

Head 283 – Department of Forest Conservation

1. Financial Statements

1.1 Qualified Opinion

The audit of the financial statements of the Department of Forest Conservation for the year ended 31 December 2021 comprising the statement of financial position as at 31 December 2021 and the statement of financial performance and cash flow statement for the year then 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 including my comments and observations on the financial statements of the Department of Forests was issued to the Accounting Officer on 31 May 2022 in terms of Sub-section 11 (1) of the National Audit Act, No. 19 of 2018. The Annual Detailed Management Audit Report in terms of Section 11 (2) of the National Audit Act was issued to the Accounting Officer on 31 May 2022. 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 of the Department of Forest Conservation as at 31 December 2021 and its financial performance and cash flow for the year then ended, give a true and fair view in accordance with Generally Accepted Accounting Principles.

1.2 Basis for Qualified Opinion

My opinion is qualified based on the matters stated in the Paragraph 1.6 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 Chief Accounting Officer and Accounting Officer for the Financial Statements

Chief Accounting Officer or 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 such internal control as Accounting Officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

As per Sub-section 16(1) of the National Audit Act, No. 19 of 2018, the Department 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.

As per Sub-section 38 (1) (c) of the National Audit Act, the Chief Accounting Officer or the Accounting Officer shall ensure that effective internal control system for the financial control of the Department exists 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 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 Department, 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 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

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

- (a) Financial Statements are consistent with the preceding year.
- (b) My recommendations on financial statements for the preceding year had been implemented.

1.6 Comments on the Financial Statements

1.6.1 Accounting Deficiencies

The following observations are made.

Audit Observation	Comments of Accounting Officer	Recommendation
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(a) According to the statement of financial position as at 31 December 2021, the value of property, plant and equipment at the end of the year under review was Rs.2,521,122,965 and according to the treasury print it was Rs.2,890,484,840, a difference of Rs.369,361,875 had been observed.	Replies had not been provided.	Accounts should be prepared by entering correct data.
(b) The cost of capacity building under item number 2401 for the year was shown as Rs.577,426 in the vote ledger and balance sheet, but the capital expenditure had been shown more than Rs.5 million in the financial performance statement as Rs.5,577,426.	- Do -	- Do -
(c) The capital expenditure incurred in the year 2021 was Rs. 45,662,554 and it was accounted as Rs. 6,731,826 in the non-financial asset account report (SA 82), therefore Rs. 38,930,728 had been left out from the accounts.	- Do -	- Do -
(d) The value of land and buildings disclosed by the department in the financial statements was Rs. 298,308,700 and on January 01, 2021, an addition of Rs. 3,370,000 had been made to the residence value of Rs. 415,455. Detailed information about it had not been submitted to the audit.	- Do -	- Do -

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| (e) | An expenditure of Rs. 1,237,217,599 was incurred in the year 2021 for land and land improvement and it was accounted as Rs.49,081,885 in the non-financial asset account report (SA 82). Accordingly, Rs. 1,188,135,714 non-financial assets were not included in the account report. | Replies had not been provided. | Information should be submitted for audit by preparing accurate accounts. |
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1.6.2 Non-maintenance of Registers and Books

It was observed during the sample audits that the department did not maintain some of the following documents and some of the documents were not maintained regularly and up-to-date.

Audit Observation -----	Comments of the Accounting Officer -----	Recommen- dation -----
(a) Liabilities Register		
A liabilities register had not been maintained as per Financial Regulation 214.	Replies had not been provided.	A record of liabilities should be maintained as per Financial Regulation 214.
(b) Fixed Asset Register		
In order to maintain the accuracy of non-financial asset accounts, the department had to maintain proper books, but a fixed asset register had not been maintained.	- Do -	Arrangements should be made to accurately record assets and maintain a fixed asset register as per circular provisions.
(c) CC10 Register		
According to the Public Finance Circular No. 02/2020 dated 28 August 2020, although the loan and advance register, debtor register, creditor register and advances control account should be prepared and balanced on the date of presentation of the accounts in connection with the CC10 document to maintain an adequate accounting system and internal control system regarding the advance "B" accounts of government officials, but none of the said documents had not been updated.	- D0 -	Actions had been done according to the circular provisions.

