

Report of the Auditor General on Head 232 of Department of Prisons - Year 2015

The audit of the Appropriation Account, Commercial Advance Account and Reconciliation Statement including the financial records, books, registers and other records of the Department of Prisons Head - 232, for the year ended 31 December 2015 was carried out in pursuance of provisions in Article 154(1) of the Constitution of the Democratic Socialist Republic of Sri Lanka. The Management Audit Report for the year under review was issued to the Commissioner General of the Department on 26 September 2016. The audit observations, comments and findings on the accounts and reconciliation statements were based on a review of the Accounts and Reconciliation Statements presented to audit and tests of samples of transactions. The scope and extent of such review and tests were such as to enable as wide an audit coverage as possible within the limitations of staff, other resources and time available to me.

1.2 Responsibility of the Chief Accounting Officer and the Accounting Officer for the Accounts and Reconciliation Statements

The Chief Accounting Officer and the Accounting Officer are responsible for the maintenance, preparation and fair presentation of the Appropriation Account, Commercial Advance Account and the Reconciliation Statements in accordance with the provision in Articles 148,149,150 and 152 of the Constitution of the Democratic Socialist Republic of Sri Lanka, other Statutory Provisions and Public Finance and Administrative Regulations. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of Accounts and Reconciliations Statements that are free from material misstatements whether due to fraud or error.

2. Accounts

2.1 Appropriation Account

(a) Total Provision and Expenditure

The total net provision made for the Department amounted Rs.6,892.19 million and out of that Rs. 6,526.23 million had been utilised by the end of the year under review. Accordingly, the savings out of the total net provision made for the Department amounted to Rs. 365.96 million or 5.31 per cent. Details are shown below.

Expenditure	As at 31 December 2015			Saving as a percentage of Net Provisions
	Net Provision	Utilization	Savings	
	Rs.millions	Rs.millions	Rs.millions	
Recurrent	4,648.00	4,620.30	27.70	0.60
Capital	<u>2,244.19</u>	<u>1,905.93</u>	<u>338.26</u>	<u>15.07</u>
Total	<u>6,892.19</u>	<u>6,526.23</u>	<u>365.96</u>	<u>5.31</u>

2.2 Advance Account

2.2.1 Advances to Public Officers Account

Limits Authorized by the Parliament

The limits authorized by the Parliament for the Advances to Public Officers Account of the Department under the Item No. 23201 and the actual amounts are shown below.

Expenditure		Receipts		Debit Balance	
Maximum Limit	Actual	Minimum Limit	Actual	Maximum Limit	Actual
Rs.millions	Rs.millions	Rs.millions	Rs.millions	Rs.millions	Rs.millions
146.00	134.20	126.00	134.35	400.00	266.11

2.2.2. Commercial Advance Account

(a) Limits Authorized by the Parliament

The limits authorized by the Parliament for the Commercial Advance Account of the Department under the Item No. 23202 and the actual amounts are shown below.

Expenditure		Receipts		Debit Balance		Liabilities	
Maximum Limit	Actual	Minimum Limit	Actual	Maximum Limit	Actual	Maximum Limit	Actual
Rs.millions	Rs.millions	Rs.millions	Rs.millions	Rs.millions	Rs.millions	Rs.millions	Rs.millions
80.00	75.54	90.00	148.90	12.00	16.18	50.00	6.43

(b) Financial Results

The financial results of the Commercial Advance Accounts under the Item No. 23202 for the year under review compared with the preceding year are shown below.

Advance Account Activity	Financial Results			
	2015		2014	
	Profit Excluding the Hypothetical Charges	Loss including the Hypothetical Charges	Profit excluding the Hypothetical Charges	Profit including the Hypothetical Charges
	Rs.millions	Rs.millions	Rs.millions	Rs.millions
Industrial and Agricultural Advance Account	50.80	(9.51)	49.92	10.35

2.3 Imprest Accounts

The total balance of 02 Imprest Accounts under the Department as at 31 December 2015 had been Rs. 45.74 million. Details are given below.

Imprest Account No.	Balance as at 31 December 2015
	Rs.millions
7002/0000/00/0078/0015/000	30.13
7002/0000/00/0079/0015/000	<u>15.61</u>
Total	<u>45.74</u>

2.4. General Deposit Accounts

The total of the balances of 07 Deposit Accounts under the Department as at 31 December 2015 had been Rs. 250.18. A debit balance amounting Rs. 8.86 million had been remained in the Imprest Account No. 6000/0000/00/0015/0112/000. Details are given below.

