

Head 294 - Department of National Zoological Gardens

1. Financial Statements

1.1 Qualified Opinion

Head 294 - The audit of the financial statements of the Department of National Zoological Gardens for the year ended 31 December 2023 comprising the statement of financial position as at 31 December 2023 and the statement of financial performance 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(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 Department of National Zoological Gardens was issued to the Accounting Officer on 29 May 2024 in terms of Section 11(1) of the National Audit Act, No.19 of 2018. The Annual Detailed Management Audit Report was issued to the Accounting Officer on 04 July 2024 in terms of Section 11(2) of the National Audit Act. This report will be tabled in Parliament in pursuance of provisions in Article 154(6) of the Constitution of the Democratic Socialist Republic of Sri Lanka to be read in conjunction with 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 give a true and fair view of the financial position of the Department of National Zoological Gardens as at 31 December 2023, and of its financial performance and its cash flows for the year then ended in accordance with Generally Accepted Accounting Principles.

1.2 Basis for Qualified Opinion

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 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 provisions in Section 38 of the National Audit Act, No.19 of 2018 and for the determination of the internal control that is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error

As per Section 16(1) of the National Audit Act, No.19 of 2018, Department is required to maintain proper books and records of all its income, expenditure, assets and liabilities to enable the preparation of annual and periodic financial statements.

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

1.4 Auditor's Responsibilities 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 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 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

I express the following matters in terms of Section 6 (1) (d) and Section 38 of the National Audit Act, No. 19 of 2018.

- (a) The financial statements are consistent with the preceding year,
- (b) The recommendations made by me on the financial statements of the preceding year had been implemented.

1.6 Comments on Financial Statements

1.6.1 Accounting Deficiencies

(a) Non-revenue Receipts

Audit Observation	Comment of the Accounting Officer	Recommendation
Although the income collected under other heads of income was Rs.27,882,779 as per departmental books, in the cash flow statement it was stated as Rs.45,791,580 which was Rs.17,908,801 more.	Since no inquiry has been made about the net income after deducting the income from other expenditure heads from the income from other income heads, it is stated in the cash flow statement as follows.	Cash flow statement should be prepared according to departmental books.

(b) Recurrent Expenditure and Capital Expenditure

Audit Observation	Comment of the Accounting Officer	Recommendation
(i) Although the expenditure incurred for other expenditure heads was Rs.134,768 according to the departmental books, in the cash flow statement it was shown as Rs.18,043,570 which was Rs.17,908,802 more.	The balance of Rs.134,768 is the recovery of distress loan, bicycle loan and overpayment amount from retired gratuity through transfer slips due from a retired officer.	Cash flow statement should be prepared according to departmental books.
(ii) According to the departmental books, personnel emoluments and operating expenses were Rs.535,661,619 and capital expenses were Rs.143,682,697, but in the cash flow statement, they were shown as Rs.532,181,969 and Rs.147,162,347 respectively. As a result,	The amount of Rs. 3,479,650 is the recovery of overpaid wages and recovery of the amount of wages paid for that period due to work suspension.	Cash flow statement should be prepared according to departmental books.

the cash flow generated from operating activities was understated by Rs.3,479,650 and the cash flow generated from investment activities was overstated by that amount.

2. Financial Review

2.1 Non-compliance with Laws, Rules and Regulations

Reference to Laws, Rules and Regulations	Observation Value (Rs.)	Non-compliance	Comment of the Accounting Officer	Recommendation
Paragraphs 4.5 and 4.6 of Chapter xxiv of the Establishment Code of the Democratic Socialist Republic of Sri Lanka	2,568,817	Action had not been taken to recover a total of Rs.2,568,817 out of Rs.478,872 from 08 dead officers, Rs.724,136 from 19 officers who have left the service, and Rs.1,365,809 from 19 suspended officers, out of which Rs.1,077,431 was outstanding balance for more than 5 years.	Heirs of dead officials will not respond to notification of outstanding loan balances. It had been taken advice from the Attorney General's Department regarding the loan balances of more than 05 years and further action will be taken accordingly.	Should act in accordance with paragraph 4 of chapter xxiv of the Establishment Code and take steps to recover outstanding loan balances promptly.

3. Operational Review

3.1 Vision and Mission

Although animal breeding and conservation is the main objective of the National Zoological Department, according to the following facts, it was observed that the objective has not been fulfilled in a proper manner.