(d) **Register of Damages**

FR 110 in the Code of Financial Regulations of the Democratic Republic of Sri Lanka, Mur. The register of damages had not been updated and maintained.

- Do -

According to FR 110 the register of damages should be maintained.

1.6.3 Absence of audit evidence

Audit evidence had not been submitted in respect of the following transactions.

Audit Observation	Comments of the Department	Recommendation
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(a) The total arrears collected during the year under review was Rs. 27,972,306, and the accuracy of the figures could not be confirmed as written information had not been submitted to the audit to identify the income collected from the arrears of each year separately.	This is mentioned in the income account as the total amount collected corresponding to the arrears in the year being reported, and although the accounts of several previous years were checked, the same values were not mentioned in the arrears column of ACA 1, so the same values were not mentioned in this year.	- Do -
(b) As of 31 December 2021, the SA 82 Non-Financial Assets report of the treasury printed note stated that Rs. 116,000,000 of land had been misused, but detailed written information about it had not been submitted to the audit.	Replies had not been provided.	- Do -

2 Financial Review

2.1. Non-compliance with Laws, Rules and Regulations

Cases of non-compliance with the provisions of laws, rules and regulations observed during sample audits are analyzed below.

Audit Observation		Comments of the Accounting Officer	Recommendation
With reference to Laws, Rules and Regulations	Non-compliance		
(a) Financial Regulations of the Democratic Socialist Republic of Sri Lanka			
(I) Financial Regulation 395(c)	Although the bank reconciliation should be prepared before the 15th day of the following month after the end of each month, the preparation of the bank reconciliation related to a current account of the head office in December 2021 had been delayed for more than 02 months and the bank reconciliation statement for the month of January 2022 also had not been prepared until ended in May 2022.	Bank reconciliation will be arranged to submit to the audit on the relevant date according to the FR 395(c).	Bank Reconciliations should be made according to FR. 395(c).

(II)	Financial Regulation 396 (d)	Regarding 06 checks worth Rs.50,160 that have not been realized for more than 06 months from the date of issue related to a bank account in the head office and 67 checks worth Rs.133,957 that have not been presented to the bank in relation to 08 district office bank accounts, had not been acted in accordance with the Financial Regulations.	The related officers had been informed to proceed as per the Financial Regulation 396(d)	Actions should be done according to the Financial Regulations.
(III)	Financial Regulation 565 (3)	Although a balancing account should be prepared for the general deposit account, the department has not prepared balancing accounts for the general deposit account.	Replies had not been provided.	- Do -
(IV)	Financial Regulation 565(5)	Regarding the deposit account, a monthly deposit summary statement prepared in the public form 71 should be submitted to the Auditor General before the end of the next month, but the that summary report had not been prepared.	- Do -	- Do -
(b)	Public Finance Circular No. 05/2016 dated 31 March 2016	Before 15 December, board of survey should be appointed and Goods physical verification should be carried out within the time frame mentioned in Financial Regulation 128, but the department did not complete the goods physical verification for the year 2021 until 18 April 2022.	- DO -	According to the Public Finance circulars and Financial Regulations, goods physical verification should be done within the prescribed time frame.

2.2 Revenue Management

The following observations are made.

