

Head 284 – Department of Wildlife Conservation

1. Financial Statement

1.1 Qualified Opinion

The audit of the financial statements of the Department of Wildlife Conservation for the year ended 31 December 2020 comprising the statements of financial position as at 31 December 2020 and statements 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. In terms of Sub-section 11(1) 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 Wildlife Conservation was issued to the Accounting Officer on 29 June 2021. In terms of Sub-section 11(2) of the National Audit Act, the Annual Detailed Management Audit Report relating to the Department was issued on 29 June 2021 to the Accounting Officer. This report which should be read in conjunction with Article 154(6) of the Constitution of the Democratic Socialist Republic of Sri Lanka is submitted to Parliament in terms of 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 give a true and fair view of the financial position of the Department of Wildlife Conservation as at 31 December 2020 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 qualified opinion.

1.3 Responsibility of the Accounting Officer for the Financial Statements

The 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 in terms of Section 38 of the National Audit Act, No.19 of 2018 and for such internal control as the Chief Accounting Officer and the Accounting Officer 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 of the Department.

In terms of Sub-section 38(1)(c) of the National Audit Act, 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 accordingly make any alterations as required for such systems to be effectively carry out.

1.4 Auditor's Responsibility for 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 summary 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 and its materiality depends on the influence on economic decisions taken by users on the basis of these financial statements.

As part of an audit in accordance with Sri Lanka Auditing Standards, I exercise professional judgement and maintain professional skepticism throughout the audit. I also:

- Appropriate audit procedures were designed and performed to identify and assess the risk of material misstatement in financial statements whether due to fraud or errors in providing a basis for the expressed audit 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.
- An understanding of internal control relevant to the audit was obtained in order to design 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 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.
- Evaluate the overall presentation, structure and content of the financial statements including 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

As required by Sub-section 6(I)(C) of the National Audit Act, No.19 of 2018, I state the followings.

- (a) The financial statements correspond to the previous year.
- (b) My recommendations on financial statements for the past year have been implemented.

1.6 Comments on Financial Statements

1.6.1 Statements of Financial Performance

The following observations are made.

Audit Observation	Comments of the Accounting Officer	Recommendation
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(a) Amount of Rs.851,604,272 received from deposit Account No.6000-0-0-006-0-020-0 had not been stated under deposit receipts in statement of financial performance .	As the Wildlife Conservation Fund is a special fund for this department, its receipts not included under deposits receipts clearly shown separately.	According to the Treasury notes, the deposits should be shown as receipts as they are mentioned under Deposit Account No. 6000-0-0-006-0-020-0.
(b) According to Treasury records, advances of Rs.39,534,166 had been accounted as financial performance at Rs.36,205,110 Accordingly, Rs.3,329,056 had been understated .	Informed that advances receipts should be included in the statement of financial performance after deducting receipts from other Heads of Expenditure.	In preparing the financial statements, its included the values should be compared with the treasury notes and the correct value should be given.
(c) According to the department books, Rs.68,184,817 had been recovered under four other revenue codes but the other receipts in the financial performance statement had been shown as Rs.958,895,389	Under 4 other income codes, Rs.107,291,117 and as receipts from the Wildlife Conservation Fund Rs.851,604,272 had been shown Rs.958,895,389 as other receipts.	In accordance with the provisions, action should be taken to indicate the correct value of receipts applicable to Other Income Heads.

- (d) According to Treasury Deductions made from other In preparing the records, advances amounting Expenditure Heads should be financial statements, its to Rs.55,690,601 had been deducted and had been stated in included the figures adjusted to Rs.55,104,615 for the Financial Performance should be compared the financial performance Statement, informed that with the treasury notes statement. Accordingly, Rs.55,104,615 is correct. and the correct value Rs.585,986 had been understated. should be given.

1.6.2 Cash flow statement

The following observations are made.

Audit Observation -----	Comments of the Accounting Officer -----	Recommendation -----
(a) According to department books, personal salaries and operating expenses were Rs.1,356,844,570 and Rs.1,286,728,503 had been adjusted for the cash flow statement. Accordingly, Rs.70,116,067 had been understated.	Informed that according to the cash flow statement, personal salaries and operating expenses of Rs.1,286,728,503 are correct and are clearly stated in ACA 2-II.	Action should be taken to the cash flow statement value correctly in accordance with the provisions.
(b) According to the department books, subsidies and transfers were Rs.37,950,008 for three subjects but Rs.41,367,997 according to the cash flow statement. Accordingly, Rs.3,417,989 had been overstated.	284-1-1-11-1205(11) As the Expenditure Subject 2020 Budget Estimate is classified as Other Recurring Expenditure, it is shown under Subsidies and Transfers in the Cash Flow Statement.	Action should be taken to the cash flow statement value correctly in accordance with the provisions.
(c) According to the department books, Rs.68,184,817 had been recovered under four other revenue codes but according to the cash flow statement it was Rs.107,291,117. Accordingly, Rs.26,609,847 had been increased.	Non-Revenue Receipts Rs.107,291,116 I declare correct.	Action should be taken to the cash flow statement value correctly in accordance with the provisions.