Deposit Account No.	Balance as at 31 December 2015
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	Rs.millions
6000/0000/00/0001/0016/000	12.25
6000/0000/00/0002/0017/000	3.33
6000/0000/00/0006/0028/000	4.16
6000/0000/00/0006/0081/000	3.97
6000/0000/00/0016/0062/000	225.90
6000/0000/00/0018/0075/000	0.57
6000/0000/00/0008/0001/000	<u>4.92</u>
Total	<u>255.10</u>

2.5 Audit Observation

Appropriation Account, Commercial Advance Account and the Reconciliation Statement of the Department of Prisons had been prepared satisfactorily subject to the observations appearing on above paragraph 1.1 of the Management Audit Report for the year then ended 31 December 2015. The material and important audit observations included in that Management Report appear in paragraph 3 herein.

3. Material and Significant Audit Observations

3.1 Non - maintenance of Registers and Books

It was observed during audit test checks that the Department had not maintained the following registers while certain other registers had not been maintained in the proper and updated manner.

Type of Register	Relevant Regulation	Observations
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(i) Register of Fixed Assets	Treasury Circular No. 842 dated 19 December 1978/ Appendix 11 of Financial Regulations 502(2)	Not maintained by the Head Office.

(ii)	Log Books of the Vehicles	Financial Regulations 1645(a)	Not maintained by the Mahara Prison after the year 2011.
(iii)	Register of Fixed Assets on Computer, Accessories and Software	Treasury Circular No. IAI/2002/02 dated November 2002	Not properly maintained by the Head Office.

3.2 Non – adherence of Limits

The maximum debit balance limit authorized by the Parliament for the Commercial Advance Account of the Department under the Item No. 23202 had been Rs. 12.00 million. The debit balance as at the end of the year under review had been Rs.16.18 million. Accordingly, that limit had been exceeded by the Department by Rs.4.18 million.

3.3 Imprest Account

The balance in respect of an Imprest Account unsettled by the Department as at 30 April 2016 had been Rs. 41,107.

3.4 Reconciliation Statement on Advances to Public Officers Account

The following deficiencies were observed at the audit test check carried out in respect of Reconciliation Statement as at 31 December 2015 relating to the Advances to Public Officers Account Item No. 23201.

- (a) According to the Reconciliation Statement furnished to audit the total of the outstanding balances was Rs.8,106,545 and even though those balances had remained outstanding over a period ranging from 01 to 05 years, the Department had failed to recover those outstanding balances.
- (b) According to the Register of Individual Balances a difference of Rs.186,714 was shown as compared with the Treasury Books as at 31 December 2015.
- (c) After winding up the Wathupitiwala Prison, even though the officers therein had been transferred to the other prison institutions, action had not been taken to recover the loan balances by identifying the officers whose loan balances remained recoverable amounting Rs.168,183.
- (d) A sum of Rs. 123,821 had been over charged at the instances of recovering loans and action had not been taken to pay that money in return.

3.5 Commercial Advance Account

The following deficiencies were revealed during the course of audit test checks carried out with regard to the Prison Industrial and Agricultural Activities Commercial Advance Account Item No. 23202.

- (a) The Audit Opinion in respect of the Advance Account had been disclaimed for the year 2015 as well as in the preceding year.
- (b) The total of the outstanding balances of the Advance Account was Rs. 63,826,485 and the Department had failed to recover those outstanding balances.
- (c) Action had not been taken to settle the balances payable amounting Rs. 12,457,320 in respect of the Advance Account by the end of the year under review.
- (d) A difference of Rs.198,289 was remained in between the balance of Finished Goods Stock Ledger and the closing balance of Finished Stock in the financial statements in the Mahara Prison as at 31 December 2015.
- (e) The purchase of Raw Material of the Bakery Section and the Cultivation Section (Farm) had been Rs. 8,626,721 and Rs. 358,252 respectively. As a result of addition of fuel and power amounting Rs. 655,800 and Rs. 317,538, the raw material of the Bakery Section and the Cultivation Section had been overstated as Rs. 9,282,521 and Rs.657,790.

3.6 Good Governance and Accountability

3.6.1 Assets Management

The following deficiencies were observed during the course of audit test checks of the assets of the Department.

(a) Idle and underutilized Assets

It was observed during the course of audit test checks that certain assets categorised below had been either idle or underutilized.

- (i) Two motor cycles and two lorries which had been received to the Weerawila Prison during the year under review and the preceding year had not been utilized during the year under review.

- (ii) The purchased 12 Digital Cameras valued at Rs.174,000 from a private company for the photographing of prisoners had not been utilized and 14 microwave ovens purchased for Rs.147,406 from another private company also had not been utilized.

