

Head-322- Department of National Botanical Gardens

1. Financial Statements

1.1 Qualified Opinion

The audit of the financial statements of the Department of National Botanical Gardens the year ended 31 December 2019 comprising the statement of financial position as at 31 December 2019 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 containing my comments and observations on the financial statements of the Department of National Botanical Gardens was issued to the Accounting Officers on 03 July 2020 in terms of Section 11 (1) of the National Audit Act No. 19 of 2018. The Annual Detailed Management Audit Report relevant to the Department was issued to the Accounting Officer on 03 June 2020 in terms of Section 11 (2) of the National Audit Act No. 19 of 2018. This report should be tabled in Parliament in pursuance of provisions in Article 154 (6) of the Constitution 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 accompanying financial statements prepared in accordance with the provisions in the State Accounts Circular No.271/2019 dated 03 December 2019 give a true and fair view of the financial position of the Department of National Botanical Gardens as at 31 December 2019, and of its financial performance and its 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 Responsibility of the Chief Accounting Officer and the Accounting Officer for the Accounts and Reconciliation Statements

The Chief Accounting Officer and the Accounting Officer are 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 management determine 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.

In terms of Sub-section 38 (1) (c) of the National Audit Act, the Chief Accounting Officer and the Accounting Officer shall ensure that an effective internal control system for the financial control exists in the Department 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 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 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 and Regulatory Requirements

I express the following matters in accordance with Section 6 (1) (d) and Section 38 of National Audit Act, No. 19 of 2018.

- (a) The financial statements were consistent with the preceding year.
- (b) The recommendations made by me with regard to the financial statements of the preceding year had been implemented.

1.6 Comments on Financial Statements

1.6.1 Non-compliance with Provisions in Circulars

Although the financial statements should have been prepared in terms of State Accounts Circular No. 271/2019 dated 03 December 2019, those requirements had not been complied with as indicated below.

Audit Observation	Recommendation	Comments of the Accounting Officer
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According to paragraph 4.2 of the aforesaid Circular, the Chief Financial Officer or the Chief Accountant had not signed the Statement of Non-Financial Assets in Form ACA-06.	Action should be taken to submit financial statements in accordance with the State Accounts Circular.	It has been informed that the statement has been prepared in accordance with the forms received from the State Accounts Department and the Statement of Financial Positions with its total amounts has been submitted with the signatures of the Chief Accountant, the Accounting Officer and the Chief Accounting Officer.

1.6.2 Statement of Financial Performance

1.6.2.1 Imprest Adjustments Account

Audit Observation	Recommendation	Comments of the Accounting Officer
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(a) Although the total expenditure incurred by the Department of Botanical Gardens for Objects of other Ministries and Departments during the year	Financial statements should be prepared correctly.	The matters pointed out by the audit are accepted and it has been informed that the Imprest Balance Account will be corrected and prepared accordingly.

under review was Rs.19,163,919 according to the treasury printouts and consolidated trial balance, it had been adjusted as Rs.17,823,785 in the Imprest Adjustments Account, thus understating by Rs. 1,340,134.

- (b) According to the departmental books and Treasury account statements for the year under review, the difference in the balance of receipts in the Advance Account amounting to Rs. 1,663,301 should be adjusted to the credit in the Imprest Balance Account, whereas according to the Treasury account statements, the total of cross entries amounting to Rs.4,093,758 had been adjusted, thus excessively crediting Rs. 2,430,457.
- Financial statements should be prepared correctly.
- The matters pointed out by the audit are accepted and it has been informed that the Imprest Balance Account will be corrected and prepared accordingly.
- (c) According to the departmental books and Treasury account statements for the year under review, the difference in the balance of payments in the Advance Account amounting to Rs.244,955 should be adjusted to the credit in the Imprest Balance Account, whereas the total amount of Rs.3,326,118 had been adjusted in the cross entries as per the Treasury account statements.
- Financial statements should be prepared correctly.
- The matters pointed out by the audit are accepted and it has been informed that the Imprest Balance Account will be corrected and prepared accordingly.

1.6.3 Statement of Financial Position

The following observations are made.

