

Head 284- Department of Wildlife Conservation

1. Financial Statements

1.1 Qualified Opinion

The audit of the financial statements of the Department of Wildlife Conservation 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 summary report containing my comments and observations on the financial statement of the Department of Wildlife Conservation in terms of section 11(1) of the National Audit Act No. 19 of 2018 was issued to the Accounting Officer on 30 May 2022. Annual Detailed Management Audit Report related to the department, was issued to the Accounting Officer on 30 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 matters described in the Para 1.6 of this report the accompanying financial statements give true and faire view of the financial position of the Department of Wildlife Conservation as at 31 of December 2021 and its financial performance and its cash flow year ended in accordance with Generally Accepted Accounting Principles.

1.2 Basis for the Qualified Opinion

My opinion is qualified based on the facts stated in paragraph 1.6 of the report.

My audit was conducted in accordance with the Sri Lanka Audit Standards (SLAuSs). My responsibility for financial statements is further elaborated in the section of auditor's responsibility. I believe that the audit evidences I have obtained is sufficient and appropriate to provide a basis for my opinion.

1.3 Responsibility of the Chief Accounting Officer and the Accounting Officer on financial statements

The Chief Accounting Officer is responsible to preparation of financial statements that give a true and fair view in accordance with the Generally Accepted Accounting Principles and provisions in section 38 of the National Audit Act No 19 of 2018 and for such an internal control as management determine is necessary to enable the preparation of financial statements free from material misstatement, whether due to fraud and error.

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

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 Department and carry out periodic review to monitor the effectiveness of such system and accordingly make any alteration as required for such systems to be effectively carried out.

1.4 Auditor's Responsibility for the Audit of the Financial Statements

My objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud and error, and to issue an Auditor General's report that includes my opinion. Reasonable assurance is 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. Misstatement can arise from fraud and error are considered material if individually or aggregate, it is materiality depend on the influence on economic decision made by the user base on these financial statements.

As a part of the audit in accordance with Sri Lanka Auditing Standards, I exercise professional judgment and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risk of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risk, 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 omission, misrepresentation, or the override of internal control.
- Obtaining 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 Department internal control.
- Evaluate the appropriateness and reasonableness of the structure and content of financial statements, including disclosures as well as the transactions and events which were based on.
- Evaluate the overall presentation, structure and content of the financial statements, including the discourses and whether the financial statement represents 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 accordance with the section 6(1) (c) of the National Audit Act No. 19 of 2018.

- a. Whether the financial statements are consistent with the preceding year.
- b. The recommendations made by my report with regard to 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

The following deficiencies are observed

Audit Observation	Comments of the Accounting Officer	Recommendation
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<p>(i) State Accounts Guideline No. 2021/03 dated 26 November 2021</p> <p>a) Ensure that the figures shown in the reporting entity's financial statements agree with the income, expenditure and general ledger balances shown in the final treasury accounting statements in accordance with paragraph 3.2. Although the advance receipts were Rs.54,462,979, despite that only Rs.52,379,245</p>	<p>The statement of financial performance includes the data included in the trial balance generated by the CIGAS desktop application, and accordingly I inform that the advance receipts amounting of Rs.52,379,245 have been included in the</p>	<p>Action should be taken in accordance with the provisions of the circular.</p>

had been adjusted to the statement of financial performance according to the treasury accounting statements, regardless of the value of Rs.2,083,734 credited to the advance B account by other heads as advance receipts.

statement of financial performance.

b) On behalf of other revenue accounting officers as per paragraph 7.2, the reporting entity shall not include the collected revenue in the statement of financial performance and shall adjust the revenue in the Statement of Imprest Reconciliation.

It is informed that an amount of Rs.77,714,535 has not been included in the statement financial performance as other income.

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Nevertheless, the department had included the income of Rs.77,714,535 collected on behalf of other revenue accounting officers in the statement of financial performance.

(ii) Although Rs.958,895,389 was recorded as other main ledger account receipts for the year 2020 in the statement of financial performance, no such receipt was observed to the audit.

It has been informed that the figure given as other main ledger account receivables for the year 2020 in the statement of financial performance is a typographical error and necessary steps are being taken to correct it.

The comparative values for the year 2020 should be correctly indicated.

