

## **Head 161 - Ministry of Wildlife & Forest Conservation**

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### **1. Financial Statements**

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#### **1.1 Qualified Opinion**

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The audit of the financial statements of the Ministry of Wildlife & Forest Conservation for the year ended 31 December 2020 comprising the statement of financial position as at 31 December 2020 and the statement of financial performance, and cash flow statement for the year 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 Ministry of Wildlife & Forest Conservation was issued to the Chief Accounting Officer on 18 May 2021 in terms of Section 11(1) of the National Audit Act No. 19 of 2018. The Annual Detailed Management Audit Report of the Ministry was issued to the Chief Accounting Officer on 17 May 2021 in terms of Section 11(2) of the Audit Act. This report is presented to Parliament in terms of Section 10 of the National Audit Act No.19 of 2018 which is read in conjunction with Article 154 (6) of the Constitution of the Democratic Socialist Republic of Sri Lanka.

In my opinion, except for the effects of the matters described in paragraph 1.6 of this report, the financial statements give a true and fair view of the financial position of the Ministry of Wildlife & Forest Conservation as at 31 December 2020, and its financial performance and cash flows for the year then ended in accordance with Generally Accepted Accounting Principles.

#### **1.2 Basis for Qualified Opinion**

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My opinion is qualified based on the matters described in paragraph 1.6 of this report. I conducted my audit in accordance with Sri Lanka Auditing Standards (SLAuSs). My responsibility for the financial statements is further described in the Auditor's Responsibilities Section. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

#### **1.3 Responsibilities of Chief Accounting Officer on Financial Statements**

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Preparation of financial statements in a manner that reflects a true and reasonable position and determines the internal control required to enable financial statements to be prepared without inadequate false statements that may result from fraud and error in accordance with Generally Accepted Accounting Principles and the provisions of Section 38 of the National Audit Act, No. 19 of 2018 is the responsibility of the Chief Accounting Officer.

As per Section 16(1) of the National Audit Act No. 19 of 2018, the Ministry 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.

The Chief Accounting Officer shall ensure that an effective internal control system is maintained for the financial control of the Ministry in terms of Sub-section 38(1)(c) of the National Audit Act and it should be periodically reviewed the effectiveness of the system and make any necessary changes to keep the system running efficiently.

#### **1.4 Auditor's Responsibility on Audit of 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 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 skepticism 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 Ministry, 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

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In terms of Section 6(1)(d) of the National Audit Act No. 19 of 2018, I declare the following

- (a) That 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

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### 1.6.1 Statement of Financial Position

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The following observations are made.

<b>Audit Observations</b>	<b>Comments of the chief Accounting officer</b>	<b>Recommendation</b>
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(a) Although the value of assets purchased and acquired from the Ministry of Regional Development for the Convention on the Rights of Endangered Species of Fauna and Flora (CITES) had Rs.4,370,862 As the value of the accounts had stated as Rs.3,650,630 had been understated Rs.720,232 the financial statements.	Assets could not be entered correctly due to a technical error and to inform that all the acquired assets will be included in the next year.	Should be taken to properly account for all fixed assets acquired.
(b) Although the value of the fixed assets transferred to the State Ministry of Wildlife and Forest Conservation was Rs.1,590,833 the value of the assets as Rs.1,736,353 mention in the financial statements had overstated for Rs.145,520	Inform that had been accepted and that, there had an error typing.	Should be taken to properly account for all fixed assets transferred.

## 1.6.2 Non- availability of Documents and Books

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### Audit Observations

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The Register of damage had not been updated in accordance with Financial Regulation 110.

### Comments of the chief Accounting officer

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Be informed that this document will be updated in the future.

### Recommendation

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Action should be taken to update the register on damages.

## 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 41 per cent to 70 per cent were observed in four expenditure items prepared by the Ministry for the year 2020.

#### Comments of the chief Accounting officer

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Inform that these savings were due to non-receipt of the imprests, compliance with the National Budget Circulars and action on the recommendations of the Committee appointed by the Cabinet.

#### Recommendation

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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 Incurring of Liabilities and Commitments

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#### Audit Observations

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The cost of the Rs.87.9 million air-conditioning and temporary building cover (Marquee) had been leased for the Conference of Parties to the

#### Comments of the chief Accounting officer

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As the full agreement amount is not expected to be paid, inform that it is not mentioned in the

#### Recommendation

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Action should be taken to reach a decision with the supplier regarding

Convention on Endangered Species of Fauna and Flora (CITES). An agreement was reached with the supplier in April 2019 in this regard and an advance of Rs.20 million was paid in July 2019. The balance of Rs.67.9 million to be paid had not been disclosed under the obligations of the financial statements.

financial statements.

payment of money.