Audit Observation	Recommendation	Comments of the Accounting Officer
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(a) Although the value of non-financial assets as at the end of preceding year amounted to Rs.467,915,465, the non-financial assets identified in the year under review had been added to the opening balance. Accordingly, the opening balance had been stated as Rs.7,267,476,945, thus overstating by Rs.6,799,561,480. Nevertheless, that difference had not been disclosed in the financial statements.	Reasons for the differences should be identified and adjustments should be accurately made to the accounts.	It is acknowledged that the difference had not been disclosed in the financial statements. It has been informed that the non-financial assets account for the year 2018 has not been generated on the Treasury website and action has been taken to generate it in the year 2019.
(b) Although expenditure of Rs.119,116,151 had been incurred for the acquisition of capital assets during the year under review, a sum of Rs.75,204,957 had been accounted for as acquisitions for the year in the Form ACA-06, Statement Non-Financial Assets. Accordingly, difference of Rs.43,911,194 was observed.	Reasons for the differences should be identified and adjustments should be accurately made to the accounts..	It is acknowledged that this has not been brought to account and it has been corrected in the accounts summary in February 2020.
(c) Although it was stated in the Statement of Non-Financial Assets in the Form ACA-06 that an expenditure of Rs. 351,500 had been incurred for the acquisition of passenger vehicles during the year under review, no expenditure had been incurred for the acquisition of vehicles under the Object No. 322-02-01-0-2101.	Assets should be properly accounted for.	It has been informed that action will be taken to rectify this error.

1.6.4 Cash Flow Statement

The following observations are made.

Audit Observation	Recommendation	Comments of the Accounting Officer
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(a) According to the cash flow statement, fees, surcharges, fines, licenses and non-revenue receipts amounted to Rs.725,467,086, but it was Rs.747,695,833 according to the consolidated trial balance. Accordingly, the cash flow generated from the operating activities had been understated by Rs. 22,228,747.	Reasons for the differences should be identified and adjustments should be accurately made to the accounts..	The cash flow statement has been prepared taking into account the transactions made in cash and the cross entries has not been considered therein. It has been informed that as the audit has informed to rectify this, the account for the year 2020 will be prepared accordingly.
(b) According to the consolidated trial balance, the expenditure incurred on other Heads of Expenditure for the year under review was Rs.19,163,919 but it had been stated as Rs.14,523,640 in the cash flow statement. Accordingly, a sum of Rs.4,640,279 spent on the operating activities had been understated in the account.	Reasons for the differences should be identified and adjustments should be accurately made to the accounts.	The cash flow statement has been prepared taking into account the transactions made in cash and the cross entries has not been considered therein. It has been informed that as the audit has informed to rectify this, the account for the year 2020 will be prepared accordingly.

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| <p>(c) Although the recovery of advances under investment activities during the year under review was Rs.1,081,250, it was Rs.28,550,677 according to the consolidated trial balance. Further, although the advance payment was Rs.32,988,531, it was Rs.36,080,995 according to the consolidated trial balance. Accordingly, the net cash flow generated from the investment activities had been overstated by Rs. 24,376,963 in the account.</p> | <p>Reasons for the differences should be identified and adjustments should be made to the accounts..</p> | <p>The cash flow statement has been prepared taking into account the transactions made in cash and the cross entries has not been considered therein. It has been informed that as the audit has informed to rectify this, the account for the year 2020 will be prepared accordingly.</p> |
| <p>(d) Although the receipts of deposits under cash flow generated from financial activities during the year under review amounted to Rs.55,209,601, it was Rs.269,825,491 according to the consolidated trial balance. Further, the deposit payment was Rs.89,058,322, but according to the consolidated trial balance it had been stated as Rs.296,940,312. As a result, the net cash flow generated from the financial activities had been overstated by Rs.6,733,900.</p> | <p>Receipt of deposits and payments should be accurately stated under the financial activities.</p> | <p>The cash flow statement has been prepared taking into account the transactions made in cash and the cross entries has not been considered therein. It has been informed that as the audit has informed to rectify this, the account for the year 2020 will be prepared accordingly.</p> |

1.6.5 Lack of Evidence for Audit

Audit Observation	Recommendation	Comments of the Accounting Officer
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<p>According to the Statement of Non-Financial Assets, information relating to the disposal of passenger vehicles and ornamental gardens totaling Rs. 63,324,055 was not furnished to audit.</p>	<p>Action should be taken to submit the information required for the audit.</p>	<p>The passenger vehicle disposal value stated herein indicates the correction of incorrectly accounted values of the assets accounting since 2015 and disposal of ornamental gardens is recorded as expenditure incurred on various general works of the relevant parks under the Item of</p>

Expenditure 2105. It has been informed that this was done as per the instructions given by the Treasury.