Audit Observation	Comments of the Department	Recommendation
(a) By the end of 2021, an outstanding fee of Rs. 166,426,259 should have been collected from private businessmen related to the Vavuniya District Office. But 75 percent of that money was cut down and the approval had been obtained from Cabinet of Ministers to collect of 25 percent of that the amount of Rs. 41,606,565. Therefore, a loss of Rs.124,819,694 had been incurred only for Vavunia District Office.	As per the instructions given by the Conservator of Forests (Conservation and Law Enforcement) letter No: DFC/PLE/06/06/01/2021 and dated 22.02.2021 regarding dues due in Vavuniya District, to be paid by each individual or entity. The outstanding amount is being recovered in 36 installments from 01 March 2021.	Due to this decision, the government should take necessary decisions to prevent further loss.
(b) According to the Gazette Notification No. 1600/18 dated 06 May 2009, the Department of Forestry had charged the following fees from the contractors for the demolition of granite in the lands under the department's management until the year 2020.	Replies had not been provided.	Efforts should not be made to reduce the existing fees and the fees should be revised in a favorable manner.

Cube Quantity	The royalty charged per stone cube
01-50	250
51-250	500
251-1000	750
More than 1000	1000

But the Joint Cabinet Memorandum No. 14/2020 dated 13 November 2020 proposed to reduce the fee to be charged by 50 percent and the approval of the Cabinet had been obtained. As a result, the

department's income had dropped drastically. In the present market conditions, since there is a tendency of mining contractors to constantly increase the price of granite, and since they are making huge profits from the use of public property, it was decided to reduce the amount of pre-paid fees instead of increasing the revenue of the government.

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| (c) | For the year 2021, the amount to be collected from Vavuniya quarry owners for extra mining was Rs.15,052,840 and as of 31 December 2021, the outstanding amount of Rs.8,054,223 had not been recovered.. | <p>As per the instructions given by the Conservator of Forests (Conservation and Law Enforcement) letter No: DFC/PLE/06/06/01/2021 and dated 22.02.2021 regarding arrears due in Vavuniya District, each person or entity to pay the outstanding amount is being recovered in 36 installments from 01 March 2021.</p> | Deficit income should be calculated correctly and shown in the accounts correctly. |
| (d) | Due to non-renewal of registration of 58 timber businesses under the Vavunia District Forest Office, the department had lost revenue of Rs.513,870 that should have been received. | In case of non-renewal of timber businesses, the site forest officer has been advised to take legal action against the timber business owners and take steps to cancel the registration. | The relevant officials should follow up on the business registration and report the arrears of income. |
| (e) | An income of Rs. 28,501,491 owed to the department as of 31 December 2021 from 02 private entities for leasing construction of transmission towers on government lands under the administration of Vavunia District Forest Office was not shown in the final accounts. | These 02 towers are located inside the military camp. Form H7/M/20/2015 related to obtaining annual licenses, further activities and actions are being carried out. | The maintenance of transmission towers should be followed up and recorded with the relevant revenue accounts. |

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| (f) | The arrear fee of Rs.8,290,348 related to 12 years from January 01, 2009 to December 31, 2021 was not collected for maintaining a transmission tower by a private company since 2009 without the permission of the Forestry Department on a land of 10 perches at the Vavuniya site. | In this regard, the Conservator of Forests (Protection and Law Enforcement) has sent a letter No: H12/3/Manikfarm/20/20 and dated 11.11.2020 to pay the amount of Rs.7,350,335. | Arrears should be promptly collected and recorded with the accounts. |
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2.3 Expenditure Management

Audit Observation

Comments of the Department

Recommendation

The budget estimate for the year 2021 has allocated Rs. 10 million had been allocated for stationery and office needs of the department and in addition to that Rs.1,500,000 from domestic travel expenses and the entire amount of Rs.1,500,000 allocated for foreign travel expenses had been transferred to stationery purchase expenses under FR. 66 and stationery had been purchased without control.

Replies had not been provided.

Expenditure should be done with proper management by correctly identifying the need.

2.4 Excess Expenditure

Observation

Comments of the Department

Recommendation

According to the statement of expenditure on 31 December 2021, although the excess expenditure had not been reported, the expenses to be debited to 03 recurrent expenditure subjects were debited to the capital expenditure subjects, and the excess expenditure had been avoided to disclose. As per payment voucher verification it was done as follows.