Audit Observation	Comment of the Accounting Officer	Recommendation
(a) There were only 10 animals belonging to 03 species endemic to Sri Lanka in the existing 26 species of animals	An application has been made from the Department of Wildlife Conservation to obtain suitable female	Action should be taken to fulfill the objectives of starting zoological

<p>in the Pinnawala Zoo, which was established with the aim of protecting Sri Lanka's endemic and endangered species. Due to age differences and incompatibilities between the two female and male bears and the 05 Sri Lankan leopards, no cubs were born.</p>	<p>bears for the male bear in the bear sanctuary, but due to a court decision, it has not been possible to obtain suitable age bears from the forest. Pinnawala Zoo has leopards of suitable age for animal breeding but they do not breed naturally, so a program has been started to breed leopards through artificial insemination.</p>	<p>gardens.</p>
<p>(b) Although acting as an education and research center was stated as one of the objective of establishing the Pinnawala Zoo, it was not observed that a research center was built and research works were carried out in the zoological garden.</p>	<p>At present, because leopards do not breed naturally, research has been started to breed animals through artificial insemination.</p>	<p>Action should be taken to fulfill the purpose of starting zoological gardens.</p>
<p>(c) Ridiagama Safari Park, which was the only safari park owned by the department, had been established for 8 years, but no specific guidelines had been prepared regarding the operation of the park.</p>	<p>The preliminary work for the preparation of the guidelines was done, and 02 rounds of discussions regarding its future work have been completed.</p>	<p>A guideline for the operation of the park should be prepared soon.</p>
<p>(e) According to the assessment report dated 31 December 2023, of the Safari Park, among the 1,247 animals belonging to 60 species there, the gender of 112 animals has not been identified, 529 animals are star tortoises, there are not enough large, colorful, and attractive animals, an attractive environment, and a lack of proper publicity had also affected the decline in tourist arrivals.</p>	<p>In the case of birds whose gender could not be identified externally, someone with knowledge of the subject was employed to rectify the situation. Since the importation of animals was stopped from 2019 to 2022 and the activities were restarted in 2023, the animals that have been received so far have been started to quarantined at Dehiwala Zoological Garden.</p>	<p>The number of tourists should be increased by increasing the number of attractive animals in the zoological garden and creating an attractive environment.</p>

3.2 Failure to discharge Functions

The following observations are made.

Audit Observation	Comment of the Accounting Officer	Recommendation
(a) Under the allocation of Rs.11 million in Dehiwala Zoological Garden, 04 works which were planned to be started and completed in the year under review were not completed.	It was informed that due to not receiving sufficient funds from the central government to start new projects, priority was given to the execution of essential works.	Needs should be identified and projects should be implemented through a properly planned work schedule and plans should be revised in case of deviations.
(b) Among the 11 zones that were planned to be started in Pinnawala Zoo to act as an entertainment center and encourage tourism, construction work had not been done in the aquarium and the water park for small children, which are the most important features to increase the attraction of tourists.	Due to the current economic crisis, the allocations are limited, so the construction works will be carried out according to the allocations provided by the government and it is informed that the construction and maintenance of an aquarium will be very expensive.	Necessary plans should be implemented to develop tourism.

3.3 Non-achievement of the Expected Output Level

Audit Observation	Comment of the Accounting Officer	Recommendation
Although an allocation of Rs.2.5 million has been set aside for the construction of the fence and the access road at the Modarawatta land of the Pinnawala Elephant Orphanage, by the end of the year physical progress had been 20 percent.	Estimates related to the project were prepared and the necessary building materials were received at the construction site through the main warehouse of Pinnawala Elephant Orphanage under the procurement process and the bills for these purchases were settled in the first quarter of 2024.	Allocated funds should be used efficiently and effectively to complete the projects within the planned time.

3.4 Projects Abandoned without Completing

Audit Observation	Comment of the Accounting Officer	Recommendation
The National Zoological Department had entered into an agreement with the National Machinery Institute for six construction projects worth Rs. 176,281,496. As per the decision of the procurement committee, the contracts related to the projects were terminated due to the non-action of the institution, but the Rs. 69,558,270 incurred for the construction had been an idle expenditure due to the non-operation of the project to be given back to a new contractor. Rs.14,360,310 should have been collected after adjusting the retention money from the basic advance amount given to the National Machinery Institute for 04 projects.	Comments had not been given.	These constructions that are stopped in the middle should be completed by another method and put to effective use.

3.5 Assets Management

The following observations are made.

Audit Observation	Comment of the Accounting Officer	Recommendation
(a) At the end of the year under review, 06 out of 10 constructions of the Ridiyagama Safari Park, which had been completed in 2018 and 2019 at a cost of Rs.215,891,993, remained unused and idle.	Although the prices were called for the sales centers here, no one offered the prices. Since the allocation of the year 2023 was used only for essential maintenance projects, it was not possible to complete other constructions belonging to that region, so this construction could not be utilized effectively.	These assets should be utilized effectively.

