

Head - 424 State Ministry of wildlife Protection, Adoption of Safety Measures Including the Construction of Electrical Fences and Trenches and Reforestation and Forest Resource Development

1. Financial Statements

1.1 Qualified Opinion

The audit of the financial statements of the State Ministry of Wildlife Protection, Adoption of Safety Measures Including the Construction of Electrical Fences and Trenches and Reforestation and Forest Reforestation and Forest Resource Development for the year ended 31 December 2021 comprising of the statement of financial position as at 31 December 2021, statement of financial performance and cash flow statement for the year 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 summery report containing my comments and observations on the financial statement of the State Ministry of Wildlife Protection, Adoption of Safety Measures Including the Construction of Electrical Fences and Trenches and Reforestation and Forest Reforestation and Forest Resource Development in terms of section 11(1) of the National Audit Act No. 19 of 2018 was issued to the Chief Accounting Officer on 31 May 2022. Annual Detailed Management Audit Report related to the department, was issued to the Chief Accounting Officer on 31 May 2022 in terms of section 11(2) of the Audit Act. This report is presented to the parliament in terms of section 10 of the National Audit Act No. 19 of 2018, which should be read in conjunction with the article 154(6) of the Constitution of the Democratic Socialist Republic of Sri Lanka.

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 State Ministry of Wildlife Protection, Adoption of Safety Measures Including the Construction of Electrical Fences and Trenches and Reforestation and Forest Reforestation and Forest Resource Development as at 31 December 2021, and its financial performance and 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 Chief Accounting Officer and the Accounting Officer for the Financial Statements

The Chief 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, the Ministry 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 Chief Accounting Officer shall ensure that an effective internal control system for the financial control exists in the Ministry 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 judgment 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 Ministry's 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 Chief 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 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 Non-compliance of Financial Statements with Circular Provisions

The financial statements should be prepared in terms of Guideline 06 issued by the Department of State Accounts. However, instances of non-compliance with those provisions appear below.

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
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(a) According to paragraph 7.5 of the State Accounts Guideline No.2021/03 dated 26 November 2021 the balance of the Statement of financial performance as at 31 December 2021 should be equal to the total of balance as per the Statement of Imprest Reconciliation and total balance of imprest at the end of the year. Although the comparative figures for the year 2020 should	The adjusted balances have been indicated for the statement of financial performance, statement of financial position, statement of cash flows for the year 2020 and the balances of the adjustment account for the year 2020 have not been indicated according to the Format provided by the Department of State Accounts, there for in that balance has not been included.	Should be act according to the provision of State Accounts Guideline No.2021/03 dated 26 November 2021.

be mentioned accordingly, the figures for the year 2020 had not been included when preparing Statement of Imprest Reconciliation.

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| (b) | <p>The Financial Statements should be prepared without making any changes for the Trial Balance generated by the CIGAS desktop application according to paragraph 3.1 of State Accounts Guideline No.2021/03, Accordingly eventhough the value of advance payments was Rs.2,198,609 as per the Trial Balance of the Ministry, it had been mentioned as Rs.2,336,499.</p> | <p>A settlement of Advance Account had been shown under 253-1-2-4-1502 and the debit balance of Rs.137,890 had been indicated in the Statement of Cash Flows as advance payments.</p> | -do- |
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1.6.2 Accounting Deficiencies

(a) Recurrent Expenditure

The following deficiencies were observed in accounting recurrent expenditure relating to the financial statements.

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
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<p>(i) The separate disclosure of cash flows arising from investing activities is important because the cash flows represents the extent to which expenditure have been made for resources intended to generate</p>	<p>It had been mentioned as investing activities in the Statement of Cash Flows, because Rehabilitation and improvement of capital assets are mentioned as capital expenditure according to the annual budget estimates.</p>	<p>The cash flow generated from investing activities should be accurately identified in the Statement of Cash Flows.</p>

future income and cash flows. Accordingly, eventhough the expenditure of Rs.2,504,734 incurred for the rehabilitation and improvement of capital assets and capacity development should be shown as a cash flow generated from operating activities, that figure had been shown as a cash flow generated from investing activities.

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| (ii) | Eventhough the expenditure incurred by the reported entity on behalf of another Heads was Rs.37,890 as per the Trial Balance of Ministry, the difference of Rs.22,110 was observed because Rs.60,000 had been adjusted to the Statement of Imprest Reconciliation. | The paid allowance of Rs.20,000 for Graduate Officers have been debited as Rs.60,000 and Rs.160,000 has been mentioned as credits adjustments made to allowances paid after permanent appointments. Rs.137,890 (debit) has been shown as expenses incurred in the Trial Balance of Ministry | The expenses incurred on behalf of another Heads should be adjusted according to the books of the Ministry. |
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(b) Property, Plant and Equipment

Audit Observation

Comment of the Chief Accounting Officer

Recommendation

Eventhough the non-financial assets of the ministry had been mentioned as Rs.13,517,923 as indicated in the note ACA-6 of the statement of non-financial assets, a difference of Rs.38,800,000 was observed because the non-financial assets was Rs.52,317,923 according to the treasury printouts.

