

Wildlife Conservation Fund - 2023

1 Financial Statements

1.1 Qualified Opinion

The audit of the financial statements of the Wildlife Conservation Fund for the year ended 31 December 2023 comprising the statement of financial position as at 31 December 2023 and the statement of financial performance, statement of changes in equity, and cash flow statement for the year then ended and notes to the financial statements including material accounting policy information was carried out under my direction in pursuance of provisions in Article 154(3) 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. My comments and observations which I consider should be presented in Parliament appear in this report.

In my opinion, except for the effects of the matters described in Paragraph 1.5 of this report, the financial statements give a true and fair view of the financial position of the Fund as at 31 December 2023, and its financial performance and cash flows for the year then ended in accordance with Sri Lanka Public Sector Accounting Standards.

1.2 Basis for Qualified Opinion

I expressed qualified opinion on the matters described in paragraph 1.5 of this report.

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 Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with Sri Lanka Public Sector Accounting Standards 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.

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intend to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

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

1.4 Auditor's Responsibility 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 skepticism 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 internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of the management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- 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.

The scope of the audit also extended to examine as far as possible and as far as necessary the following;

- Whether the organization, systems, procedures, books, records and other documents have been properly and adequately designed from the point of view of the presentation of information to enable a continuous evaluation of the activities of the Fund, and whether such systems, procedures, books, records and other documents are in effective operation;
- Whether the Fund has complied with applicable written law, or other general or special directions issued by the governing body of the Fund;

- Whether the Fund has performed according to its powers, functions and duties; and whether the resources of the Fund had been procured and utilized economically, efficiently and effectively within the time frames and in compliance with the applicable laws.

1.5 Audit observations on the preparation of financial statements

1.5.1 Non-compliance with the Sri Lanka Public Sector Accounting Standards

Non-compliance with the reference particular standard	Management comments	Recommendation
(a) Although it was stated that the financial statements had been prepared applying the accrual basis in accordance with paragraph 02 of the Sri Lanka Public Sector Accounting Standards No 01, an income receivable amount of Rs. 1,127,473 from the sale of firewood had not been accounted for in the year under review. As a result, income and receivables were understated by Rs. 1,127,473 in the financial statements of the year under review.	Actions will be taken to correct this error with comparative figures when the financial statements are prepared for the year 2024.	Revenue receivables should be accurately recognized and included in the financial statements following the accrual basis.
(b) Even though 11 vehicles, 03 office equipment, and unspecified number of post-mortem equipment that was fully depreciated and already in use, amounting to Rs. 31,572,314, Rs. 13,476,696, and Rs. 1,299,577, respectively, had been included in the cost of property plants and equipment, the gross carrying value of those assets had not been disclosed in the financial statements. In order to make it clear for the users of the financial statements as per paragraph 92(b) of Sri Lanka Public Sector Accounting Standard No. 07,.	Actions will be taken to disclose the relevant assets in the year 2024 according to the Sri Lanka Public Sector Accounting Standard No.07.	Sri Lanka Public Sector Accounting Standards should be followed.

1.5.2 Accounting Deficiencies

Audit Observation	Management comments	Recommendation
(a) Although Rs. 378, 332,174, which was collected by the Regional offices and transferred to the bank account of the head office during	Due to that income information was not received to the head office by 31	A system of reporting the revenues collected by the parks and

the year under review under the sections of park entrance fees, service fees, vehicle entry fees, and cloth renting in bungalows and elephant shade facilities had been accounted as income in the financial statements, It had been stated as unrecognized deposit in the bank reconciliation statement and income receivable in the financial statement without taking into the cash book.

December 2023 and it takes some time to settle the transactions carried out through electronic cards, it was unable to take in to the cash book, and however that income has been accounted correctly based on accrual basis.

regional offices to the head office should be prepared and actions should be taken to account that revenue properly.

(b) Due to the fact that Rs. 102,205,564 spent on the purchase of fixed assets and construction in the year under review had been accounted for as expenditure without capitalizing it, the surplus and non-current assets of the year under review were understated by that amount, and the depreciation expense and accumulated depreciation were also understated in the financial statements of the year under review due to the fact that the depreciation related to those assets had not been calculated.

These items have been purchased for the maintenance of electric fences that have already been erected.

Expenditure incurred on construction and improvement of fixed assets should be capitalized.

