

Wildlife Conservation Fund - 2024

1. Financial Statements

1.1 Qualified Opinion

The audit of the financial statements of the Wildlife Conservation Fund for the year ended 31 December 2024 comprising the statement of financial position as at 31 December 2024 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 a summary of significant accounting policies, 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 report to Parliament appear in this report.

In my opinion, the accompanying financial statements give a true and fair view of the financial position of the Fund as at 31 December 2024, 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

My opinion is qualified 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 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 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 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 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 Sri Lanka Public Sector Accounting Standards

Non Compliance with the reference to particular Standard	Comment of the Management	Recommendation
(a) Although assets should be classified as current assets or non-current assets in accordance with paragraphs (c) and (d) of paragraph 76 of Sri Lanka Public Sector Accounting Standard No. 01, the investments of Rs.1,386,999,613 mentioned in the statement of financial position of the Fund had not been classified as such.	The total value of investments had been presented in the same manner as presented in the previous year and years before that, and action will be taken from the year 2025 to classify investments as current and non-current.	Should comply with accounting standards.
(b) Although a comparison between the carrying amounts at the beginning and end of the period for the components of the statement of changes in equity should be disclosed separately in accordance with paragraph 119(c) of Public Sector Accounting Standard No. 01, and this had not been done. Also, the depreciation adjustments for electric fences amounting to Rs.165,066,545 relating to the previous year and the income from the sale of timber and firewood amounting to Rs.1,127,473 which had not been recognized as income in the previous year, had not been disclosed in the statement of changes in equity.	A revised statement of changes in equity had been prepared separately, and action will be taken to present such changes through a revised statement from the year 2025. Electric fence depreciation adjustment of Rs.165,066,545 had been adjusted to the accumulated fund.	Should comply with accounting standards.
(c) Due to the failure to review the residual value and useful life of an asset annually in accordance with paragraph 65 of Sri Lanka Public Sector Accounting Standard No. 07, 62 vehicles costing Rs.113,346,514 had been fully depreciated but were still in use. Accordingly, the estimation error that had arisen had not been corrected in accordance with Sri Lanka Public Sector Accounting Standard Number 03.	As per the depreciation policy of the institute, the depreciation of these assets had been identified as 20% and depreciation had been made accordingly. It is informed that the depreciation policy regarding this matter will be reviewed in the future and any necessary changes will be made.	Should comply with accounting standards.

1.5.2 Accounting Deficiencies

Audit Observation	Comments of the Management	Recommendation
(a) Although Rs.507,437,762 transferred from the Regional Office to the head office bank account under the sources of park entrance fees, service charges, vehicle entry fees, bungalow cloth rental fees, and elephant transit home facility fees had been accounted as income, it had not been included in the cash book. Therefore, the cash book balance was shown as Rs.507,437,762 less, and the income receivable was shown as Rs.507,437,762 more due to the fact that the bank reconciliation statement showed unidentified deposits and was recorded as receivables in the financial statements.	Since the Department Account is reconciled with the Treasury account as at 31.12.2024, adjustment cannot be made to the cash balance after the books of accounts are settled. This income had been adjusted as income since it was actually received. To avoid this situation, it is intended to devise a system that will allow all income that can be received from the total income to be recorded at the end of the year when settling the accounts in the future.	Steps should be taken to develop a system that enables all income to be accounted at the end of the year and to ensure accurate accounting.
(b) The sand mining license fee income that should have been received from the sand mining project as at 31 December 2024 was Rs.5,263,000, while it was stated as Rs.7,701,533 in the financial statements, resulting in an overstatement of sand mining license income and sand mining license fee income receivable by Rs.2,438,533.	It had been revealed by March that this income is incorrect. Action will be taken to correct this excess income when preparing the accounts for the year 2025.	Action should be taken by the responsible officials to accurately identify and account income.

1.5.3 Unreconciled Control Accounts or Records

Item	As per Financial Statements Rs.	As per Corresponding Record Rs.	Difference Rs.	Comment of the Management	Recommendation
Fine income of Court	151,474,950	170,086,999	18,612,049	The accounts had been prepared after adjusting the Rewards actually paid and the Rewards payable during the year. There may be differences in the periodic method and	Differences in the documents of the two divisions should be compared and corrected.

				accounts receivable and payable adjustments when compared with the information provided by the legal division.	
Rewards paid based on the fine charges of court	53,936,477	100,858,149	46,921,672	The accounts had been prepared after adjusting the Rewards actually paid and the Rewards payable during the year. There may be differences in the periodic method and accounts receivable and payable adjustments when compared with the information provided by the legal division.	Differences in the documents of the two divisions should be compared and corrected.