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| (d) | According to the department books, the expenditure incurred on behalf of other departments was Rs.5,187,802 but according to the cash flow statement it was Rs.5,895,117. Accordingly, it had been overstated by Rs.707,315. | To informed that this change is an accounting made by transfer cards and accordingly Rs.5,895,117 is correct. | Action should be taken to the cash flow statement value correctly in accordance with the provisions. |
| (e) | According to department books, construction or purchase of physical assets and other investment acquisitions amounted to Rs.73,212,742, and according to the cash flow statement of it was shown of Rs.139,910,821 it had been overstated by Rs.66,698,079. | Informed that the sum of the capital expenditure is given here as per column 5 of ACA 2 (II). | Action should be taken to the cash flow statement value correctly in accordance with the provisions. |
| (f) | According to the department books, the deposit payments which were Rs.1,736,631,619 were Rs.1,775,737,909 according to the cash flow statement. Accordingly, an increase of Rs.39,106,290 had been overstated. | To informed that the audit had pointed out that there is no accounting in the transfer papers. | Action should be taken to the cash flow statement value correctly in accordance with the provisions. |
| (g) | According to the department books, the advance recovery was Rs.38,754,738 and according to the cash flow statement it was Rs.39,463,553. Accordingly, an increase of Rs.708,815 had been stated. | To inform that the audit had been pointed out its difference had without been accounted in the transfer papers. | Action should be taken to the cash flow statement value correctly in accordance with the provisions. |

1.6.3 Imprest Adjustment Account

Audit Observation

Comments of the Accounting Officer

Recommendation

According to Treasury records and department accounts, Rs.39,106,290 had not been recorded in the adjustment of differences, while advance receipts had been understated by Rs.364,137 five heads Rs.707,315 had been overstated and advance payments had been overstated by Rs.3,086,237

Informed that the balance stated in the imprest account is correct.

In preparing the Financial Performance Statement, the value should be taken according to the Treasury notes and if there is a difference according to the departmental books, that difference should be matched to the Adjustment "Adjustment Account".

1.6.4 Non- availability of Documents and Books

Audit Observation

Comments of the Accounting Officer

Recommendation

There was no electrical equipment register in accordance with Financial Regulation 454(2).

To informed that action will be taken to maintain a Electrical Equipment Register in accordance with Monetary Regulation 454 (2).

An Registration Book of All Electrical appliance and Equipment in Government Buildings shall be maintained as stipulated in Financial Regulations 454 (2).

2. Financial Review

2.1 Management of Expenditure

Audit Observation

Comments of the Accounting Officer

Recommendation

Although the annual expenditure estimates were to be prepared in accordance with the 50 financial regulations of the Financial Regulation of the Democratic Socialist Republic of Sri Lanka, savings ranging from 23 percent to 70 percent were observed in 07 expenditure subjects prepared Estimate by the Department for the year 2020.

To informed that the savings of some of the expenditure items in the estimate were due to out-of- department control activities (such as those caused by the COVID 19 epidemic).

Steps should be taken to prepare estimates with proper planning and management in accordance with Fiscal Regulations 50.

2.2 Responsibility of the Accounting Officer

Audit Observation	Comments of the Accounting Officer	Recommendation
<p>According to the provisions of section 38 of the National Audit Act No. 19 of 2018, the Accounting officer shall ensure that an effective internal central system for the financial control exists in the Department and carry out periodic reviews 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.</p>	<p>As pointed out by the audit, It has been informed that a review on financial control will be conducted and reported in the future.</p>	<p>Regularly review the internal control system, initiated by the Internal Audit Division and through the Audit and Management Committee.</p>

2.3 Non – compliance with Laws, Rules and Regulations

Instance of non-compliance with Laws, Rules and Regulations were observed during the course of audit test checks are analyzed below.