(b) Irregular use of Assets not vested

Action had not been taken to acquire the land in extent of 10 perches where the Prison Shop is situated in 11 Small Villages, South Bank, Weerawila.

(c) Unsettled Liabilities

The following observations are made in this connection.

- (i) The total of the unsettled liabilities of the Department as at 31 December 2015 had been Rs.226,904,589. The total of the balances within those liabilities which had been remained outstanding over a period ranging from 01 to 05 years had been Rs.1,452,025.
- (ii) Even though the savings after the utilization of provisions made available for 16 Objects had been Rs. 9.15 million, it had been entered into commitment of liabilities exceeding those savings amounted to Rs. 135.16 in contrary to Financial Regulation 94(1).

3.7 Non – Compliances

Non – Compliance with Laws, Rules and Regulation

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

Reference to Laws, Rules and Regulations	Value Rs.	Non – Compliance
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(a) Financial Regulations of the Democratic Socialist Republic of Sri Lanka.		

(i) Financial Regulations 447(4) (5)	226,904,589	Liabilities had not been included in the Appropriation Vote Ledger.

(ii)	Financial Regulations 757 (c)	-	Action had not been taken in respect of the Shortages and the Recommendations mentioned in the Board of Survey Reports.
(iii)	Financial Regulations 103 and 104	13,015,000	Reporting of the loss in terms of 103(1), commencement of inquiries in terms of 104(1)(a), submission of the Preliminary Reports and the Full Reports in terms of 104(3)(4) of Financial Regulation had not been done in respect of the loss occurred at the Riot of Welikada Prison on 09 th November 2012.
(iv)	Financial Regulations 102 and 104	5,902,059	Out of the losses totalling Rs.4,368,716 relating to 77 accidents remaining for more than the time period of 10 years, action had not been taken to examine and recover the losses in respect of 20 vehicle accidents that had remained from a period ranging from 5 to 10 years amounting Rs.1,533,343 in terms of Financial Regulations.
(b) Prisons Standing Orders			

(i)	Circular No. 2013/13 of Prisons Department	-	Even though the Bank Pass Books including Prison Wages should be handed over to them at the instance of releasing of prisoners, it had not been so done to return the Wages and the Bank Pass Books at the instance of releasing of 20 prisoners from the Weerawila Prison.
(ii)	Prisons Standing Order 514,518,519 and 522	-	The same variety of vegetables are not allowed to be provided 3 days per week and although at the instance of supplying fresh fish the dried fish should be supplied in two varieties at least two days per week, it had not been so done.

3.8 Implementation of Projects from Domestic Financing

Instances of projects abandoned without commencing, projects abandoned without completion and the project delays revealed during the course of audit test checks are given below.

(a) Projects abandoned without completing

Even though the Department had commenced the below mentioned Project, that Project had been abandoned without being completed.

Project	Estimated Cost	Due date of Commencement	Expenditure up to 31 December 2015	Reasons for abandoning in brief
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	Rs.		Rs.	
Construction of the Prisoners' Training Centre at Kotawilawaththa, Matara	32,000,000	2014.11.11	15,958,902	It had been commenced targeting the Dayata Kirula Exhibition and Development Programme 2015 and as a result of freezing the functions of Dayata Kirula Exhibition, construction activities had been abandoned.

(b) Delays in the execution of Project

Delays in the execution of the following Project by the Department were observed.

Project	Estimated Cost	Date of Commencement	Due Date of completion	Date of completion	Expenditure as at 31 December 2015	Reasons for Delay
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	Rs.				Rs.	
Construction of Pallekelle Prison	1,927,040,000	2007.08.15	2011.12.31	Not completed	1,266,088,000	It had been informed that the reason for the savings of provision amounting Rs.307,363,208 during the year under review was the conduction of construction

apart from a
planned
procedure.

3.9 Performance

The observations on the Progress of the Department according to the Annual Budget Estimates and Action Plan for the year 2015 are as follows.

(a) Key Functions not executed adequately

Even though a sum of Rs.2,534,807 from the Estimated Provisions and a sum of Rs.1,907,884 from the Prisoners' Welfare Funds had been spent for the rehabilitation of prison inmates with the objective of creation of the background to be socialized as better civilians after releasing the inmates who were imprisoned; by conducting various vocational, spiritual and religious, educational and welfare, rewarding, sports and implementation of various programmes several activities relating to rehabilitation had not been achieved sufficiently. Several such instances are shown below.