1.6.6 Certification to be made by the Accounting Officer

According to the provisions of Section 38 of the National Audit Act No. 19 of 2018, although the Accounting Officer should make certifications, action had not been accordingly as specified below.

Audit Observation	Recommendation	Comments of the Accounting Officer
Although the Accounting Officer shall ensure that all audit queries be answered within the specified time as required by the Auditor-General, audit queries had not been answered as indicated in paragraph 3.8 of this report.	Action should be taken in accordance with Section 38 of the National Audit Act No.19 of 2018.	Not commented.

1.6.7 Non-compliance with Laws, Rules and Regulations

Instances of non-compliance with laws, rules and regulations observed during the course of audit test checks are analysed below.

Reference to laws, rules and regulations.	Observation	Recommendation	Comments of the Accounting Officer
Reference to laws, rules and regulations.	Non-compliance		
(a) Section 6.1 of Chapter XIX of the Establishments Code of the Democratic Socialist Republic of Sri Lanka	It was observed that 09 officers were continuously residing in government quarters from 03 to 19 years in excess of 05 years.	Action should be taken in accordance with the provisions of the Establishments Code	It has been informed that action will be taken to give a grace period of 03 years to such long term residents and inform them to vacate the official quarters so as not to obstruct the activities of the garden and steps will be taken to provide that opportunity to other applicants in the future.

- (b) Provisions of Rule 202 of Chapter XVIII of Procedural Rules 01 published in the Extraordinary Gazette Notification No. 1589/30 dated 20 February 2009 issued by the Public Service Commission of the Democratic Socialist Republic of Sri Lanka
- Thirty four officers and employees had worked in the same place for more than 05 years.
- Action should be taken in accordance with the Procedural Rules
- The Secretary to the Ministry of Public Administration is responsible for the transfer of employees belonging to the combined services. Due to the nature of the units located in this Department and the nature of duties, it has found practically difficult to make mandatory transfers of officers in the posts of Agriculture Instructor, Charging Assistant and Garden Minor Administrator. It has been informed that requests for transfers made in exigencies of service will be considered at any time.
- (c) Circular of the Secretary of Public Administration No. 2/2018 dated 24 January 2018
- Although the Department provided one day training for the employees of the primary grade during the year under review, the 12 hours training period had not been covered as per the circular
- Action should be taken in accordance with the circular
- It has been informed that it is a difficult task to provide 12 hours of training per employee in a situation where there are nearly 500 workers. Conducting approximately two days off-duty labour training programs is problematic in both financial and practical terms. However, it was noted to hold one day training programs in 2020.

2. Financial Review

2.1 Imprest Management

Audit Observation	Recommendation	Comments of the Accounting Officer
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A plan on the monthly imprest requirement of the Department had not been prepared to effectively control financial activities.	Imprest requirement of the Department should be planned.	It has been informed that as the revenue collected by the Department is used for expenditure, annual imprest requirement will be planned and action will be taken accordingly.

2.2 Revenue Management

The following observations are made.

Audit Observation	Recommendation	Comments of the Accounting Officer
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(a) Although the revised estimated revenue for the year under review was Rs.1,000,000,000, the revenue collected was Rs.713,347,445. Accordingly, earnings had been made at an amount less than Rs.286,652,555 or 29 per cent to the estimated revenue.	Revenues should be more efficiently projected in accordance with the provisions of the Financial Regulations 85(1) (c) and State Financial Policy Circular No. 01/2015 dated 20 July 2015.	Although these estimates were revised with the expectation of foreign and domestic tourist arrivals in August, September and December of previous years, it has been reported that the decline in the tourist arrivals in 2019 resulted in this situation.
(b) In renting the cafeteria restaurant at the Royal Botanical Gardens, Peradeniya, which belongs to the Department of National Botanical Gardens, and the Milk Bar in front of the garden, the recoverable arrears of rent amounting to Rs. 11,461,465 had not been recorded in the statement of arrears of revenue for the year under review.	Arrears of income should be disclosed.	Further, due to the closure of the Milk Bar from 1st to 30 November 2019 for renovations, a grace period has been granted to the relevant institution and therefore this arrears of income was not included in the statement of arrears of income. It has also been informed that the arrears of tax due from the cafeteria restaurant from 01 May 2006 to 04 April 2008 have not been included in the statement of arrears of income due to a mistake.