Observation	Comments of the Accounting Officer	Recommendation
Non-compliance		
<p>Reference to Laws, Rules, Regulations etc.</p>		
<p>(a) Establishment Code of the Democratic Socialist Republic of Sri Lanka</p>		
<p>(i) Paragraph 28.3 of the Chapter XLVIII</p>	<p>Although Bakamuna Wildlife Office and two officers of the Kumara Ella Beetuwa were convicted of bribery by the court, the department had not taken disciplinary action against them by the end of the year under review.</p>	<p>The Bribery and Corruption Commission has been asked whether the convicted officers have appealed against the verdict. To inform that a reminder will be</p>
		<p>Should be act in accordance with the provisions of the Establishments Code.</p>

sent in this regard and further action will be taken after receiving that information.

- (ii) Paragraph 1.2 of the Chapter XLVIII
- It had been more than two years since committees were appointed to investigate 20 disciplinary actions, but investigations had not yet been completed by the end of the year under review.

Informed that reminders had been sent to all the investigating officers in this regard and action will be taken to send the reminders again and obtain the relevant reports.

Should be act in accordance with the provisions of the Establishments Code.

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

- (i) Financial Regulations 101(3)
- The officers who maintain the inventory books in the various divisions of the department had not been taken action to identify the deficiencies and excesses by analyzing the inventory balance and inventory books in their custody. Due to this, there is a shortage of 46 items worth about Rs.3,019,132 issued by the warehouse to various departments, during the physical stocks verification made by the audit were observed.
- Informed that will check the issuing orders and inventory books and make physical inquiries about items that are not included and items that are in short supply.
- Action should be taken in accordance with the Financial Regulation.
- (ii) Financial Regulations 571
- The balance of the public deposit account amounting to Rs.3,937,613 which had exceeded two years from the date of deposit had not been acted upon as per the financial regulations.
- Informed that the payment of withholding had been delayed due to deficiencies in the records required for payments in respect of these deposits.
- Action should be taken in accordance with the Financial Regulation.
- (iii) Financial Regulations 751(1)
- During the period from 1st January 2016 to 31st December 2020, goods items valued at Rs.10,332,963 and 133 radio communication equipment valued
- Items value of Rs.9,113,642 had been recovered so far and further investigations are being carried out.
- Action should be taken in accordance with the Financial Regulation.

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| | | at Rs.3,597,685 were issued from the main warehouse, Inventories pertaining to certain sections had not included in the books. | Informed that disciplinary action will be taken if any officers is found to had committed fraud. | |
| (iv) | Financial Regulations 756 | Although a board of survey of had to be conducted at the end of the year, the board of survey for equipment related to the ESCAMP project in the Marine Division board of survey and Planning Division had not been conducted after 2017. | A separate board of survey has not been carried out for the Marine Conservation Division and to informed you that further surveys will be carried out in that sector. | Action should be taken in accordance with the Financial Regulation. |
| (v) | Financial Regulations 880 | Although the government inventory had been taken over or the officers in charge should had been deposit on security, no such action had been taken. | Inform that action will be taken to security deposit for the officers who have not deposit security and to update the existing deposit register. | Action should be taken in accordance with the Financial Regulation. |
| (c) | Paragraph 1.2 of No. 01/2014 dated 14 March 2014 the Department of Wildlife Conservation Circular | n contrary to , out of 180 issuance orders, 248 items had been issued without the approval of the Director of Finance , although the approval of the Director of Finance had been required for issuance of goods item of a capital nature. | From now on, inform you that will issue the goods with the approval of the Director General, Director (Finance), Deputy Director (Finance) and Assistant Director (Finance). | Action should be taken according to the circular . |

2.4 Issuance and settlement of advances

Audit Observation	Comments of the Accounting Officer	Recommendation
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Although the paragraph 4.5 and 4.6 of Chapter XXIV of the Establishments Code set out how to recover the amount due to the Government the department had failed to recover the outstanding balance of Rs.973,648 owed by (24) died, retired and suspended 24 officers over a period of 5 years.	To informed that further work is being done regarding the recovery of the loan balance.	Should be act in accordance with the provisions of the Establishments Code.

3 Operational Review

3.1 Activities not executed

Audit Observation	Comments of the Accounting Officer	Recommendation
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According to the action plan for the year 2020, Rs.23,987,000 had been allocated for 27 targeted activities but they had not been implemented.	To informed that due to the covid epidemic, outsiders were not allowed to enter the wildlife reserves and were unable to perform these functions.	Targeted tasks need to be completed according to the action plan.

