

## Head 294 - Department of National Zoological Gardens

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### 1. Financial Statement

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#### 1.1 Qualified Opinion

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The audit of the financial statements of the Department of National Zoological Gardens 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 National Zoological Gardens was issued to the Accounting Officer on 17 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 17 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 National Zoological Gardens 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

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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

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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 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 accordingly make any alterations as required for such systems to be effectively carry out.

#### **1.4 Auditor's Responsibility for the Financial Statements**

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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 scepticism 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.
- 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

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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

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### 1.6.1 Accounting Deficiencies

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#### (a) Recurrent Expenditure

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The following observations are made.

Audit Observations	Comments of the Accounting officer	Recommendations
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(i) The personal salary and operating expenses in the cash flow statement were Rs.518,695,940 but according to the consolidated detail trial balance the expenditure was Rs.538,024,050 Accordingly, there was a difference of Rs.19,328,110.	Inform you that all the expenditure incurred under recurrent expenditure in the budget estimate was recorded as personal salary and operating expenses it is problematic to account for capital enhancement expenses as personal salary and operating expenses.	The cash flows related to the recurrent expenses in the cash flow statement must be accurately identified.
(ii) Payment was not made under cash flow subsidies and transfers under operational activities of the cash flow statement and it was Rs.2,185,375 as per the Comprehensive Detailed trial Balance.	Inform you that in the preparation of financial statements for the next year, action will be taken under subsidies and transfers.	The cash flows related to the recurrent expenses in the cash flow statement must be accurately identified.

**(b) Capital Expenditure**  
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**Audit Observations**  
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Although the construction of physical assets, Purchases and Other Investment Acquisitions had been shown Rs.214,770,638 under the Cash Flow Statement of Investment Activities, according to the consolidated detail trial balance, that expenditure had Rs.193,257,154 which was a difference of Rs.21,513,484.

**Comments of the Accounting officer**  
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Inform that according to the budget estimate, all expenditure incurred under capital expenditure had been recorded.

**Recommendations**  
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The cash flows related to the capital expenses in the cash flow statement must be accurately identified.

**1.6.2 Statement of Financial Position**  
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The following deficiencies were observed in accounting for Property Plant and Equipment.

**Audit Observations**  
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The final balance of non-financial assets had shown as Rs.5,825,821,387 but the final balance of non-financial assets had been observed Rs.5,681,980,290. Accordingly, there was a difference of Rs.143,841,097 and the reasons for the change had not been stated to the financial statements.

**Comments of the Accounting officer**  
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Inform that action has been taken to correct this in the year 2021.

**Recommendations**  
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The value of the assets stated in the financial statements should be compared with the treasury notes and the correct value should be accounted.

### 1.6.3 Deposits

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#### Audit Observations

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A performance security bond of Rs.899,710 obtained from a contractor had been cashed in December 2018 and the value had retained in the public deposit account without being credited to government revenue.

#### Comments of the Accounting officer

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Inform that action will be taken to credit the government revenue through the May 2021 Account Summary.

#### Recommendations

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Action should be taken to credit this value to government revenue.

### 1.6.4 Non – maintenance of Registers and books

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#### Audit Observations

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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.

#### Comments of the Accounting officer

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Inform that a committee had been appointed to decide the amount of Security to be placed and in the future as this committee decision the Security will be done and the Security register will be prepared.

#### Recommendations

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Officers who are required to deposit Security in accordance with Financial Regulation 891 (1) should maintain a Security register.

## 2. Financial Review

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### 2.1 Expenditure Management

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#### Audit Observations

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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, savings ranging from 20 percent to 100 percent had observed in 08 expenditure items prepared by the Department for the year 2020.

#### Comments of the Accounting officer

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Inform that these savings were made due to the closure of zoos to visitors due to the Corona epidemic in the country and the action need to as comply with budget circulars.

#### Recommendations

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

### 2.2 Responsibilities of the Accounting Officer

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#### Audit Observations

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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 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, even though 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.

#### Comments of the Accounting officer

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Inform to look forward to working on this regards from the third quarter of 2021.