(b) Capital expenditure

Audit Observation

Since cash flows from investing activities represent the amount of cash flows made to resources in anticipation of future service contributions, those cash flows should be disclosed separately. However, according to the financial statements, the amount of Rs.179,508,496 incurred under capital asset rehabilitation and improvement, capacity development and other capital expenditure should be shown under operating activities, but the value was shown as investment activities.

Comments of the Accounting Officer

Rehabilitation and improvement of capital assets. Capacity development and other capital expenditures are incurred as a requirement to contribute to the performance of future services and are therefore classified as investing activities.

Recommendation

The cash flow from investing activities should be accurately identified in the cash flow statement.

(c) Deposits

Audit Observation

According to the format mentioned in the State Accounts Guideline No. 2021/03 dated 26 November 2021, the deposit receipts and payments should be indicated as a cash flow generated from operating activities in the statement of cash flow. However, the receipts and payments to the Wildlife Conservation Fund, which is shown as a general deposit account, the amount of

Comments of the Accounting Officer

Since the Wildlife Conservation Fund is a special account maintained in accordance with the Fauna and Flora Ordinance, I hereby inform that the transactions under it are listed as a financial activity.

Recommendation

Action should be taken as per the provision in the circular.

Rs.367,453,577 and
Rs.1,356,488,482 respectively
indicated as a cash flow
generated from financial
activities.

(d) Advance Account Balances

Audit Observation

In accordance with paragraph 3.2 of the State Accounts Guideline No. 2021/03 dated 26 November 2021, even though it should be ensured that the figures indicated in the financial statements of the reporting entity agree with the income, expenses and main ledger balances indicated in the final treasury account statements , While entering the comparative figures to the statement of financial performance for the year 2020, the advance receipts and payments were Rs.39,534,166 and Rs.55,690,601 respectively in accordance to the statements of the treasury account , but there were Rs.36,205,110 and Rs.55,104,615, respectively in accordance to the Statement of Financial Performance, therefore a difference of Rs.3,329,056 and 585,986 was observed.

**Comments of the
Accounting Officer**

The statement of financial performance is prepared on the basis of departmental data, and the values as per treasury accounts are adjusted by the statement of imprest reconciliation.

Recommendation

Action should be taken as per the provision in the circular.

(e) **Statement of imprest reconciliation**

Audit Observation

According to paragraph 7.5 of State Accounts Guideline No. 2021/03 dated 26 November 2021, the balance in the statement of financial performance as at 31 December 2021 should be equal to the total balance of the statement of imprest reconciliation at the end of year and balance of the imprest reconciliation. Although the comparative figures for the year 2020 should be shown accordingly, the comparative figures for the year 2020 were not included in the Statement of the imprest reconciliation.

Comments of the Accounting Officer

It is inform that the comparative data for the year 2022 will be presented.

Recommendation

Action should be taken as per the provision in the circular..

(f) **Failure to maintain records and books**

Audit Observation

Register of Electrical Equipment

A register of electrical equipment was not maintained in terms of Finance Regulation 454(2).

Comments of the Accounting Officer

I would like to inform you that in the future, a record of the electrical equipment available in the head office and field offices will be maintained in each office as well.

Recommendation

Action should be taken as per the Finance Regulations.

2. Financial review

2.1 Expenditure management

Audit Observation

**Comments of the
Accounting Officer**

Recommendation

Although the annual expenditure estimates should be prepared in accordance with the Financial Regulations 50 of the Democratic Socialist Republic of Sri Lanka, savings in the range of 30 percent to 100 percent were observed in 11 expenditure subjects in the estimate prepared by the department for the year 2021.

I inform you that this was caused by the Covid 19 epidemic, bad weather conditions and the increase in the price of raw materials and provision has to be ceased as per the Cabinet Secretary's letter No. 21/1596/304/134 and the letter dated 31 August 2021.

Action should be taken to prepare estimates with proper planning and management as per Finance Regulation 50.