2.3 Expenditure Management

The following observations are made.

Audit Observation	Recommendation	Comments of the Accounting Officer
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- (a) According to the Budget Circulars No. 07/2019 of 04 December 2019 and 04/2019 of 17 June 2019, all the Chief Accounting Officers and Accounting Officers should ensure the formulation and implementation of the criteria so that the electricity, water consumption, telephone services and purchases can be maintained in a better control, whereas expenditure on relevant Objects had been incurred in excess of Rs. 5,175,038 or 38 per cent during the year under review as compared to the expenditure of the previous year.
- Action should be taken in accordance with circulars.
- It has been informed that the the revision of the combined allowance, recruitment of new officers, increase in the bill value due to increase in market prices and tax rates have led to incur higher expenditure in 2019 as compared to the year 2018.
- (b) Out of the estimated provisions of Rs. 109,800,000 of two Objects, a sum of Rs. 6,610,000 or 6 per cent had been transferred to other Objects.
- Estimates should be prepared accurately in accordance with Financial Regulations 50.
- It has been informed that the transfers have been made due to temporary suspension of foreign tours, revision of the combined allowance and non-construction of a new building at the Meegalewa Haritha Piyasa Training Center.
- (c) In addition to the initial provision of Rs. 416,450,000 made for 14 Objects in the year under review, provision of Rs. 79,970,000 had been obtained comprising Rs. 6,610,000 through the transfer made by Financial Regulations 66 and Rs. 73,360,000 through supplementary estimates respectively. Accordingly, the total estimate had increased by that amount.
- Action should be taken in accordance with the provisions of the Financial Regulations 50 and Budget Circular No. 03/2019 dated 08 April 2019.
- It has been informed that the recruitment of new officers, increase in the overtime and other requirements due to opening the Botanical Gardens from 6.00 a.m to 6.00 a.m and increase in the market prices have given rise to this reason.

- (d) According to the National Budget Circulars No. 3/2019 of 08 April 2019 and No. 5/2019 of 24 September 2019, it is mandatory to save 25 per cent of the capital allocation. Nevertheless, out of the estimated provision of Rs. 431,700,000 of 10 Objects, Rs. 396,197,183 had been spent and only 08 per cent of the provision had been saved. Action should be taken in accordance with the circulars. Ten percent of capital allocations were frozen. However, it has been informed that the essential projects that had been started under the agreements at the time of issuing the National Budget Circular No. 5/2019 dated 24 September 2019 will be implemented in accordance with paragraph 3 of the said circular.

2.4 Issue and Settlement of Advances

The following observations are made.

Audit Observation	Recommendation	Comments of the Accounting Officer
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(a) No action had been taken to recover the debt balance of Rs. 211,493 due from the 08 retired, deceased, interdicted officers and the officers who vacated the service.	In terms of the provisions of Section 4 of Chapter XXIV of the Establishments Code of the Democratic Socialist Republic of Sri Lanka, action should be taken to recover the granted loans expeditiously.	It has been informed that action will be taken to recover the arrears of employees loans or to take necessary further action
(b) According to the audit test check conducted, there was a difference of Rs. 251,516 in 14 instances between the Advances to Public Officers B account and the final loan balance of the individual loan registers.	Reasons for the changes should be identified and adjustments should be accurately made.	It has been informed that the said differences has occurred due to the errors in the calculation of quarterly individual loan balances, and carrying forward the balances etc.

2.5 Deposits

Audit Observation	Recommendation	Comments of the Accounting Officer
Financial Regulations 571 (3) had not been complied with in respect of 03 deposit balances amounting to Rs. 467,000 older than 02 years as at 31 December of the year under review.	Financial Regulations should be complied with	It has been informed that a sum of Rs. 429,859 has been retained for the remaining work to be done after preparing the estimates for the year 2020 and the relevant institutions have been informed regarding other deposits.

2.6 Operating Bank Accounts

Audit Observation	Recommendation	Comments of the Accounting Officer
Action in terms of Financial Regulations 396 (d) had not been taken in respect of 06 cheques worth Rs. 74,193 which had not been submitted to the bank even if 06 months had elapsed as at 31 December of the year under review from the issue of those cheques.	Financial Regulations should be complied with.	It has been informed that action will be taken in accordance with Financial Regulation 396 (d).