Answers had not been provided
Actions should be done according to FR 66

	Expenditure as per expenditure ledger	Expenditure debited to capital expenditure subjects	Total Expenditure	Total Net Allocation	Excess Expenditure
	Rs.	Rs.	Rs.	Rs.	Rs.
283-1-1-1301	13,987,049	1,378,456	15,365,505	14,000,000	1,365,505
283-1-1-1302	994,841	68,262	1,063,103	1,000,000	63,103
283-1-1-1303	2,496,912	62,820	2,559,732	2,500,000	59,732

2.5 Reconciliation Statement on Advance Account to Government Officers

Audit Observation

Comments of the Accounting Officer

Recommendation

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| (a) As of 31 December 2021, there was a loan balance of Rs. 11,756,676 which had exceeded 03 months to 05 years and the management had not taken the necessary steps to collect this loan as per Chapter XXIV of the Establishment Code. | Please be informed that on the retirement of an officer, it takes some time to update the information related to that officer on the Pension Department web page, so it will take considerable time to settle the loan balance. Steps are currently being taken to recover the loan of the deceased, dismissed and retired officers. I would like to correct that in settling the balance of Rs.215,635 distress loan due from three retired officers attached to Nuwara Eliya Zone Deputy Forest Conservator's Office, the zone settled it twice and accounted for it. | Action should be done according to Establishment Code. |
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- (b) In accordance with the instructions in paragraph 10 of the Public Finance Circular No. 02/2020 dated 28 August 2020 regarding the preparation of the advance “B” account, in accordance with paragraph (a) of the guideline No. 01 issued on 02 September 2020, from the officers who have transferred from the department and those who have transferred to the department Officers' loan balances should be settled before the expiry of 03 months. However, between 03 to 12 months, the distress loan due to the department is Rs. 202,500 and festival advances of Rs.30,000 totaling a loan balance of Rs.232,500 and the balance of festival advances of Rs.10,000 which has been going on for more than a year and the distress loan balance of Rs.1,500 due from the department since more than a year has not been settled..
- The distress loan balance of Rs.202,500 of one officer who was transferred to Uva National College of Education was supposed to be settled by that institution, but it was not settled until the end of 2021. Also, the other three officials have not included the festival advance money (Rs. 30,000) in the salary details sent to the relevant institutions while getting transfers. Kindly inform that it will be rectified by advance “B” account for this year. Although the loan balance of Rs. 235,000 which should have been settled to the Trincomalee Divisional Secretariat was settled by that institution on 15.11.2021, it was not updated in the CIGAS system until the end of 2021. It has been updated to CIGAS system in February 2022.
- Loan balance settlements and records should be done as per the provisions of the circular.

2.6 Deposit balances

Audit Observation -----	Comments of the Accounting Officer -----	Recommendation -----
As of 31 December 2021, the total balance of the department's general deposit account was Rs.816,368,673, of which Rs.382,490,455 had exceeded 02 years. It accounted for 47 percent of total deposits. It should have been credited to the government revenue as per Article 571(2) but it had not been done so.	Replies had not been provided.	According to FR. 571(2) should be credited to the government revenue.

2.7 Informal Transactions

Audit Observation	Comments of the Accounting Officer	Recommendation
<p>The Annual Appropriation Act allocates funds only for the expenses of the relevant financial year, so buying goods from those provisions for future years is a violation of the rules of the Appropriation Act and the department violated the rules by spending Rs. 3,900,511 to be enough for many years to come had gathered. Expenditure management was at a very low level as officials had done it deliberately. Accordingly, a large amount of money which could have been efficiently used for other productive work was used in idle to purchase stationery.</p>	<p>Replies had not been provided.</p>	<p>Arrangements should be made so that the rules of the Appropriation Act are not violated.</p>

