

Head 294 - Department of National Zoological Gardens

1. Financial Statements

1.1 Qualified Opinion

The audit of the financial statement of the Department of National Zoological Gardens for 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 including my comments and observations on the financial statements of the Department of National Zoological Gardens was issued to the Accounting Officer on 10 June 2020 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 02 July 2020. 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 Paragraph 1.6 of this report, the financial statements prepared in accordance with the provisions of State Accounts Circular No. 271/2019 dated 03 December 2019 give a true and fair view of the Department of National Zoological Gardens as at 31 December 2019 and its financial performance and cash flow 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 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 furthermore;

- Appropriate audit procedures were designed and implemented to identify and assess the risk of possibility of quantitative misrepresentations occurred in financial statements due to fraud or errors in providing a basis for the expressed audit opinion. More than the impact of quantitative misrepresentations due to misrepresentation, the effect of fraud is strong because of malpractice, forgery, intentional evasion, misrepresentation, or evasion of internal controls can lead to fraud.
- Although it is not intended to express an opinion on the effectiveness of internal control of the Department, obtained an understanding of internal control in order to plan appropriate audit procedures occasionally.
- Evaluated the appropriateness of the accounting policies followed, fairness of accounting estimates and related disclosures made by Management.
- Evaluated whether the transactions and events underlying the structure and content of the financial statements are appropriately and fairly consisted in and presentation of financial statements including disclosures as a whole.

The Chief Accounting Officer was made aware of important audit findings, key internal control deficiencies and other matters identified in my audit.

1.5. Report on Other Legal 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 are in consistent with these of the preceding year.
- (b) The recommendations made by me regarding the financial statements furnished.

1.6 Comments on Financial Statements

1.6.1 Cash Flow Statements

The following observations are made.

Audit Observation	Recommendation	Comments of the Accounting Officer
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(a) Although the personal emoluments and operating expenses in the cash flow statement were up to Rs.462,625,337 according to the consolidated Trial Balance the expenditure was Rs.455,570,743 and a difference of Rs.7,054,594 was observed.	The cash flow statement should be prepared accurately compared with the monthly account summaries and Treasury Notes.	Kindly inform that the balance of the money spends on operations and investment activities as stated in the financial statements has been obtained as follows. Rs. Personal Emoluments and Operating Expenses = 457,814,943 (ACA – F) Add – Repayment of government revenue = 5,063,924 Less Debit made by the (compared Imprest) Railway Department = <u>253,530</u> (compared Imprest) Net Cash Flow generated from operating activitie = 462,625,337 =====

(b) Money spend on under operating activities, in the cash flow statements, although no payments were made under the cash flow subsidies and transfers, according to the detail trial balance ofRs,1,990,669 was observed .

The cash flow statement should be prepared accurately compared with the monthly account summaries and treasury notes.

Comments were not made.

1.6.2 Non – maintenance of Registers and books

 The following registers department had not been maintained.

Audit Observation	Recommendation	Comments of the Accounting Officer
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<p>(b) Register of Security</p> <p>-----</p> <p>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.</p>	<p>Security Register should be maintained a Security Register containing the names of all officers and the employees required to give security in terms of Financial Regulation 891(1)</p>	<p>The Treasury has been instructed to prepare this document in the future and kindly inform you that will act accordingly in the future</p>

(b) Inventory of Electrical Fittings

A register on Inventory of Electrical Fittings had not been maintained in terms of Financial Regulations 454(2)

Should be maintained an Inventory of Electrical Fitting apparatus etc. in Government buildings had not been maintained in terms of Financial Regulations 454(2)

Informed a separate inventories are being maintained in the main stores for this purpose

1.6.3 Responsibilities of the Accounting Officer

Audit Observation	Recommendation	Comments of the Accounting Officer
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According to the provisions of section 38 of the National Audit Act No. 19 of 2018, 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 system and make alterations as required for such system to be effectively carried out, eventhough copies of the review shall be submitted to the Auditor General in written, statements for having been done such a review had not been presented to Audit.	Action should be taken in accordance with the provision of Section 38 of the National Audit Act No.19 of 2018	Kindly inform that in the future, the Government Audit Division will take the necessary action in this regard