According to the treasury printouts, Rs.38,800,000 value of asset had been recorded by the Treasury (Head No.992) to this Ministry and It has been informed to the Department of State Accounts to make corrections as those assets are not available in the Ministry.

The balance of non-financial assets as per books of ministry should be equal to the balance of non-financial assets as per treasury printouts.

2. Financial Review

2.1 Management of Expenditure

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
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Although the annual expenditure estimates should be prepared according to the financial regulations 50 of the Democratic Socialist Republic of Sri Lanka, It was observed that savings from the range of 24 to 100 percent in 30 votes of the estimate prepared by the Ministry for the year 2021.	This was due to factors such as the Covid-19 epidemic situation and deductions of transport costs according to the Cabinet Memorandum of the Ministry of Finance.	Actions should be taken to prepare estimates with proper planning and management according to the financial regulations 50.

2.2 Certification of Chief Accounting Officer

Audit Observation	Comment of the Chief Accounting Officer	Recommendation
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In accordance with Provisions in Section 38 of the National Audit Act No.19 of 2018, the Chief Accounting Officer and the Accounting Officer should ensure that an effective internal control system for the financial control exists in the Ministry, 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. Such reviews should be carried out in writing, and a copy thereof should be presented to the Auditor General, but no statements had been furnished to the Audit that the reviews had been carried out.	At the end of the statement of financial position, we hereby certify that "an effective internal control system for financial control exists in the reporting entity and periodic reviews are conducted to monitor the effectiveness of the internal control system for financial control and accordingly to make changes as necessary to effectively implement those systems." and certified by the Chief Accounting Officer, Accounting Officer, Chief Accountant.	Action should be taken in accordance with Provisions in Section 38 of the National Audit Act No.19 of 2018.

2.3 Non-compliance with Laws, Rules and Regulations

Instances of non-compliance with the provisions in laws, rules and regulations observed during the course of audit test checks are analyzed below.

	Observation -----	Comments of the Chief Accounting Officer -----	Recommendation -----
Reference to Laws, Rules and Regulations -----	Non-compliance -----		
(a)	Sections 40 and 41 of the National Audit Act No. 19 of 2018	Although the Internal Auditor Should be appointed by the Accounting Officer for the State Ministry and appoint audit and management committees to assist him and continuously review the performance of the institution, an internal auditor and an Audit and Management Committee had not been appointed for the State Ministry.	The internal auditor was appointed as per the request for obtaining an internal auditor for the State Ministry of Wildlife and Forest Conservation. The relevant duties and tasks could not be performed due to the transfer of this state ministry to the Ministry of Wildlife and Forest Resources Conservation.
(b)	Financial Regulations of the Democratic Socialist Republic of Sri Lanka		
i. Financial Regulation 104(1) and 104(3)	As soon as any loss or damage occurs, inquiries should be instituted to ascertain the extent and cause of the loss and to	Since the State Ministry of Wildlife and Forest Conservation has	Should be act in accordance with the Financial Regulation.

	fix responsibility, and the preliminary report should be sent immediately, if delay of more than seven days is envisaged for making a full report, And The full report should be submitted within three months from the date of loss according to the Financial regulation 104(4). Although more than three months have been spent, it had not been taken any action act regarding 05 vehicle accidents accordingly.	been transferred to the Ministry of Wildlife and Forest Resources Conservation from 08.03.2022, necessary actions will be taken in future after checking prevailing deficiencies.	
ii.Financial Regulation 1642	Although the officers using the vehicles or the drivers in the absence of the officers should report all the accidents to the nearest police, 04 cases were observed, that had not been done accordingly.	-do-	-do-
(c) Ministry of Finance Asset Management circular No.02/2017 dated 21 December 2017	Although Every vehicle belonging to the government in use should be registered in the name of relevant institution, according to the Certificate of Registration that was checked, the ownership of 05 vehicles had not been taken over by April 2022.	-do-	Should be act in accordance with the circular.

3. **Human Resource Management**

Audit Observation

There were 30 vacant positions in the Ministry, of which 12 senior level positions, 01 tertiary level position and 06 primary level positions had been existed and 01 senior level surplus position had been existed.

**Comments of the Chief
Accounting Officer**

Officers were assigned and executed only for essential posts because the State Ministry functioned in a very limited space.

Recommendation

Should be act to recruit for vacancies.