2.8 Managing Bank Accounts

Audit Observation	Comments of the Accounting Officer	Recommendation
<p>(a) The deposit value of 195 checks deposited but not received was Rs.123,481,808 as per the bank reconciliation statement to the 31 December 2021. Among those cheques, there were 61 cheques worth Rs.649,944 that were past due between 2 months and 12 months, and 97 checks worth Rs.14,126,584 that were past the year and they were not settled.</p>	<p>The bank will be asked about these transactions and corrections will be made.</p>	<p>The bank should be asked about the deposited checks and necessary action should be taken.</p>
<p>(b) As of 31 December 2021, according to the bank reconciliation statement, there were unrecognized deposits of Rs.2,277,279 over 2 years and Rs.15,537,059 over the year amounting to Rs.17,814,338 and unrecognized deposits over 2 years of Rs.7,792 and arrangements had not been made to settle these deposits.</p>	<p>Accept. Instructions had been give to the relevant officer to prepare the correct bank reconciliation statement in the future, and make an arrangement to check and send the bank reconciliation to the audit in the future.</p>	<p>Arrangements should be made to prepare correct bank reconciliation statements.</p>

3. Operational Review

3.1 Failure to perform duties

The following observations are made.

Audit Observation	Comments of the Accounting Officer	Recommendation
(a) From the year 2019 to December 2021, 137.03 hectares of reserved forest under the control of the Mannar District Forest Office had been damaged. It was observed in the audit that if the officers had performed their duties properly, they would have been able to detect crimes in time and prevent and reduce them.	Replies had not been provided.	Officials must perform their duties efficiently.
(b) Although about 01 hectare of Mannar Mangrove Achankulam Mangrove Reserve had been cleared and a goat pen constructed as a permanent building, even as of December 2021, the damage to the forest had not been assessed and proceedings had not been initiated under the Forest Conservation Ordinance.	- Do -	Officers must perform their duties as per the provisions of the Act.
(c) From September 18, 2018 to March 2, 2021, 24 businessmen who submitted applications for timber business registration are running businesses without registration licenses, Although the Mannar Assistant District Officer had informed the Mannar site forest officer, necessary steps had not been taken to check the matter.	- Do -	- Do -

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| (d) | It was observed that the amount of forest controlled under the Vavuniya District Forest Office is 111,493.83 hectares and as of 15 October 2021, only 72,941.22 hectares of it had been gazetted and the remaining 38,552.61 hectares had been measured, but had not been gazetted. | - Do - | Gazetteing of surveyed forests should be expedited. |
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3.2 Projects that have not progressed even though funds have been released

Audit Observation	Comments of the Accounting Officer	Recommendation
(a) As the 62,046 saplings in sheds and Chettiar sapling nurseries planted with the ESCAMP project provisions in 2019 had not been distributed by December 2021, another unnecessary expenditure of Rs.2,528,390 had to be incurred for the maintenance of the saplings.	Replies had not been provided.	Distribution of planted seedlings should be done promptly.
(b) Under the Mangrove Restoration Project, Mannar District Forest Officer's office had started mangrove replantation and mangrove conservation programs of 110 hectares. Here, 70,000 saplings were planted in the Vedithalativu mangrove forest, but none of them were alive. Accordingly, the planting of new saplings had failed and most of the amount of Rs. 13,020,330 spent for that purpose had been idled.	- Do -	Necessary measures should be taken to protect and maintain the planted plants.

3.3 Annual Performance Report

Audit Observation	Comments of the Accounting Officer	Recommendation
Annual Performance Report prepared in accordance with the format mentioned in Guideline No. 14 issued by the Department of Public Finance in accordance with paragraph 10.2 of Public Finance Circular No. 2/2020 dated 28 August 2020 and with annual financial statements in accordance with Section 16(2) of the National Audit Act No. 19 of 2018 had not been submitted to the Auditor General.	Replies had not been provided.	The annual performance report should be submitted along with the annual financial statements.

