---|
| (b) | 04 vehicles were remained idle from January 2018. | Necessary actions should be taken to dispose or repair to make them usable. | Informed to The Commissioner General of Motor Vehicles so as to nominate the officers for Assessment Committee. |
| (c) | Even though the vehicle given to the Ministry of Agriculture by the United Nations Organization under World Food Program, was acquired to the ministry on 30 March 2017, actions had been taken to take over the ownership and the said vehicle had been misplaced as at 06 July 2018. | Necessary actions should be taken after identifying the responsible officers. | Primary Investigation activities have been done. |
| (d) | Even though 06 vehicles which are not belonged to the Ministry valued totalling Rs. 22,600,000 had been used, action had not been taken to take over the ownership of those vehicles. | Necessary actions should be taken to take over those vehicles. | Had been submitted to Comptroller General |
| (e) | Clutch system of a vehicle with a mileage of 54,647km during 2017 and 2018 years, had been repaired four times with a cost of Rs 392,709. | Necessary actions should be taken to avoid improper handling. | It is informed to the Mechanical Engineer to conduct an inquiry and submit a report on that. |

1.6.2 Non-maintenance of Registers and Books

The following observations are made.

Audit Observation	Recommendation	Comments of the Accounting Officer
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i Security Register -----	A Security Register containing the details of the officers and employees required to give security should be	Actions will be taken to update.
A Security Register containing the names of all officers and the employees required to give security in terms of Financial Regulation 891(1) had not been prepared.	A Security Register containing the details of the officers and employees required to give security should be	Actions will be taken to update.

maintained.

ii Records of Losses

Records of Losses had not been updated in terms of Financial Regulation 110. Records of Losses should be maintained. Actions will be taken to update.

iii Register on Calling for Bids

Register on Calling for Bids had not been maintained in terms of Section 5.2.1 of Government Procurement Guidelines. Register on Calling for Bids should be maintained. Actions will be taken to maintain in future.

1.6.3 Responsibilities of the Chief Accounting Officer

The Chief Accounting Officer shall ensure that the following matters according to the provisions of Section 38 of the National Audit Act No.19 of 2018. However, actions had not been taken accordingly.

Audit Observation

Recommendation

Comments of the Accounting Officer

Chief 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 system and make alterations as required for such system to be effectively carried out. Even though Copies of the reviews shall be submitted to the Auditor General in written, statements for having been done such a review had not been presented to audit.

Actions should be taken according to the provisions of section 38 of National Audit Act , No 19 of 2018.

Steps have been taken for necessary strengthening.

1.6.4 Non-compliance with Rules and Regulations

The following observations are made.

Reference to Rules and Regulation	Observation	Non-Compliance	Recomenda-tion	Comments of Chief Accounting Officer
	Value Rs			
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(a) Financial Regulation of Democratic Socialist Republic of Sri Lanka -----				
	(i) Financial Regulation 104	Actions in terms of Financial Regulation 104 had not been taken on 09 vehicle Accidents	Actions should be taken in terms of Financial Regulation	Actions will be taken to conduct an investigation immediately.
	(ii) Financial Regulation 1645(b)	Even though daily running charts should be submitted to the Auditor General before 15 of every month as per the provisions of Financial Regulation 1645 (b), daily running charts of 14 vehicles for 8 months had not been submitted to the Auditor General.	Actions should be taken in terms of Financial Regulation.	I will submit within a period of one month.
(b) Public Administration				

Circular

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|-----|--|--|---|--|
| I. | No 25/99 of 19 August 1992 | State Emblem had not been displayed on 16 vehicles of the Ministry's vehicle pool | Actions should be taken as per the Circulars. | necessary actions will be taken to display the State Emblem within one month period. |
| II. | No 30/2016 of 29 December 2016 | Vehicles had been used without a proper maintenance, fuel consumption, maintaining log entries and running charts and without measuring fuel efficiency. | Actions should be taken as per the Circulars. | Answers had not been provided. |
| (c) | Public Finance Circular No 02/2018 of 21 st December 2017 | Even though it had been informed that actions should be taken to close the Wildlife Trust, the Ministry had not taken actions accordingly. | Actions should be taken as per the Circulars | Actions will be taken to close Wildlife Trust. |
| (d) | Circular of the Ministry of Finance and Mass Media No 01/2018 of 19 March 2018 | Motor vehicles which are not in running condition should be disposed before 30 June 2016. However that procedure had not been carried out regarding 03 vehicles. | Actions should be done to dispose. | Actions are carrying out to obtain Assessment reports by appointing a committee. |

2. Financial Review

2.1 Management of Expenditure

The following observation is made.