(b) 150 acres of Ridiyagama Safari Park, which has an area of about 500 acres, has not been used for the park since its inception.	The construction was delayed due to non-availability of allocations during the period 2020-2022, and the construction works are currently being carried out according to the plan.	The area of the park should be utilized effectively.
(c) 07 out of the 10 Buggy vehicles purchased at a cost of Rs. 5,449,764 in the years 2017 and 2020 to facilitate the travel of tourists in the Pinnawala Zoological garden remained inactive as of 22 May 2024.	At Pinnawala Zoological Garden, 03 buggy vehicles have been repaired and used for the ease of travel of the tourists and procurement activities are being carried out in connection with the repair of the remaining vehicles.	Buggy vehicles should be repaired and put to effective use.
(d) The wastewater treatment plant at the Pinnawala Elephant Orphanage, which is used to clean the elephant stables, has been inactive since 31 October 2020. As a result, untreated dirty water was being discharged daily into Ma Oya without obtaining an environmental permit in accordance with Sections 23(a) and 23(b) of the National Environment Act No. 47 of 1980.	The wastewater treatment unit was not properly maintained due to the reduced employee attendance due to the corona epidemic situation, and the treatment unit became non-functional due to the weaknesses in the construction. Currently, it is planned to realize this system under 03 phases, and this unit is planned to be completed before the end of the third quarter of the year 2024.	The water treatment plant should be rehabilitated and necessary measures should be taken to dispose of waste to minimize environmental pollution.

3.6 Uneconomic Transactions

Audit Observation	Comment of the Accounting Officer	Recommendation
Although it has been confirmed that a bus used for transporting tourists in Ridhiyagama Safari Park can run 4.2 kilometers on 01 liter of fuel, the fuel	Due to the presence of animals in the park, the speed of vehicles are limited to 10-15 km per hour. Due to this, vehicles are driven only in 01 and 02 gears with higher fuel	The use of fuel for vehicles should be done efficiently by carrying out fuel balancing correctly and work should be

balance was 1.16 kilometers per liter until February 2023 and 2.1 kilometers per liter from March 2023. As a result, the cost of fuel for 03 buses from January to October was Rs.7,063,875 and the correct cost was approximately Rs.3,289,613, so Rs.3,774,262 had been spent more. Further, there was a difference of 2,190 kilometers between the distance shown in the running charts of those 03 buses from July to October 2023 and the distance as per the reports of the security department.

consumption in the park. Accordingly, while balancing the fuel, drive 70-80 km in inner 1,2 gears in the safari park and 20 km in 3,4 gears on the main road. Based on the results obtained and the distance driven between 02 fuel intake times, the fuel consumption was balanced as 2.1 km per liter.

Also as informed by the audit the fuel tests were repeated which was 2.3 km per liter for NC 8255 and NC 8256 and 2 km per liter for NC 8256.

Omissions may occur in recording documents from security personnel, which are correctly recorded in the running charts.

done to strengthen the internal control of vehicle control.

3.7 Management Weaknesses

The following observations are made.

Audit Observation	Comment of the Accounting Officer	Recommendation
(a) In the year 2023, 1,288,749 domestic and foreign tourists visited Dehiwala Zoological Garden and 567,426 visited Pinnawala Elephant Orphanage, while the number of tourists who visited Ridiyagama Safari Park, Sri Lanka's only safari park, and Pinnawala Zoological Garden, Sri Lanka's only open-area zoo, were 227,076 and 277,865 respectively. Lack of adequate and diverse number of animals, attractive environment and proper publicity was the reason for this.	From 2019 to 2022, it was not possible to import new animals due to the crisis situation in the country and import restrictions, and the animal exchange activities resumed in 2023. Locally, black swans and sheep were introduced to the safari park in 2024. Also, receiving animals from Russia and India under foreign animal exchange has already started.	Pinnawala Zoological Garden and Ridiyagama Safari Park should be developed in such a way that tourist attraction will increase.

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| (b) | According to the post mortem of the Bengal tiger which was conducted 02 June 2023 in the Ridiyagama Safari Park, the tiger had died due to poisoning and the investigations regarding the unnatural death of an animal under the care of the Safari Park had not been completed till now. | An inquiry committee was appointed in 2023 regarding the death of the Bengal tiger and the final report of the investigation has been delayed due to the non-receipt of the post mortem reports on the tissue samples of the animal. | Efforts should be made to complete the investigations as soon as possible. |
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4. Human Resource Management

The following observations are made.

Audit Observation	Comment of the Accounting Officer	Recommendation
(a) As at 31 December 2023, 175 out of the approved number of 896 employees in the National Zoological Department were vacant, including 11 senior level posts, 38 secondary level posts and 126 primary level posts.	<p>Letters have been sent to the Agriculture Department through the line ministry for the recruitment of three veterinarians and letters have been forwarded for the recruitment of three scientific service officers.</p> <p>Letters have been addressed to the Secretary, Ministry of Public Administration, Home Affairs, Provincial Councils and Local Government to fill up the secondary level vacancies.</p>	Efforts should be made to fill the vacancies which adversely affect the performance of the department.
(b) Although the approved staff list required three veterinarians for the treatment of animals in Ridiyagama Safari Park, only one female veterinarian was employed at the end of the year under review.	A letter has been sent to the Ministry of Wildlife and Forest Conservation regarding the recruitment of veterinarians on contract basis.	Vacancies should be filled and the affairs of the department should be maintained properly.