1.5.3 Unreconciled control accounts or records

Subject	Value as per financial statements (Rs.)	Value as per comparative reports (Rs.)	Difference (Rs.)	Management comments	Recommendation
construction of Electric fence (work in progress) balance	318,959,267	21,163,316	297,795,951	The relevant schedule indicated under Construction of electric Fence (work in progress) for Rs. 297,795,951 will be given before 30.06.2024.	The values included in the financial statements should be tally with the figures included in the comparative reports.

1.6 Non-compliance with Laws, Rules, Regulations and Management Decisions

Following are the non-compliances with the provisions of the Laws, rules and regulations observed in the sample audits.

	Reference to laws, rules and regulations	Non-compliance	Management comments	Recommendation
(a)	Amended Financial Regulations by public finance Circular No. 1/2020 dated 28 August 2020			
	i. Financial Regulations No. 877 (1)(c)	The approval of the Treasury for the 2023 budget of the fund had not been obtained.	Action will be taken to answer later after consulting from the Treasury.	Should act according to the Financial regulations.
	ii. Financial Regulations No, 877 (2)(a)	Although a separate bank account should be maintained for each fund, the operations of the fund were done through the departmental bank account through the deposit account.	The Director General of Department of Public Finance has been inquired in this regard and further actions will be taken according to the instructions given.	Should act according to the Financial Regulations.

2. Financial Review

2.1 Financial Result

The operating result for the year under review was a surplus of Rs. 2,517,770,342, and the corresponding previous year's surplus was Rs. 248,108,226. Accordingly, an increase of Rs. 2,269,662,116 was observed in the financial result, and the increase in ticket prices and the increase in the number of visitors were the main reasons for this increase.

3. Operating Review

3.1 Management Inefficiencies

	Audit Observation	Management comments	Recommendation
(a)	Due to the fact that Parana Thotupala Tourist Bungalow was not reserved for general tourists and only reserved for special persons on the written permission of the Minister, and Pahala hentota Tourist Bungalow was	Facilities have been provided to reserve the requests for the reservation of the Parana Thotupala Tourist Bungalow after	Actions should be taken to generate income by allocating tourist bungalows in a manner that facilitates

reserved by lottery system without online system, the government had lost the gross income that could have been obtained by reserving the days that were not allocated to other tourists, and the public had also lost the facility.

inquiring the minister and to reserve the Pahalahenthota Tourist Bangalow through the online system from 25.03.2024.

the public on a fair basis.

- (b) A cabinet decision had been received to procure 6,000 wild elephant movement barrier discs to cover 500 meters and equipment required for construction of 1,500 km long electric fence in the Udawalawa area at a cost of Rs. 87,308,715 from a government company within 90 days on 15 March 2021. Accordingly, items worth Rs. 13,436,932 were received without quality checks and were broken and destroyed in the places where they were stored. The contract was cancelled on 30 December 2022 due to non-delivery of supplies, and the basic advance amount of Rs. 8,017,640 could not be recovered from the related advance bond.

The relevant institution has been informed to pay the amount of Rs. 8,017,640, which is further due.

Actions should be taken to recover the due amount immediately.

3.2. Procurement Management

Audit Observation

Although the purchase of elephant crackers for the year 2023 with an estimated value of Rs. 299 million should be done through the Ministry Procurement Committee according to guidelines 6.3.3(b), 2.8.1(c), and 3.12 of supplementary 35 related to 2.14.1 of the Government Procurement Guideline, it was observed that the procurement was done through the Departmental Procurement Committee, that the bids were opened after 4 days of receipt of the bids, and that the procurement of elephant crackers, which is a special product, was done without checking the pre-qualifications, and that the procurement was done from the same supplier for 5 years.

Management comments

The purchase of elephant crackers is a very complicated matter, and if the goods are not procured on the due date in accordance with the specified specifications, huge problems will be faced, and the purchasing had been done under the national competitive bidding since it takes about 3 months for checking of prequalification.

Recommendation

Should act according to the provisions of procurement guidelines.

4. Accountability and Good Governance
4.1 Budget Control

Audit Observation	Management comments	Recommendation
(a) Although the approved estimated allocation for 05 expenditure codes in the year under review was Rs. 643,715,000, the actual expenditure was Rs. 815,644,319; as a result, Rs. 171,929,319 had been spent without approval beyond the estimate, and the excess was 26.7 percent.	A difference is shown as estimates are prepared on cash basis while expenditure is accounted on accrual basis.	Actions should be taken to incur expenses in a planned manner so as not to exceed the budget estimate and revise the budget when necessary.
(b) An expenditure of Rs. 2,014,077 had been incurred for the year under review for un-estimated education and project activities.	A reply was not submitted.	The budget estimate needs to be accurately prepared.