

Botanical Gardens Trust Fund - 2023

1. Financial Statements

1.1 Qualified Opinion

The audit of the financial statements of the Botanical Gardens Trust Fund for the year ended 31 December 2023 comprising the statement of financial position as at 31 December 2023 and the statement of profit and loss and comprehensive income, statement of changes in equity and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, was carried out under my direction in pursuance of provisions in Trust Deed of Botanic Gardens Trust Fund dated 20 December 1996 and 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 report to 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 of its financial performance and its cash flows for the year then ended in accordance with Sri Lanka Public Sector Accounting Standards.

1.2 Basis for Qualified Opinion

I expressed a 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 that 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 those are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Fund's stability 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 Sub 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 scepticism 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 fund's 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;
- 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 Accounting Deficiencies

	Audit Observation	Comment of the Management	Recommendation
(a)	Although the balance in the deposit account, as per the Treasury printouts as of 31 December of the year under review, was Rs. 247,300,685, the statement of financial position of the Fund indicated it as Rs. 246,265,439, resulting in a discrepancy of Rs. 1,035,246.	Arrangements will be made to correct this within the year 2024.	The correct balances should be identified and accounted for.
(b)	In the financial statements of the year under review, when restating the comparative values to correct the error of overstating Rs. 696,580 under other income in the previous year, the amount of Rs. 696,580 that should have been reduced was added instead. This discrepancy had been adjusted in the Statement of Changes in Equity for the year under review.	Steps will be taken to rectify this in the preparation of future accounts.	The correct balances should be identified and accounted for.

1.6 Non-compliance with laws, rules, regulations and management decisions etc.

	Reference to laws, rules, regulations etc.	Non-compliance	Value (Rs.)	Comment of the Management	Recommendation
(a)	State Finance Circular No. 02/2018 dated 18 August 2018.	While the Cabinet had made a decision to close this Fund in line with circular provisions, without doing so, a Cabinet	-	A required Cabinet paper to submit a Cabinet memorandum to convert this Fund into a statutory fund has been drafted	Action should be taken in line with circular instructions.

paper was instead drafted and submitted to the Ministry of Tourism and Lands to transform this Trust Fund into a statutory fund.

and submitted to the Ministry of Tourism.

2. Financial Review

Financial Result

The operating result for the year under review showed a surplus of Rs. 200,260,522, as compared to the corresponding surplus of Rs. 101,335,943 for the preceding year. Accordingly, an increase of Rs. 98,924,579 in the financial result was observed. This increase was primarily due to the rise in ticket sales revenue.

3. Operating Review

3.1 Irregular Transactions

Audit Observation	Comment of the Management	Recommendation
In the contract related to the children's educational unit built at the Peradeniya Royal Botanical Gardens for Rs. 3,344,731, a sum of Rs. 174,627 was paid for incomplete work concerning two items of works.	Not commented.	The money paid for the works not carried out should be recovered from the relevant parties.

3.2 Management Activities

Audit Observation	Comment of the Management	Recommendation
(a) Over the past eight years, without a proper assessment of the need, an expenditure of Rs. 8,168,765 was incurred for the printing of 4,250 copies of six types of books. Of these, 3,636 copies amounting to Rs. 7,111,375, remained unsold even by 31 December of the year under review.	Sales have decreased as a result of the lower arrival of tourists due to the COVID-19 situation and the non-holding of the inaugural celebration that was supposed to take place alongside the 200th anniversary of the Royal Botanical Gardens.	Books should be printed after conducting an adequate evaluation to determine the necessity.

- (b) Out of 7,000 plaques and cacti vases purchased for Rs. 5,796,360 in 2021 without a proper assessment of the need, 5,507 plaques and cacti vases valued at Rs. 4,591,876 remained unsold and idling by 31 December of the year under review.
- Sales have decreased due to the non-holding of the inaugural event planned for the 200th anniversary of the Royal Botanical Gardens, and efforts are underway to revise pricing and carry out sales.
- Purchases should be made based on necessity.

4. Accountability and Good Governance

4.1 Budgetary Control

Audit Observation	Comment of the Management	Recommendation
Out of the provisions allocated for 23 activities amounting to Rs. 53,985,000 for the year under review, a sum of Rs. 19,557,129 remained unutilized, and the entire provision for 3 activities had been saved.	The non-submission of bids in accordance with the specifications, lack of response from the supplying institution, obstacles during importation, failure to present invoices, continuous rainfall over the last six months of 2023, and delays in completing the work resulted in the remaining provisions.	Provisions should be utilized efficiently and effectively.