3.2 Failure to obtain the expected output Level

Audit Observation	Comments of the Accounting Officer	Recommendation
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The physical progress of 22 projects implemented in year 2020 was less than 50 percent level.	Informed that these functions could not be performed due to the covid epidemic.	Targeted tasks need to be completed according to the action plan.

3.3 Assets Management

The following observations are made.

Audit Observation	Comments of the Accounting Officer	Recommendation
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(a) In the year 2016, 02 Ticket Vending machines, 03 Mini PCs and 19 "Mini PC Tray 2U 01 had purchased for Rs.2,205,526 for Yala National Park, but they remained without utilized till the end of the year under review.	Informed that are working to keep the Mini PC 03 and electronic devices and machines up to date.	Assets need to be utilized effectively.
(b) The inventory books containing assets provided by the Asian Development Bank for two foreign aid projects had missing. As a result, it was observed that there had a weak level internal control over the security of assets from loan-funded operated projects.	At the end of this project, the balance of goods provided to the department by the project had included in the inventory of the head office warehouse. According to the at this time the relevant registers could not be found that is will be taken appropriate action and will be report in this.	Internal control over the security of assets from projects needs to be formalized.

3.4 Losses and Damages

Audit Observation	Comments of the Accounting Officer	Recommendation
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Although Rs.1,546,000 worth of electrical equipment had been stolen from seven electric fences constructed in the Eastern Province, in this regard action had not been taken in accordance with Financial Regulation 104.	Informed that an investigation report on this incident will be submitted before the end of September.	Action Should be taken in accordance with Financial Regulation 104.

3.5 Management Weaknesses

The following observations are made.

Audit Observation	Comments of the Accounting Officer	Recommendation
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(a) Although 1285 hectares of land in the Muthurajawela Ecosystem had been gazetted as a sanctuary by the Gazette Notification No. 947/13 of 1996, the Department had failed to mark the boundaries of the sanctuary by the end of the year under review.	State that all the boundaries of the sanctuary had been re-formalized by paying money to the Survey Department and accordingly this work will be carried out	Action should be taken to mark the boundaries of the sanctuary precisely.
(b) Expenditure on construction and maintenance of the electric fence during 2019 and 2020 had Rs.197,983,635 and Rs.257,521,334 respectively and as on 31st December 2020 the total length of the electric fence was 4,756 km. However, despite the construction of electric fences, there had not been reduced in human-elephant conflict in the last five years, despite the deaths, human casualties and property damage.	This is due to the rapid growth of economic activity in areas where there is human -elephant conflict, as this result disruption of elephant pass routes, and the implement to the proper standardization of strategies used to mitigate conflicts outside the reserves, this situation has arisen due to such factors.	Steps need to be taken to introduce formal strategies to reduce human-elephant conflict.
(c) The recommendations of the preliminary investigation report into the two incidents of ticket irregularities at Kaudulla National Park and the escape of a suspect arrested during a Hambantota range had not been implemented by the end of the year under review.	Informed that the relevant officials had been informed to implement the recommendations of the preliminary investigation into this incident.	The recommendations in the preliminary investigation reports should be implemented.

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| (d) | From 4th September 2017 to 7th September 2017, the revenue fees of Galvesland National Park had misused without banking. Although the interim report of the preliminary investigation had submitted by the Preliminary Investigation Officer on 5 April 2019, the final report had not been submitted by the end of the year under review. | The letters of Reminders have been sent to the Preliminary Investigation Officer to provide a full report on this incident. To informed you that will send a reminder letter reminding you of the facts mentioned in this inquiry. | Action should be taken to issue the final report as soon as. |
| (e) | Troops of the Civil Defense Department had been deployed to maintain the electric fence being constructed to minimize the damage caused by elephants as per the Cabinet decision dated 06 January 2012 and No.Cabinet/11/2299/549/031. Although a definite agreement had been reached between the Department of Civil Defense and the Department of Wildlife Conservation to obtain this service effectively and to properly manage the cost of maintaining the electric fence, this had not been done. | A Memorandum of Understanding was prepared in the year 2012 and the Department of Civil Defense did not agree to sign it. However, to informed that the Department of Wildlife and the Department of Civil Defense have exchanged basic information to reach such an agreement and that action will be taken to reach such an agreement accordingly .soon. | Action should be taken to reach an agreement between the Department of Civil Defense and the Department of Wildlife Conservation. |

4. Human Resources Management

Audit Observation -----	Comments of the Accounting Officer -----	Recommendation -----
There had been remain 367 vacancies in the total staff including 11 vacancies in the senior level.	At present, to inform that action has been taken to recruitment for the vacancies.	action should be taken to fill the vacancies