1.6.4 Non-compliance with Laws, Rules and Regulations

Observation	Non-compliance	Recommendation	Comment of the Accounting Officer
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Reference to laws, regulations etc.			
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Part III of the National Zoological Gardens Act no 41 of 1982.	Although the Minister should have appointed a Consultative committee for the purpose of advising the Director and making recommendations to the Minister, no such Consultative committee had been appointed.	Action should be taken as per Zoological Act.	Inform that the Minister in charge of the subject has not yet appointed a Consultative committee to advice on the zoo.

2. Financial Review

2.1 Expenditure Management

Audit Observation	Recommendation	Comments of the Accounting Officer
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Although the annual expenditure estimates were to be prepared in accordance with the Financial Regulations 50 of the Democratic Socialist Republic of Sri Lanka the Estimates prepared by the Department for the year 2019, observed 6 items savings range from 34 percent to 84 percent.	Action should be taken to prepare accurately estimated	Inform that the savings in these expenditure items have occurred due to having to act in accordance with Budget Circulars No. 3/2019, 4/2019, 5/2019 issued by the Department of National Budget.

2.2 Entered into Liabilities and Commitments

Audit Observation	Recommendation	Comments of the Accounting Officer
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According to the Financial Regulation 94 of the Financial Regulation of the Democratic Socialist Republic of Sri Lanka, a department should not allow liabilities in excess of the Provisions, but the saving had exceeded the liabilities of Rs.674,560 in six items.	Action should be taken as per Financial Regulation 94.	Exceeding provisions for payment of the overtime, travelling expenses, entertainment and uniforms as a result, they have to incurred liabilities in excess of savings.

2.3 Deposit Balances

Audit Observation	Recommendation	Comments of the Accounting Officer
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Deposits valued at Rs.5,373,650 had been remained in the General Deposit Account during the period of 2 years to 5 years without credited to the relevant accounts.	The unresponsive balances should be credited to the government revenue.	Kindly inform that the relevant parties will be informed about the balances kept in the public deposit account for a period of 2 years to 5 years and the unresponsive deposits will be credited to the revenue of the government.

3. Operating Review

3.1 Non – achievement of Expected Output Level

Audit Observation	Recommendation	Comments of the Accounting Officer
According to the action plan, Rs.145 million had been allocated for 12 projects but only Rs.65.6 million had been spent. Accordingly, there was a savings of Rs.79.4 million at the end of the year without achieving the expected result.	Action should be taken according to the action plan	According to Budget Circulars No. 3/2019, 4/2019, 5/2019 issued by the Department of National Budget due to the Easter Attack in April 2019, Kindly inform that there has been a delay in the commencement and completion of the construction work as it has been stated that no new projects should be started and a mandatory savings of 25 % on capital expenditure should be made.

3.2 A hand out of Project without finished.

Audit Observation	Recommendation	Comments of the Accounting Officer
Five projects with an estimated value of Rs.28.5 million were abandoned pending completion by the end of 2019 due to delays by the relevant contract company. Necessary action had not been taken regarding non - compliance with the agreement.	Action should be taken according to the action plan and action should be taken to implement the relevant projects as for the agreements.	Two proposals have been submitted in writing to the National machinery Institute on 27 November 2019 to complete the construction of three projects. However the Institute has not yet provided a written reply. Further inform that the Department has verbally informed that during the discussion with this institute. The construction work of these

projects will be resumed. Also kindly inform that the National Machinery Institute has been informed in the letter dated 5 February 2019 that the work will be completed in accordance with section 11.1 of SBD/03 and that the necessary measurements will be taken.

3.3 Assets Management

Audit Observation -----	Recommendation -----	Comments of the Accounting Officer -----
23 animal shelter cover nets value of Rs.914,280 had been remained idling near the stores of the Dehiwala Zoo.	Action should be taken to use animal shelter cover nets.	At present only 6 of these nets remain savings. Would like to inform that it is not idle as it has the potential to be used in the future.