- (i) The area which should have been reserved for an inmate was 24 square feet. The average of the number of prisoners/suspects who could have been retained in 13 Prison Institutions should be 479 and at the 05 instances of examinations the number of retained had been lapsed in double. It had been observed in audit that the matters such as inconvenience of staying because of the congestion in the prison wards due to insufficient space in the wards, difficulties of staying at nights, not conducting the procedures of rehabilitation properly, reduction in efficiency of rehabilitation activities due to staying of prisoners who are imprisoned firstly and imprisoned from time to time together in the same wards and appearing the other social problems as a result of young prisoners were being imprisoned along with the other inmates. Even though the constructions had been commenced in Pallekele and Tangalle Prisons during the years 2007 and 2013, those constructions had not been completed by the 31 December 2015.
- (ii) Action had not been taken to calculate and deposit the Prison Wages properly for the inmates in work groups who had assigned on Relief Work Basis.
- (iii) Even though a sum of Rs. 374,000,000 had been made available during the year under review and the two preceding years, the Project of Relocation of Prisons in Western Province had not been carried out due to non-implementation of a permanent policy measure.

- (b) Out of the total provisions amounting Rs. 360,000,000 which had been made available for the construction of the Pallekele Prison Complex in the year under review, a sum of Rs.170,000,000 or 47 per cent had been transferred to the other Objects. Hence, the provisions made available had not been utilized for the purposive activities.

3.10 Deficiencies in the Operation of Bank Accounts

Even though the 172 cheques which were not presented for the payment amounting Rs. 712,809 had been remained from 6 months to 3 years period, action had not been taken with regard to those cheques in terms of the Financial Regulations 396 (d).

3.11 Transactions of Contentious Nature

Certain transactions entered into by the Department had been of contentious nature. Particulars of several such transactions observed during the course of audit test checks appear below.

- (a) A shortage of 17.1 Kilograms in 3 items and an excess of 96.3 Kilograms in 11 items had been shown with regard to the 16 selected food items in the Main Stores of Colombo Remand Prison at the examination conducted on 21 September 2015 in between the balance relating to the Stock Book and the Physical Balance.
- (b) A shortage of 11.2 Kilograms in 08 food items and an excess of 7.57 Kilograms in 05 food items had been shown at the physical examination of Stores of the Mahara Prison on 27 August 2015.
- (c) The total Prison Wages amounted to Rs. 5,360,468 for the years 2010, 2011, and 2012 had been retained in the General Deposit Account in Mahara Prison, without crediting to the Prisoners' Accounts. The Prison Wages had not been calculated for the inmates in Weerawila and Thaldena Prisons up to October 2015.

3.12 Irregular Transactions

Certain transactions entered into by the Department had been devoid of regularity. Several such instances observed are given below.

- (a) Even though the provisions amounting Rs.1,000,000 for the years 2013 and 2014 and Rs.1,100,000 for the year 2015 had been made available, 300 fire extinguishers had been purchased by 100 equipment per year without given training. Even though a two year warranty period had been given for these equipment, examination and servicing of any equipment had not been conducted during that period. Even though 200 equipment which were supplied in the years of 2013 and 2014 could have been used by refilling for a value such as Rs. 649,483, attention had not been paid in this connection. A training had not been given to the officers for handling of fire

extinguishers and attention had not been paid relating to the instructions of the ICTAD Guidelines for Fire Detection.

(b) Deviation from Government Procurement Procedure

As a result of the weaknesses in the procurement planning and procurement implementation, a sum of Rs. 102,390,324 or a 53 per cent had been saved out of the provisions amounting Rs. 194,000,000 made available under two Objects for acquiring of the assets at the end of the year.

(c) Transactions Without Authority

The following observations are made.

- i. A sum of Rs.15,958,902 had been spent for the construction of Prisoners' Training School in Kotuwilawatta, Matara which costs estimated value of Rs.32,000,000 by 31 December 2015. The approval of the Department of National Planning and Implementation had not been taken to implement these projects.
- ii. The Prison Rewards Fund was commenced by levying 10 per cent from each prison inmates. The approval had not been received from the Treasury to open bank accounts in terms of the Financial Regulations 381 (1). One Savings Account and two Fixed Deposit Accounts had been opened from that Fund in the period of 2001- 2005, and any withdrawal had not been recorded. The balances as at 31 December 2015 had been Rs. 5,113,063 , Rs. 500,000 and Rs. 700,000 respectively.

3.13 Losses and Damages

The following observations are made.