3. Operating Review

3.1 Failure to Achieve the Expected Outcome

The following observations are made.

Audit Observation	Recommendation	Comments of the Accounting Officer
(a) The solar power system had been installed at the Gampaha Botanical Gardens in May in the preceding year at a cost of Rs. 2,475,200, and the relevant institutions had stated	Steps should be taken to find out the reasons for not generating sufficient electricity capacity and make the	It has been informed that although the expected number of units could not be achieved at 100 per cent, a significant number of

	that it would generate 2400 kilowatts per month. However, the system had provided only 677 kilowatts (350-1000) or 28 per cent per month.	relevant repairs.	units of electricity will be generated every month.
(b)	The orchid house which was built at an estimated cost of Rs. 23,760,000 to increase the inspiration of the visitors to the Gampaha Botanical Gardens had 572 seedlings in the growing stage and out of these, only 50 plants had flowers, thus affecting the beauty of the orchid house.	Action should be taken to achieve the desired objectives.	It has been informed that about 2000 orchid plants imported from Thailand have been provided in order to avoid this situation and instructions have been given to maintain the orchid house in an attractive manner.
(d)	The number of students registered for the the NVQ 3 and 4 Landscaping Course conducted by the Center for Education under the Royal Botanical Gardens, Peradeniya had remained at a very low level of 09 to 19 percent of the total number of applications received during the last five years. The number of students who did not complete the course ranged from 22 percent to 64 percent compared to registered number of students.	Action should be taken to educate students and promote courses.	It has been informed that the matters such as students' applying for the NVQ4 course, appearing for the interview, registering and completing the course without leaving the course are beyond our control.
(d)	The Study Center at the Peradeniya Botanical Gardens had not initiated NVQ 5, 6 courses in floriculture and landscaping.	Attention should be focused on initiating the courses.	Not commented.
(e)	A contract for the construction of a protective wall with an iron grid and concrete frame at the Gampaha Botanical Gardens at a cost of Rs. 1,967,490 was awarded on 09 July 2019. Since the side wall had been constructed leaving about 50 feet of the boundary of the Attanagallu Oya, the expected protection could not be assured.	Estimates should be prepared in accordance with the correct specifications to achieve the desired objectives.	It has been informed that part of the protection wall with iron grille and concrete frame of the park has been constructed within the provision limit made for the year 2019 and the provisions required for the completion of the remaining part have been included in the 2020 budget estimate.

3.2 Delays in the Execution of Projects

Audit Observation -----	Recommendation -----	Comments of the Accounting Officer -----
The construction works of 22 construction contracts valued at Rs.97,707,888 implemented by the Department during the year under review had been completed after a delay of 21 days to 95 days.	Constructions should be completed on time.	Not commented

3.3 Projects Commenced after a Delay

Audit Observation -----	Recommendation -----	Comments of the Accounting Officer -----
The construction work of 04 projects worth Rs.34,249,721 implemented by the Department during the year under review had been initiated after a delay of 17 to 36 days on the scheduled date.	Action should be taken to commence the construction work on time.	Not commented.

3.4 Procurements

The following observations are made.

Audit Observation -----	Recommendation -----	Comments of the Accounting Officer -----
(a) In calling for bids for the lease of the Milk Bar near the main gate of the Peradeniya Botanical Gardens, a condition had been included indicating a requirement to submit audited financial statements for the past 5 years, thus deviating from the provisions of Guideline 5.6 of the Government Procurement Guidelines. Further, action had not been taken to recover the bid	Action should be taken as per the Government Procurement Guidelines.	Not commented.

security of Rs.400,000 even as on 31 January 2020 as per the guidelines 5.3.11 (b) of the first and second bidders who submitted bids at a higher bid value and subsequently withdrawn the same.