2.2 Non-compliance with Laws, Rules and Regulations

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

Refference to Law,Rule and Regulations	Observation ----- Value Rs.	Non compliance	Comments of the Accounting Officer	Recommendation
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(a) Establishment Code of the Democratic Socialist Republic of Sri Lanka				
i. Paragraphs 4.5 and 4.6 of Chapter XXIV	1,127,48 3	According to the provisions of the Establishment Code, the department had	It is informed that the investigations of the suspended	Action should be taken as per the provisions of the Establishment Code.

not been taken action to recover the debt balance of Rs.1,127,483, due over 05 years from 26 officers who died, retired, left the service and were suspended.

officials are still being carried out, and the debt recovery is being conducted based on the information obtained from the Department of Election according to the national identity card number of the other officials.

ii. Paragraph 1.2 of Chapter XLVIII

Action should be taken in relation to all acts of misconduct or lapses on the part of officials as soon as possible by the disciplinary authorities, heads of departments and heads of other concerned institutions. However, even though more than two years have passed since the committees were appointed to investigate 14 disciplinary actions, the

Investigations have not been completed and their current status has been submitted for audit.

Action should be taken as per the provisions of the Establishments Code

investigations were not completed by the end of the year under review.

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| (b) | Finance Regulations of the Democratic Socialist Republic of Sri Lanka Finance Regulations 571 | 5,486,600 | Action had not been taken in relation to the balances of Rs.5,486,600 in the public deposit account which were more than five years from the date of deposit as per the Finance Regulations. | The relevant parties have been informed in this regard, and if there is no response within the next 02 months, will be taken action to credit the deposit to the government revenue. | Action should be taken with according to Financial Regulations. |
| (c) | Procurement Guideline | | | | |
| | i. 2.14.1 (Additional 35) | 557,320 | Although the purchase of goods and services value more than Rs.500 million should be conducted by the procurement committee appointed by the Cabinet, although in the year 2021 for the purchase of 30 items of the equipment for the elephant fence with an estimated value of | I would like to inform you that on the basis of expediting the procurement and obtaining the required goods at the lowest price through competition, the bids have been divided into 07 lots in order to complete the construction of 1500 km of electric fence in the year 2021, | Action should be taken as per procurement guidelines . |

Rs.631,067,014, of the 07 contracts were divided into 07 tenders in 07 occasion and it had been done by the Departmental Procurement Committee. For this reason, an additional cost of Rs.557,320 was incurred due to the publication of the quotations in newspapers and the payment to the Technical Evaluation Committee on 07 occasions.

ii. 3.9.1

Although the suitability of the proposed society to carry out the project to achieve the objectives of the project should be evaluated by the societies under the direct contract system for community-based organizations, the selection committee had not done so in

This is done by a committee headed by the concerned Divisional Secretary and a representative of the procurement division also participates. The relevant factors are considered and the selection is made when selecting a suitable community-

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awarding the based
 contract works organization by
 for 05 contract the said
 works. committee.

3. Operational review

3.1 Failure to perform duties

Audit Observation

An allocation of Rs.17,500,000 was allocated for 11 targeted tasks according to the action plan of the year 2021, but those tasks had not been implemented.

Comments of the Accounting Officer

It has been completed 5 projects. One project was canceled based on recommendations of the management. Other 05 projects are to be implemented in the action plan of the year 2022.

Recommendation

Targeted tasks should be completed as per action plan.

3.2 Non achieving the desired level of out put

Audit Observation

Although Rs.29,322,490 were estimated for road clearing to construction of electric fences and construction of electric fences in 09 wildlife zones in the year 2021, but the progress was less than 50 percent.

Comments of the Accounting Officer

I would like to inform that the financial and physical progress of these activities was less than the expected level due to land issues, some electric fences being located on the border of the Department of Forest and the not given the approval from that department and the inability to do this at the estimated cost through farmers' organizations.

Recommendation

Targeted tasks should be completed as per action plan.

3.3 Asset management

Audit Observation	Comments of the Accounting Officer	Recommendation
Although the Auditor General's Summary Report of 2020 indicated the risk of assets from foreign aid projects not being recorded, it was found that the assets value of Rs.20,755,328 of the equipment and assets given to the Department of Wildlife Conservation by the GIZ project, was not recorded in the GIZ stock books in the main warehouse of the Department according to the audit conducted on 19 February 2022. Although the relevant equipment was formally handed over to the Department of Wildlife Conservation by the institution, the data had not been reported in the financial statements due to not reporting to the accounts department and the main warehouse.	Action taken to inform project coordinating officers that the goods received by the GIZ project should be formally released through the main warehouse.	Should be duly recorded in the stock books.