3.4 Management Weaknesses

Audit Observation -----	Recommendation -----	Comments of the Accounting Officer -----
(a) As elephant dung and food debris had been piled near the place that elephants are hold in the Pinnawala Elephant Orphanage, the premises was seemed to be very un cleaned condition.	Action should be taken to recycle elephant dung.	Although it was planned to got a machine to make it usable as fertilizer it could not be done due to the prevailing situation in the country.

- (b) At the Narambedda Elephant Quarantine Centre did not have a proper drainage system to discharge waste water, so it had been released into the nearby Ma Oya without any treatment
- Action should be taken to recycle elephant dung.
- A water treatment system of the waste water has not been setup at the Narambedda Elephant Quarantine Centre. Only waste water use for purification and elephant urine are generated as waste water and that amount of water does not collect enough to flow into the Ma Oya. Kindly inform that since do not use chemicals for cleaning only discharge natural substance into the river as waste water so that no contaminations take place.
- (c) Although the water containers were to be filled to a height of 2 feet above ground level and to be filled automatically, the containers constructed for the elephants at the Narambedda Elephant Quarantine Centre were not to be filled automatically. Drinking tanks had also not been filled with water.
- Construction should be done in accordance with the prescribed standards
- Kindly inform that it is not necessary to fill the water tanks of these elephant classes when there are no elephants.
- (d) According to the terms of the Environmental Protection License No. 04459(R⁶) issued by the Central Environment Authority, when discharging waste water from a place, it must be mixed with at least 8 items the capacity of the pure water and released. On the Contrary, the audit observed that the water discharged from
- Should be comply with the terms of the conditions of the Environment Protection License No.04459(R6) issued by the Central Environment Authority,
- Kindly mention that hope to improve the quality of the water by using strategies for aeration

the Dehiwala Zoo was released to nearby place Gal Wala. As a result, uncontrolled discharge of polluted water has polluted the surrounding water sources and adversely affected the health of the surrounding people.

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| (e) It was observed that the diet recommended to animals by the veterinarian was given on the basis of experience (visible) and experience without any measurement. Accordingly, it is not possible to ascertain whether the prescribed amount of feed is provided. | Should be following the veterinarian's recommendations. | Only meat fed to animals is measured and other materials are given on experience and experience. Due to the time taken to measure and the lack of equipment, everything had not been measured. Work is underway to obtain the necessary equipment to measure. |
| (f) During the period from 2016 to 2020, cultivation on the Gonapola Farm had not been carried out as per the proper plan and action had not been taken to increase its cultivation and reduce the amount of animal feed purchases from outside agencies. | Action should be taken to donate the Gonapola Farm. | The farm mainly cultivates CO4 grass, Baysanta Kangkung, Sugar cane and Banana, and distributes this crop to the Dehiwala Zoo. |

4. Approaching the Sustainable Development Goals

Audit Observation

Even though the Department had identified the sustainable development goals and targets, an Action plan had not been prepared so as to able to achieve those goals.

Recommendation

The Action plan should be prepared so as to achieve the Sustainable Development Goals.

Comments of Accounting Officer

According to 15 Sustainable Development Goals, construction Centers to improve animal conservation activities, Development of methods for breeding elephants and endangered animals and conducting awareness programs for the visitors about the animals and the living ecosystems through the animal exhibition, would like to inform that specific goals have been identified and steps have been taken to achieve them through the action plan.

5 Human Resources Management

Audit Observation

The operating efficiency of the Department was at a minimum level, due to existence of vacancies in 03 post senior level and 31 posts of secondary Level, out of the 124 number of vacant post in the Department.

Recommendation

Necessary steps should be taken to fill the essential vacancies.

Comments of Accounting Officer

Out of these post, information required to complete 3 senior level post has been forwarded to the Ministry of Public Administration and Home Affairs. The Department made arrangement in 2019 to complete 30 secondary posts in the Department, but kindly inform that due to the Presidential Election in 2019 and the Parliamentary Election in 2020, those recruitments had to be temporarily suspended.