3.4 Asset Management

The following observations are made.

Audit Observation	Comments of the Accounting Officer	Recommendation
(a) More than 40 vehicles have been idle for many years without use and if they can be repaired and further used, actions had not been to dispose them. The values of these vehicles were not submitted for audit.	Replies had not been provided.	Appropriate steps should be taken to utilize the assets or if they cannot be utilized.
(b) There are more than 400 motorcycles owned to the department and their values had not been properly identified. It was stated in the last financial statement that the cost of motorcycles as on 31 December 2021 was Rs.35,000. Accordingly, assets of the company were not properly assessed and properly documented.	- Do -	Assets must be accurately accounted for and documented.

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| (c) | Accordinging to Public Administration Circular No. 30/2016 dated 29 December 2016, after every fuel check, after a period of 12 months or after driving 25,000 kilometers or after a major engine repair, fuel combustion should be checked whichever comes first, even though the department had not checked the fuel consumption of the vehicles from many years. | - Do - | Circular provisions shall be followed. |
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3.5 Losses and Damages

The following observations are made.

Audit Observation	Comment of the Accounting Officer	Recommendation
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(a) According to FR 104(4), a full report must be submitted within three months from the date of the damage, but regarding the 02 vehicle accidents that occurred on 23 September 2020 and 02 October 2020, the same had not been done by the end of February 2022.	Replies had not been provided.	It should be done according to FR.104.
(b) The estimated value of damages amounting to Rs.524,400, which occurred on 05 February 2017 and 14 March 2018, but settle by 31 December 2021 had not been removed from the final financial statements.	- Do -	Accounts should be prepared correctly.
(c) In the financial statement of the year 2021, according to the statement about the losses to be further recovered or written off or abandoned, although the value to be recovered is Rs. 26,376,719, according to the time analysis the value is Rs. 9,376,719, then there was a difference of Rs. 17,000,000.	- Do -	- Do -

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| (d) | The department did not have 07 files worth Rs.71,650 related to vehicle accidents worth less than Rs.25,000 and 24 files worth Rs.6,383,801 related to vehicle accidents worth more than Rs.25,000. | - Do - | Arrangements should be made to keep the files safe. |
| (e) | A money fraud of Rs. 1,684,460 that happened 10 years ago in the Gampaha District Forest Office had not been resolved by the department by 31 December 2021. | - Do - | It should be done according to FR.104. |

3.6 Management Weaknesses

The following observations are made.

Audit Observation	Comments of the Accounting Officer	Recommendation
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(a) In the year 2021, stationery should have been purchased only for the last half year, but stationery was purchased to be sufficient for many years to come and all the stationery had been issued to the relevant sections. By March 2022, a large amount of those stocks had remained in the respective sections. There was no formal control system established in those sections to document and issue these stocks as per requirement. Accordingly, there is no transparency regarding the use of stationery in the relevant sections and the possibility of various irregularities cannot be ruled out in the audit.	Replies had not been provided.	A proper stock control system should be established in the organization.
(b) According to paragraph 3.2 of the Joint Cabinet Memorandum No. 14/2020 dated 13 November 2020, the related arrears should be paid in 36 monthly installments within 03 years and after the payment of	Instructions on how to release minerals for the year 2021 have been informed by the letter dated 23.12.2020. Accordingly, the Conservator General's letter	In revenue collection, proper supervision should be maintained regarding quarrying and revenue should