Audit Observation	Recommendation	Comments of the Accounting Officer
(a) Even after transferring funds of 03 Objects to other Objects under Financial Regulation 66, provisions amounted to Rs. 1,542,848 had been saved.	Estimates should be prepared with a proper study.	Funds had been remained due to amalgamation of Ministries.
(b) Savings ranged between 17 percent to 98 percent observed in 21 Objects mentioned in the estimate prepared for the year 2018 and 100 percent had been saved in one Object.	Estimates should be prepared with a proper study.	Expenditure had been decreased due to amalgamation of ministries.

2.2 Incurring of Commitments to Liabilities

Audit Observation	Recommendation	Comments of the Accounting Officer
Even though except where otherwise provided for, no expenditure or commitment shall be incurred by any department exceed such provision in terms of Financial Regulation 94, liabilities amounting to Rs.2,447,357 had been incurred exceeding savings relating to 02 Objects..	Actions should be taken as per the Financial Regulation 94.	This is a liability incurred for Capacity Development Program and CITES Seminar.

3. Operating Review

3.1 Non-achievement of the expected output

Audit Observation	Recommendation	Comments of the Accounting Officer
Even though provisions amounted to Rs. 10 million and Rs.11.5 million had been made respectively for Northern Province Development project and Puttlam District Development Project which were expected to be completed in year 2018, Physical progress of relevant activities of Rs. 0.67 million and Rs.5.2 million spent was at a low level of 25 percent and 40 percent respectively.	Actions should be taken to achieve the planned targets.	The project has been forwarded to the Wildlife Conservation Department in the year 2018 to implement the project and Quotations had been called to conduct a research in the reservation area with a wildlife environmental Tourism potential. However no one had been presented a quotation. It has been decided to transfer the funds allocated for the planned project, to another Object.

3.2 Management Weaknesses

The following observations are made.

Audit Observation	Recommendation	Comments of the Accounting Officer
Declaring of new Sanctuaries, upgrading to the level of National Sanctuary level, nominate as Natural Reservations and amendment of the boundaries of sanctuaries should be done as per the Cabinet Decision No අමප./16/26/98/708/039 dated 01 February 2017. However activities of declaring of Kalawewa National park, Marine new natural reservation of Kayankaraneeya, Kuda Rawana Maha Rawana and marine Sanctuary and	Necessary actions should be taken to accelerate the activities as per the Cabinet Decision.	Forwarded to the Department of Legal Draftsmen for necessary legal activities.

amendment of the boundaries of Madugaga Sanctuary had not been completed even by the end of year 2018.

4. Achievement of the Sustainable Development Goals

The following observations are made.

Audit Observation	Recommendation	Comments of the Accounting Officer
<p>(a) This national level program which comprised with 17 Sustainable Development Goals and 169 affiliated targets, is scheduled to be completed by 2030. However the Ministry had not prepared a Corporate Plan in order to reach the relevant goals by covering this time period.</p>	<p>Actions should be taken to prepare a corporate plan and to reach the goals accordingly.</p>	<p>Included in the Action Plan 2018 of the Sustainable Development Section</p>
<p>(b) Even though the Ministry was responsible to co-ordinate the Government Institutes to reach the objectives, no actions had been taken in those institutes to achieve Sustainable Development Goals up to 30 April 2019</p>	<p>Co-ordination of the Government Institutes should be done.</p>	<p>At present these activities are intended to be done by the Council of sustainable Development under the Ministry of Mahaweli Development and Environment.</p>

5. Human Resource Management

The following observation is made.

Audit Observation	Recommendation	Comments of the Accounting Officer
<p>(a) Operating Efficiency of the ministry was in a minimum level due to the vacancies existed in 05 posts of senior level and 09 posts in secondary level.</p>	<p>Immediate actions should be taken to fill the vacancies.</p>	<p>A request had been sent to the Director General of Combined Service requesting to appoint officers for those vacancies.</p>
<p>(b) There were 27 vacancies in the ministry as a whole and no steps had been taken to fill those vacancies,</p>	<p>Actions should be taken to fill the vacancies.</p>	<p>The Director General of Combined Services had been addressed to appoint officers to the vacancies, which had been</p>

sent to the Management Service
Department seeking approval.