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| (b) | <p>Although the estimated value of item No. 07, which represents 61.5 per cent of the total estimated value of the pergola repair project of the Royal Botanical Gardens, Peradeniya was Rs.544,300, the contractor had presented bids worth Rs.371,250 for that purpose. Action had not been taken in compliance with the provisions of Guideline 7.9.11 (a) of the Government Procurement Guidelines in this regard. Further, although a sum of Rs.944,100 had been paid for items No. 5 and 7 by certifying the Chief Engineer that the terms of the contract were in compliance with the Guideline 8.12.2 of the Government Procurement Guidelines, a certificate had not been obtained prior to make payment whether the technology is in compliance with the National Engineering Research and Development Center (NERDS) of Sri Lanka.</p> | <p>Action should be taken in accordance with the Government Procurement Guidelines.</p> | <p>It has been informed that action has not been taken in compliance with the Guideline 7: 9: 11 (a) of the Procurement Guidelines and these concrete beams are not up to standard according to the National Engineering Research and Development Center of Sri Lanka (NERDS) letter dated 20 April 2018 and Quality Report and accordingly, the final bill has not been paid.</p> |
| (c) | <p>Without making any enquiries from 05 contractors who had submitted minimum bids for the construction of the chain link fence in the forested area of the Seethawaka Wet Zone Botanical Gardens, and deviating from the provisions of Guideline 7.9.2 of the Government Procurement Guidelines and even without considering the recommendations of the Technical Evaluation Committee, the contract had been awarded to the 6th bidder who had presented a bid valued at Rs. 4,053,000. Accordingly, financial loss of Rs.1,158,400 had been incurred due to awarding the bid. Further, without obtaining high performance security as per the Guideline 7.9.11 (c), a security of 5 per cent of the contract value or Rs.202,650 had been obtained.</p> | <p>Action should be taken in accordance with the Government Procurement Guidelines.</p> | <p>Not commented</p> |

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| (d) | Without being complied with the terms in Guideline 7.9.2 (1) of the Government Procurement Guidelines, the contract for the improvement of the garage of the Seethawaka Wet Zone Botanical Gardens had been awarded at Rs.2,982,415 on 6 May 2019, while rejecting the minimum bid of Rs.2,899,630. Accordingly, a financial loss of Rs. 86,785 had been incurred. Further, a post-qualification test of the minimum bidder had not been conducted as per Guideline 7.10. | Action should be taken in accordance with the Government Procurement Guidelines. | Not commented |
| (e) | The validity period of the performance security worth Rs.1,284,110 presented relating to the contract worth Rs.25,682,196 awarded on 29 April 2019 for the construction of office building of the Awissawella Botanical Garden had not been obtained up to 28 days after the expected date of completion of the contract according to the guideline 5.4.8 (b) of the Procurement Guidelines. | Action should be taken in accordance with the Government Procurement Guidelines. | Not commented |
| (f) | Although the standard bid documents submitted by the Construction Industry Development Authority (CIDA) should have been used for the procurement process, the standard bid documents had not been used for the contract agreement and acceptance letter relating to the construction work carried out by the Department. | Standard bid documents should be used for procurements. | Not commented. |
| (g) | Although the Department was required to include in the bid documents the conditions of the contract outlined in the standard bid documents relating to small and large scale contracts carried out during the year under review, it had not been so done. | Contract conditions should be included in the bid documents. | Not commented. |
| (h) | Although a provision of Rs.7,200,000 had been allocated for the installation of a CCTV camera system at the Royal Botanical Gardens, Peradeniya, a contract | Action should be taken within the prescribed limit of provisions in accordance with the | It has been informed that there has been an excessing of provisions and it has |

for a value of Rs.16,645,373 had been awarded on 19 October 2018. According to Guideline 4.3.1 of the Government Procurement Guidelines, a total cost estimate had not been prepared for this purpose. Although this work had been completed on 9 September 2019, no action had been taken to extend the performance security accordingly. Further, a Certificate of Completion had not been submitted as per Guideline 8.12.2 of the Procurement Guidelines. A late fee of Rs.1,664,537 to be recovered due to that reason had not been recovered and agreements had not been entered into regarding the construction liability for a period of service. An amount of Rs. 11,630,310 had been paid for this work in excess of the estimated provision.

Procurement Guidelines.

been managed with the remaining provisions of the Department, performance security has not been extended and action has been taken to recover the late fees and that a completion certificate has been issued.