- (a) Action had not been taken to conduct the examination in terms of Financial Regulations relating a loss of Rs.400,000 for the accident occurred on 23 September 2011. Due to that, the vehicle had been completely damaged and condemned. The loss of Rs. 400,000 only had been charged on 03 April 2016 from the Additional Superintendent who had driven the vehicle at the instance of the accident occurred.
- (b) A Mitsubishi Lancer vehicle which had met with an accident on 11 April 2013 and it had been handed over to a private garage to an estimated value of Rs.400,000 for the repairing. Even though the repairing of that vehicle had been completed by the 20 November 2015, action had not been taken to recover the agreed value of Rs. 68,750 from the insurance company. Although the Garage had informed by a letter on 30 July 2015 that the repair would be done immediately, the vehicle had been remained in the Garage even by 25 August 2016.

3.14 Uneconomic Transactions

A transaction entered into devoid of economy revealed during the course of test checks are given below.

The Generator which had been used and disposed by the Walikada Prison in the year 2002 afterwards it had been repaired by spending Rs. 510,502. Even though a sum of Rs.6.1 million had been paid to the Electricity Board of Kolonnawa for the installation of electronic circuit in the year 2010, it had been decided to dispose this Generator in the year 2014. As a result of action not taken to provide a new Generator the expenditure incurred amounting Rs. 61 Lakhs was uneconomic.

3.15 Management inefficiencies

The following observations were made in audit test checks.

- (a) Orders had been enacted to taking photographs of inmates in Prison Institutions for the registration of prisoners properly and hand over those photographs to the Police and the Media in case of escaping. Even though 32 Digital Cameras amounting Rs. 464,000 had been purchased, 93 inmates in 28 Prison Institutions had escaped as at 25 September 2015 action had not been taken to hand over their photographs to the Police Stations and the Media.
- (b) Even though the post mortem of 46 prisoners who had died between the time period of 2011-2014 in the Mahara Prison had been functioned, obtaining the examination reports and winding up the files had not been done even by 27 August 2015.
- (c) A sum of Rs. 248,487 had been paid on 21 July 2015 for the fixing of doors and windows required for the buildings. Scanning machines for the persons and parcels were underutilised due to non-fixing of the machines after the completion of constructions even by 30 November 2015.
- (d) Action had not been taken to repair the nine quarters belonging to the Mahara Prison which were remained unused.
- (e) Even though a Land Master Tractor (CENT type, condemned from 2010) and another Land Master Tractor had been parked at the Centre from the month of December 2012, those vehicles had been idle up to the month of September 2016.
- (f) The OTEX Generator was remained idle at the Carpentry Section of Thaldena Prison.
- (g) Out of the prisoners who had escaped from the year 2012 to 10 September 2014 from Thaldena Prison, seven prisoners could not be able to find up to the month of November 2015 .

- (h) An administrator had not been appointed to function the activities relating to the inmates in the Carpentry Section and Welding Section in the Thaldena Prison.
- (i) Even though the Industrial Section products and Agricultural products of the Thaldena Prison had been issued to other institutions, 07 bills amounting Rs. 196,231 which should be recoverable for those products had not been settled even by the month of September 2016.

3.16 Human Resources Management

Approved Cadre and Actual Cadre

The position on the cadre as at 31 December 2015 was as follows.

Category of Employees	Approved Cadre	Actual Cadre	Number of Vacancies
i. Senior Level	95	48	47
ii. Tertiary Level	6,864	5,341	1,521
iii. Secondary Level	494	297	197
iv. Primary Level	369	331	36
v. Others (Casual / Temporary / Contract Basis)	-	04	-
Total	7,822	6,021	1,801

As a result of vacancies existing as above several problems had been generated at the instances of execution of duties. Several such instances observed are given below.

- (a) The number of vacancies of officers in the Thaldena Prison as at 30 September 2015 was 63 and due to non-filling of vacancies it had been impossible to efficiently perform the activities in the Sections of Agricultural, Carpentry, and Welding.
- (b) Either a wall or fences had not been constructed for the security around the Pallekele Prison of which bears a large area and 28 Check Points had been established for the security. The prison had not had sufficient number of officers to occupy at the Check Points.
- (c) As a result of lack of officers in the Thangalla Prison of which a Prison where the prisoners are retained; covers a number of Courts, it had been observed that a problematic situation would be occurred while carrying the inmates to the Courts.
- (d) Duties of 10 Courts in Badulla and Nuwara Eliya Zonal Courts had been assigned to the Badulla Prison and due to existing of large number of vacancies, weaknesses in establishment and administration activities were remained and an inconvenience of implementation was also appeared.