#### Recommendations

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Action should be taken in accordance with the provision of Section 38 of the National Audit Act No.19 of 2018

### 2.3 Non-compliance with Laws, Rules and Regulations

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

Reference to Laws, Rules, Regulations etc.	Observations Non-compliance	Comments of the Accounting officer	Recommendations
(a) Financial Regulation 571 of the Financial Regulations of the Democratic Socialist Republic of Sri Lanka	It had not been taken actions regarding Deposits exceeding two years from the days of Rs.21,621,561 deposited in accordance with financial regulations.	Inform that unclaimed deposits will be credited to government revenue in the next year.	Should be comply with financial regulations.
(b) Section 37 of the Measurement Units Standards and Services Act No. 35 of 1995	Although it is an offense to use the weighing instruments used without proper inspection and sealing, the electronic weighing machine used to weigh the 150 kg meat in storage at the Dehiwala Zoo had not been sealed after 2013. Accordingly, an inspection by the Weights and Measures Department had observed that the scale weighed less than the approved error, but it had not been corrected as at the moment.	Relevant divisions have been notified in writing and by telephone for re-number these scales. To inform that the relevant institution has not taken action to correct these scales so far and look forward to reminding in the future.	Arrangements should be made for proper inspection and sealing of weighing and measuring instruments.

### 3. Operating Review

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#### 3.1 Project Abandoned Without Completing

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##### Audit Observation

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According to the agreements entered into with the National Machinery Institute, construction work on 09 projects which were scheduled to be completed by the end of 2018 at an estimated cost of Rs.223,151,303 had been abandoned without completion by the end of 2020. It had been paid to Rs.88,905,549 the relevant institution for this

##### Comments of the Accounting officer

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It had been informed that the construction work had been awarded to the National Machinery Institute and due to delays in the contract work, letters had been issued to the relevant company to complete the construction work.

##### Recommendations

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Action should be taken to complete these unfinished constructions expeditiously.

#### 3.2 Delays in the Execution of Projects

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##### Audit Observation

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Five projects with an estimated cost of Rs.257,672,853 to be completed in 2018 and 2019 had not been completed by the end of the year under review. At the end of the year under review, Rs.208,921,963 had been paid to the contractors.

##### Comments of the Accounting officer

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Such delays in project execution have been informed due to changes in the design during construction, corona epidemic during construction and delays by the contractor.

##### Recommendations

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Action should be taken to complete the construction work expeditiously.



### 3.3 Management Weaknesses

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The following observations are made.

<b>Audit Observation</b>	<b>Comments of the Accounting officer</b>	<b>Recommendations</b>
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(a) At the Pinnawala Elephant Orphanage, the premises remained unclean as elephant dung and leftover food had been piled up near the elephant shelters.	To prevent this situation, to inform that it is expected to purchase a garbage grinder and use it to cut elephant dung and garbage into small pieces and use it as compost fertilizer for land development activities.	Arrangements should be made to remove elephant dung and leftover food.
(b) It was observed that the diet recommended by the veterinarian to be given to the animals had given on the basis of experience and experience without measurement. Accordingly, it could not be ascertained whether the food was being given in the prescribed quantity.	It has been informed that it is practically impossible to weigh all the food and give it to all the animals depending on the number of animals and the number of employees working in the nutrition sector and it has been decided to use practical criteria in future.	Daily food requirement of animals Should be determined based on scientific criteria.
(c) During the period from 2016 to 2020, cultivation on the Gonapola Farm had not been carried out as per the proper plan action had not been taken to increase its cultivation are reduce the amount of animal feed purchases from outside agencies.	Grass, kanaum bananas and sugarcane are grown on this farm and hope to improve the cultivation activities by recruiting the required number of workers for the farm in the future.	Cultivation should be done according to a proper plan so as to get maximum yield in the farm.

#### 4. **Human Resources Management**

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##### **Audit Observation**

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There were 170 vacancies in the department and out of which 4 senior level posts and 33 secondary level posts were vacant, as a result the operational efficiency of the department remained low.

##### **Comments of the Accounting officer**

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To inform the Ministry of Public Administration about this and hope to complete the work expeditiously in the future.

##### **Recommendations**

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Action should be taken to recruit for vacant posts.