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

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	Comments of the Management	Recommendation
(a)	Financial Regulations as amended by Public Finance Circular No. 1/2020 dated 28 August 2020			
i.	Financial Regulations No. 877 (1)(c)	The approval of the Treasury had not been obtained for the budget of the Fund for the year 2024.	According to the provisions of the Fauna and Flora Protection Ordinance, the approval of the relevant Minister in charge of the subject should be obtained to incur expenses from the Wildlife Conservation Fund. Accordingly, the budget of the Wildlife Conservation Fund for the year 2024 had been approved by the Minister in charge of the subject and a copy of it has	Should act according to the Financial Regulations.

been forwarded to the General Treasury.

ii.	Financial Regulations No. 877 (1)(d)	Although expenditure cannot be incurred under the Fund without an approved budget, an expenditure of Rs.2,923,347,754 had been incurred during the year 2024 without such approval.	The 2024 budget of the Wildlife Conservation Fund had been revised twice, and the relevant expenditure had been made in accordance with the revised budget approval.	Should act according to the Financial Regulations.
iii.	Financial Regulations No. 877 (2)(a)	Although a separate bank account should be maintained for each Fund, the activities of the Fund were carried out through the general deposit account of the department bank account.	A letter had been referred to the Director General of the Department of Public Finance through the Ministry of Wildlife in this regard, and it is informed you that further action will be taken in accordance with the instructions given by the Department of Public Finance.	Should act according to the Financial Regulations.
(b)	Regulation 3 of Guidelines 04 relating to Financial Regulation 877(2)(c)	Although the quarterly progress reports related to the action plan should be submitted to the Department of Public Finance, the Department of National Budget, and the Auditor General 15 days before the end of the quarter so that the progress of the fund can be reviewed at the end of each quarter, those progress reports had not been prepared.	Action will be taken to prepare quarterly reports related to the action plan from 2025 and submit them to the relevant departments on the due date.	Should act according to the Financial Regulations
(c)	Paragraph 03 of Public Finance Circular No. 01/2018(i) dated 13 June 2019	The fees currently charged for various services provided by all government institutions should be increased by 15 percent. However, the license fee of Rs.250 charged for fishing Boats used for fishing in a reservoir located in a national reserve or	The final draft of the gazette prepared in three languages for the fee revision had been forwarded to the legal draftsman, and since information had been requested in the previously issued gazettes in this regard, that information had also	Action should be taken to revise the fees in accordance with the provisions of the circulars.

sanctuary, as per the extraordinary gazette No. 1433/4 dated 20 February 2006, had not been revised even at the end of the year under review. been forwarded to the legal draftsman.

2. Financial Review

2.1 Financial Result

The operating result of the year under review amounted to a surplus of Rs.4,493,692,811 and the corresponding surplus in the preceding year amounted to Rs.2,517,770,342. Therefore an improvement amounting to Rs.1,975,922,469 of the financial result was observed, and the increase in ticket prices and the increase in the number of visitors were the main reasons for this improvement.

3. Operational Review

3.1 Management Inefficiencies

Audit Observation	Comments of the Management	Recommendation
(a) The works on the Mahakanadarawa electricity supply and the lighting of the Randenigala Training Center, which were planned to be completed during the years 2021 and 2022, worth Rs. 1,732,778, had not been completed by May 2025.	Payments had been made to the Electricity Board, but supplies had not been provided yet. The required PVC pipes have been purchased by the accounts division and sent to the Randenigala office, but the work has not been completed.	Steps should be taken to complete projects as planned.
(b) There had been no action to recover all fines collected by the courts from the offenders to the fund and to prepare a proper system for exchanging information between the Magistrate's Court, the Police Department and the Department of Wildlife Conservation to provide the money so collected to the fund as rewards to the relevant parties without delay. As a result, the rewards received from the courts but not paid as at 31 December 2024 amounted to Rs.87,336,100, of which Rs.46,085,600 were rewards with a time delay of 2 to 12 years.	Information has been requested from the legal division, and relevant information will be presented once it is received.	A proper system should be developed to share information with relevant parties, and steps should be taken to identify the individuals who are to be paid rewards and make payments without delay.