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| (i) | According to the letters of acceptance, the bidder has to reach the agreement within 14 days from acceptance of the contract, but the signing of agreements for 19 executed construction contracts worth Rs.60,085,527 had been carried out after a delay from 17 days to 87 days from the date specified in the acceptance letters. | Action should be taken to reach agreements on time. | Not commented. |
| (j) | According to Guideline 8.9.1 (a) of the Government Procurement Guidelines, a formal agreement should be entered into with the Contractor, whereas agreements relating to 13 construction contracts worth Rs.11,080,368 had been entered into after a period from 08 to 77 days from the commencement of the contract activities. | Action should be taken in accordance with the Procurement Guidelines. | Not commented. |
| (k) | The validity period of bids security of 16 construction contracts valued at Rs.14,407,402 carried out by the Department without complying with the guideline 5.3.11 of the Government Procurement Guidelines, had been obtained so as to be valid for a period of 04 to 60 days in excess of the date of agreement of the contract. | Action should be taken in accordance with the Procurement Guidelines. | Not commented. |

3.5 Annual Performance Report

Audit Observation	Recommendation	Comments of the Accounting Officer
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Matters in paragraphs 8.3,10.3, 12.3,13.1,14.2,17.3,19.1,19.2 and 19.3 contained in the compliance report included in the performance report submitted by the Department for the year under review had not been complied with.	Action must be taken to enter accurate information.	Not commented.

3.6 Assets Management

The following observations are made.

Audit Observation	Recommendation	Comments of the Accounting Officer
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(a) The total area of the Peradeniya National Botanical Gardens is 149 acres and 38 perches, out of which the official quarters No. 1092 comprising ¾ acres and the building No. 1092/A covering an area of 24 perches are being occupied by the Department of Agriculture. Nevertheless, it has not been taken back under the Government Housing (Acquisition of Possession) Act No. 07 of 1969 as amended by the Acts No. 07 of 1971 and No. 40 of 1974.	Action should be taken to settle all the lands occupied by the Department and take over the ownership.	It has been informed that since these are two mutually supportive departments, final written notifications have been sent to the Director General of Agriculture and the Secretary of Agriculture and legal action will be taken in the future.
(b) For the purpose of conducting lectures, training programs and workshops in the Ganewatta Herbal Garden, a two storied lecture hall building had been constructed at a cost of Rs. 23,392,342 in the year 2017. Fifty nine	Action should be taken to use the assets of the department efficiently and effectively.	It has been informed that 16 training classes have been conducted by October 2019. It is expected to conduct 25 training classes by the end of the year and that the aim is to increase the number of training classes conducted by making the public

lectures had been held during the period from 2017 to 19 September 2019 and only Rs.24,250 had been earned by renting the same for external parties. Accordingly, the building, which was constructed at a huge cost, remained underutilized.

aware of the services available at the park.

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| (c) | The Tata Double Cab owned by the Gampaha Botanical Gardens had remained condemned since August 2018 and action had not been taken to properly dispose of the cab. | Action should be taken to dispose of vehicles properly. | It has been informed that action is being taken to hand over the cab to a technical institute as it was concluded that further doing repairs to the vehicle was economically disadvantageous. |
| (d) | The micro irrigation system valued at Rs. 447,987 purchased on 03 November 2017 for providing water to the flower plants planted in the Miracle Garden of the Gampaha Botanical Gardens, remained idle without being installed even by 19 July 2019. | Action should be taken to use the assets of the Department efficiently and effectively to achieve the desired objectives. | It has been informed that a part of the micro-irrigation system is already in use and that the work will be completed in the future. |
| (e) | A number of 30,000 flower pots 5 x 5 x 5 inches in size had been purchased for the beautification of the Miracle Garden at Gampaha Botanical Gardens in July 2017 and only 5800 of these pots were in use as at 19 July 2019. Accordingly, 21000 pots valued at Rs. 294,000 remained idle in the warehouse. | Purchases should be made by properly identifying the needs. | It has been informed that many of the pots used for the Miracle Garden have decayed and those pots have been removed and replaced with new pots, and that the excess pots have been purchased for plant production of the nursery. |
| (f) | As purchases had not been made by properly identifying the need, the Gampaha Botanical Gardens had purchased paints worth Rs.191,355 and Rs.261,603 | Purchases should be made by properly identifying the needs. | It has been informed that most of the paints in the warehouse are currently in use, and use of those materials have been delayed due to inclement weather experienced throughout the year |

respectively in July and August, 2018 of which 556 liters of paint worth Rs. 289,891 remained idle in the warehouse by 17 July 2019.

and a lack of properly trained workers.

3.7 Losses and Damages

The following observations are made.