- the first arrears, the Cabinet had approved the issuance of mining licenses for the current year. But contrary to that decision, the Vavunia District Forest Office had issued permits to contractors for excavation.
- DFC/PLE/06/06/01/2021 and dated 22.02.2021 has been informed to extend the valid license period to the license holders who have expired on 31.12.2020. As mentioned in the letter, the license extension work was started in February 2021.
- be collected under correct calculation.
- (c) The private contractor who obtained the license for quarrying stones from the limestone in the Mamaduwa section of the Karungalikulam bittuwa of the Vavuniya site from January to September 2021 had excavated damaging a large area of the forest in violation of the 4th condition of the agreement. Thus, the same contractor had been given permission to demolish and remove 6000 stone cubes from 15 October 2021 to 31 December 2021, without assessing the related damages, despite having done excavations in violation of the terms of the agreement.
- In order to compensate the damage caused in connection with granting mining licenses to the licensee, a part of 03 acres which was completely damaged by unauthorized clearing in the Pulyankulam area, he has expressed his willingness to use the amount of Rs. 1,190,800 from the security deposit deposited with the District Forest Office to replenish the said forestry and maintain it for 03 years continuously.
- When the law is violated, necessary legal action should be taken to protect the forest resource.
- (d) A private contractor had been granted "C" license to carry on a granite quarrying business in Karungalikulam Government Forest (Velikanda) of Vavuniya till 31 December 2019. After its renewal, the Directorate had transferred it to another contractor at his request, but there was no agreement from either of the parties to collect the arrears of Rs. 5,085,593 due to the department for the granite mined beyond the license limit in the previous periods and the outstanding license revenue had not been collected until May 2022. Accordingly, the relevant officials have not formally transferred the
- A granite mining license holder, R.A. Regarding the arrears to be paid by Nalin Thushara, the arrears related to the quantity of surplus granite cubes excavated by the said person during the mining of granite R.A. Nalin Thushara has submitted an affidavit that they will pay by themselves. Furthermore, from the year 2022, this granite workshop licenses had been given to a sister of R.A.Nalin Thushara. Nevertheless, the arrears due for the excavations at that place have been paid without any deficit. Mrs. R.A.W. Shirani has again requested to
- Necessary action should be taken to recover the arrears.

licenses and have not taken the necessary measures to collect the arrears.

transfer the license in her name to her brother Nalin Thushara for quarrying granite at this place again from the year 2022. Accordingly, R.A. Nalin Thushara has also submitted an affidavit and requested that the businesses be transferred to their name again. Accordingly, arrangements are being made to transfer the ownership and collect arrears.

- (e) 16 Mannar timber businesses have not renewed their registration for the year 2021 and according to paragraph 14(3)(1) of the Special Gazette Notice No. 1891/26 dated 03 December 2014, the registration of those timber businesses should be cancelled. Actions had not been taken to do that.
- Replies had not been provided.
- Arrangements should be made for renewal of registration.
- (f) In the recovery of fines and damages related to cases imposed by the Mannar District Forest Office, the court had not established a policy to calculate the amount actually owed to the department and recover the said money. Therefore, the income of the forest department fund was calculated based on the amount credited to the department account by the court. Also, the court had not informed the amount of money credited to the department in connection with the forest crime cases that ended in the year 2021 until December 2021, and the officials had not inquired about it and collected the required amount of money.
- Do -
- Proper recognition of income should be done.

4. Achieving Sustainable Development Goals

Audit Observation	Comments of the Accounting Officer	Recommendation
The information about the physical and financial progress towards achieving the Sustainable Development Goals in the year 2020 had not been clearly stated and the information about the progress in 2021 had not been submitted to the audit.	Replies had not been provided.	Physical and financial progress should be measured annually.

5. Human Resource Management

Audit Observation	Comments of the Accounting Officer	Recommendation
As on 31 December 2021, the approved number of employees in the department was 3,149 and the actual number was 2,437 and the number of vacancies was 712.	Replies had not been provided.	Vacancies should be filled promptly.

Also, There were vacancies the number of tertiary level employee vacancies is 18 forest ranger (special class) or district forest officers, secondary level employee vacancies are 178 site officers, 194 beettu forest officers and 24 forest extension officers and 226 forest field assistant posts among minor employee vacancies.