3.4 Losses and damages

The following observations are made.

Audit Observation	Comments of the Accounting Officer	Recommendation
(a) The losses of Rs.14,355,383 mentioned in the loss and damages register prepared in terms of Finance Regulation 110 had not been shown in the statement of losses	It is informed that action will be taken to include it in the 2022 appropriation account by further examination.	Action should be taken in according to the Financial Regulations.

and waives in the financial statements.

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| <p>(b) Even though the delay of more than 07 days is expected in submission of a complete report, arrangements should be made to send a preliminary report immediately in terms of Finance Regulation 104(3) but in respect of 10 motor vehicle accidents even if more than one year has passed since the accident occurred, action had not be taken in accordance even at the end of the year under review.</p> | <p>Boards of Examiners are conducting examination inline of 104 of Financial Regulation and have sent reminders to submit final reports.</p> | <p>-do-</p> |
| <p>(c) According to Finance Regulation 104(4), a full report must be submitted within three months from the date of the loss, but a full report had not been submitted in relation to 17 vehicle accidents, even though more than a year has passed since the accident at the end of the year under review.</p> | <p>They have been instructed to complete these investigations as soon as the country recovers.</p> | <p>-do-</p> |

3.5 Management weaknesses

The following observations are made.

Audit Observation	Comments of the Accounting Officer	Recommendation
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(a) A plot of 1285 hectares of the Muthurajawela Ecosystem was gazette as a sanctuary through Gazette No. 947/13 of 1996, but at the end of the year under review, the department had failed to demarcate the boundaries of the sanctuary.	It is informed that it will be possible to complete the related work within this year as the relevant court orders have been received by the Survey Department.	Arrangements should be taken to demarcate the boundaries of the sanctuary.
(b) The expenditure incurred for the construction and maintenance of the electric fence was Rs.257,521,334 and Rs.714,695,969 respectively during the years 2020 and 2021 and as at 31 December 2021, the total length of the electric fence was 4,756 kilometers. However, considering the elephant deaths, human deaths and property damage that occurred in the last 5 years, it was observed that no reduction in elephant-human conflict, despite the construction of electric fences.	The reason for this is that with the rapid development of economic activity in areas where there are human-wildlife conflicts, this situation has arisen due to the disruption of the movement routes of the Elephants and this situation has arisen due to obstacles in the proper functioning with in the standards of the tactics outside the reserves.	Action should be taken to introduce formal strategies to reduce human-elephant conflict.

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| <p>(c) An agreement was signed with REDECO to install 6,000 wild elephant traffic barrier discs for 500 meters in Udawalawa area on 15 March 2021. According to the agreement, the work should be completed within 90 days by 15 June 2021, but 4,010 wild elephant traffic barrier disks with the contracted value of Rs.18,446,000 had not been provided by March 2022.</p> | <p>The production of traffic barrier disks has been delayed, due to the Covid-19 epidemic situation throughout the year 2021, as well as the rapid rise in commodity prices and the difficulty in procuring the necessary raw materials and now REDECO has produced the traffic barrier disks, and arrangements have been made to transport them to the Udawalawe area.</p> | <p>Action should be taken as per the agreement.</p> |
| <p>(d) The contracts were signed with REDECO on 15 March 2021 for the purchase of 194 precast power chambers, 385 precast toilets and 3,080 concrete cubes required for the construction of the 1,500 km long electric fence in 2021. According to the agreement, the supplies should be made within 90 days, before the end of 15 June 2021, but, 59 precast power chambers, 634 concrete cubes and 346 precast toilets with the contracted value of Rs.46,683,426 have not been supplied by March 2022.</p> | <p>A considerable amount has been produced so far and arrangements have been made to transport them to the areas where electric fences are being constructed.</p> | <p>Action should be taken as per the agreement.</p> |

4. **Human resource management**

Audit Observation	Comments of the Accounting Officer	Recommendation
----- Total staff vacancies in the department were 924 including 25 senior level vacancies and 45 surplus staff.	----- The staff surplus was 45 as at 31st December 2020 due to the reason that 54 trainee graduates were assigned to this department.	----- Action should be taken to fill the vacancies.