Audit Observation	Recommendation	Comments of the Accounting Officer
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(a) In terms of the lease agreement signed on 13 November 2019 for the maintenance of the Milk Bar in front of the Royal Botanical Gardens, Peradeniya, the sum of Rs.178,533 due for the period from 18 to 30 November 2019 had not been recovered even as at 31 January 2019.	Action should be taken to recover the income due to the Government.	Not commented.
(b) An officer of the Gampaha Botanical Gardens had taken paid leave to pursue a degree in Agricultural Technology and Management conducted by the Faculty of Agriculture, University of Peradeniya. The officer had not completed the relevant course, whereas action had not been taken even by 19 July 2019 to recover the due amount of Rs. 1,051,390 in accordance with the provisions of Section 4.7 of Chapter XV of the Establishments Code of the Democratic Socialist Republic of Sri Lanka	Action should be taken to recover the losses incurred by the Government.	It has been informed that steps will be taken to recover the money paid by the Government for the relevant course from the officer expeditiously.

3.8 Not replying to the audit queries

Audit Observation -----	Recommendation -----	Comments of the Accounting Officer -----
Four audit queries presented to the Department during the year under review had not been answered even by 30 May 2020 and the value of computable transactions related to those queries was Rs. 3,361,828.	Action should be taken to answer the audit queries within the relevant period.	Not commented.

3.9 Management Weaknesses

The following observations are made.

Audit Observation -----	Recommendation -----	Comments of the Accounting Officer -----
(a) According to the functions mentioned in the Gazette of the Socialist Republic of Sri Lanka dated 10 November 2006, although the new Botanical Gardens may be established in a suitable area in Sri Lanka as per the decision of the Cabinet of Ministers dated 22 March 2006, the management's attention had not been drawn to establish a National Botanical Gardens covering the North, North Central and Eastern Provinces.	Attention should be paid to establish new Botanical Gardens in suitable areas of Sri Lanka.	It has been informed that request letters have been sent to the relevant District Secretaries requesting them to provide suitable places for the establishment of Botanical gardens.
(b) Suwas Flower Associations in the Kandy District had not been registered from 2015 to 2019 and the number of registered Flower Associations in the Northern and Eastern Provinces was 07.	Attention should be paid to increase the registration of new Suwas Flower Associations.	There is a constitution to maintain Suwas Flower Associations and accordingly the officers have been instructed to form 01 association in each Agrarian Service area. It has been informed that although no new Associations have been formed, the number of members of the associations has increased.

- (d) Ganewatta Forest Herbal Garden comprises an area of 21 hectares and although there are nearly 1000 valuable medicinal plants in the garden, a vegetation record had not been maintained. Attention should be focused to identify the existing plant species in all the gardens and maintain a vegetation register. It has informed that the Garden Development Assistant attached to the Ganewatta Forest Herbal Garden has identified 600 plants with the assistance of the National Herbarium at present and they have been included in a register.

4. Achievement of Sustainable Development Goals

Audit Observation -----	Recommendation -----	Comments of the Accounting Officer -----
A plan should be prepared on the achievable amounts in each year for the Sustainable Development Goals to be achieved by the year 2030, and the relevant provisions should be allocated accordingly. Nevertheless, the Department had not prepared a plan on the activities to be achieved in each year.	Plan on the amounts to be achieved in each year should be prepared.	Not commented.

5. Good Governance

5.1 Fulfilling Public Services

Audit Observation -----	Recommendation -----	Comments of the Accounting Officer -----
Although it had been specified in the Compliance Report that reports are submitted to the Right to Information Commission twice or once a year in terms of Sections 08 and 10 of the Right to Information Act No. 12 of 2016, the Department had not submitted the relevant reports.	Action should be taken to duly submit the reports	Not commented.

6. Human Resource Management

6.1 Approved Cadre and Actual Carde

The following observations are made.

Audit Observation	Recommendation	Comments of the Accounting Officer
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(a) The Department had not taken steps to fill 143 vacancies by the end of the year under review.	Action should be taken to fill the vacancies which are essential for the proper and regular functioning of the Department.	Not commented.
(b) The total 08 posts of Driver approved for battery car service of the Royal Botanical Gardens, Peradeniyahad been in vacant and their scheme of recruitment had not been approved even by 17 December 2019, the date of audit.	Action should be taken to fill the vacancies by obtaining approval for the scheme of recruitment.	It has been informed that the scheme of recruitment has been sent for approval.