### 2.3 Certification of the Chief Accounting Officer

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#### Audit Observations

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#### Comments of the chief Accounting officer

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#### Recommendation

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According to the provisions of section 38 of the National Audit Act No. 19 of 2018, the chief Accounting officer shall ensure that an effective internal control system for the financial control exists in the Ministry 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.

The Chief Internal Auditor is tasked with providing proposals for reviewing the effectiveness of the internal control system for financial control. A copy of the proposals will be forwarded to the Auditor General in the future.

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

**2.4 Non – compliance with Laws, Rules and Regulations**

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Instance of non-compliance with Laws, Rules and Regulations were observed analyzed below.

	<b>Observation</b> -----	<b>Comments of the chief Accounting officer</b> -----	<b>Recommendation</b> -----
<b>Reference to Laws, Rules, Regulations etc.</b> -----	<b>Non-compliance</b> -----	-----	-----
Financial Regulations of the Democratic Socialist Republic of Sri Lanka			
(a) Financial regulations. 104(4)	Although a full report should be submitted within 3 months from the date of the damage, a full report had not been submitted by the end of the year under review, although it had been between 5 months and 4 years since the accident occurred regarding 10 motor vehicle accidents.	Inform acknowledge that delays have occurred and will take steps to prevent such delays in the future.	Action should be taken in accordance with the Financial regulations.
(b) Financial regulations 753	When issuing goods from the warehouse to the branches, the issuing officer had to prepare a issues order in Form 141 and the receiving officer had to prepare a receiving order in Form 219 on receipt of the goods when the goods were received, but action had not done accordingly .	Inform that action will be taken to correct it in the future.	- Do -

(c) Financial regulations. 1642	By the officers who used the vehicles belonging to the departments or all accidents involving drivers in the absence of officers should had been reported to the nearest police station, but no such action had been taken in respect of three accidents.	Inform will make sure that these mistakes do not happen in the future.	- Do -
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**3. Operational Review**  
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**3.1 Losses and Damages**  
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**Audit Observations**

**Comments of the chief Accounting officer**  
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**Recommendation**  
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Losses had been occurred to Rs.2,855,858 relevant the vehicle accidents. Those losses had not been noted in the statement of losses and omissions to be submitted with the financial statements.

Inform that omission had not been included in the Annual Financial Statement and will be corrected in the future.

Losses related to motor vehicle accidents should be disclosed in the financial statements.

### 3.2 Management Weaknesses

The following observations are made.

#### Audit Observations

#### Comments of the chief Accounting officer

#### Recommendation

- | Audit Observations   | Comments of the chief<br>Accounting officer  | Recommendation  |
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| (a) Under the agreement, the Secretariat of the Parties to the Convention on Endangered Species of Fauna in Geneva had been required to pay \$ 517,235 to the Sri Lanka. By the end of the year under review, the Ministry had been failed to recover that amount.   | To informed you that a number of reminders had been sent to the United Nations Office in Geneva through the Ministry of Foreign Affairs to return this money and it has been forwarded to the Nairobi Office | Action should be taken to recover this money expeditiously.   |
| (b) In vehicle service, the mechanical engineer had recommended that the diesel filter and air cleaner be replaced after 20,000 km and the oil filter replaced after 5,000 km. However in 10 cases the diesel filter had replaced after over the specified distance, from 8,301 km to 30,290 km services had been done after driving over distances. On 11 occasions when the air cleaner had replaced, the services had been performed after covering an additional distance of 2590 km to 45,365 km. Also, on five occasions when the oil filter had replaced, the service had done after driving a prescribe distance of more than 3,676 km to 17,590 km. | Inform you that the Ministry could not control the non-performance of vehicle services as these vehicles were taken over by the COVID Task Force to perform essential services and for election duties.      | Action should be taken to perform vehicle services in accordance with the recommendations of the Engineer |



#### 4. Human Resource Management

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##### Audit Observations

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At the end of the year under review, it has observed that there were 08 vacancies and 10 redundancies in the total staff of the Ministry.

##### Comments of the chief Accounting officer

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The senior level surplus post had been approved in the year 2021, steps are being taken to get approval for the relevant posts for the secondary level and primary level surplus staff, the Director General of Management Services and the Director General of Combined Services regarding to the vacancies had been informed.

##### Recommendation

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Requirements should be taken to recruit for vacancies and obtain approval for overstaff.