

Report of the Auditor General on Head 326 –Department of Community Based Corrections – Year 2015

The audit of the Appropriation Account and the Reconciliation statements including the financial records, books, registers and other records of the Head 326 – Department of Community Based Corrections 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 of the Department on 09 June 2016. The audit observations, comments and findings on the accounts and the 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 Responsibilities 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, and the Reconciliation Statements in accordance with the provisions 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 Reconciliation Statements that are free from material misstatements whether due to fraud or error.

2. Accounts

2.1 Appropriation Account

Total Provision and Expenditure

The total net provision made for the Department amounted to Rs.233.80 million and out of that Rs.226.60 million had been utilized by the end of the year under review. Accordingly, the savings out of total net provision of the Department amounted to Rs.7.20 million or 3.08 per cent. Details appear below.

Expenditure	As at 31 December 2015			Savings as a Percentage of Net Provision
	Net Provision	Utilization	Savings	
	Rs.Millions	Rs. Millions	Rs. Millions	
Recurrent	221.51	214.70	6.81	3.07
Capital	12.29	11.90	0.39	3.17
Total	233.80	226.60	7.20	3.08

2.2 Advance Account

2.2.1 Advances to Public Officers Account

Limits Authorized by Parliament

The limits authorized by Parliament for the Advances to Public Officers Account of the Department under Item No.32601 and the actual amounts are given 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
10.18	10.17	5.78	7.01	40.00	21.86

2.3 Imprest Account

The balance of the Imprest Account of the Department as at 31 December 2015 totalled amount Rs.473,434.

2.4 General Deposit Account

The balance of the Deposit Account of the Department as at 31 December 2015 amounted to Rs.64,483.

2.5 Audit Observation

The appropriation Account and the Reconciliation Statements for the year ended 31 December 2015 of the Department of Community Based Corrections had been satisfactorily prepared subject to the Audit Observations appearing in the Management Audit Report referred to in paragraph 1.1 above. The material and significant Audit Observations out of the Audit Observations included in the Management Audit Report appear in paragraph 3.

3. Material and Significant Audit Observations

3.1 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 -----
(i) Fixed Assets Register on Computers, Accessories and Software	Treasury Circular No.IAI/2002/02 dated 28 November 2002.	Not maintained.
(ii) Register of Cheques and Money Orders	Financial Regulation 451	Not maintained.
(iii) Register of Counterfoil Books	Financial Regulation 341	Not maintained.
(iv) Register of Fixed Assets	Treasury Circular No.842 dated 19 December 1978.	Not updated.

3.2 Appropriation Account -----

Budgetary Variance -----

Excess provisions had been made for 01 Capital Object and 04 Recurrent Objects and as such the savings, after the utilization of provisions ranged between 20 per cent to 100 per cent of the net provisions relating to the respective Objects.

3.3 Reconciliation Statement of the Advances to Public Officers Account -----

According to the Reconciliation Statement of the Advances to Public Officers Account, Item No.32601 as at 31 December 2015, the balances that remained outstanding as at that date totalled Rs.270,661. Even though those outstanding balances remained over periods ranging from 01 year to 05 years, the Department had failed to recover those outstanding balances.

3.4 Good Governance and Accountability -----

3.4.1 Internal Audit -----

An Internal Audit Unit had not been established.

3.4.2 Audit and Management Committee -----

The meetings of the Audit and Management Committee had not been held in the year under review.

3.5 Assets Management -----

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

(a) Conduct of Annual Boards of Survey

According to the Public Finance Circular No. 02/2014 of 17 October 2014, the Board of Survey for the year 2015 should be conducted and the reports thereon should be furnished to the Auditor General before 17 March 2016. Nevertheless the Department had not furnished those reports for audit even by 31 May 2016. The last Board of Survey conducted had been for the year 2014.

(b) Irregular use of Assets not Vested

A sum of Rs.331,575 had been incurred to construct Community Based Correction Centre in the premises of the Buddhist Temple Theliyagonna, Kurunegala. The land plot in extent of 12 perches in which the construction made had not been acquired by the Government. Similarly a suitable site inspection also had not been carried out relating to the construction.

(c) Unsettled Liabilities

The unsettled liabilities of the Department as at 31 December 2015 amounted to Rs.590,207 and a sum of Rs.35,972 had been over paid in settling of those liabilities.

3.6 Non – compliances

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.

Reference to Laws Rules and Regulations -----	Value -----	Non-compliance -----
	Rs.	
Financial Regulations of the Democratic Socialist Republic of Sri Lanka -----		
(i) Financial Regulation 371(2)(c)	474,563	The Ad-hoc sub-impressts issued for various activities had not been settled immediately after the completion of the purpose.
(ii) Financial Regulation 371(2)(d)	478,325	Ad-hoc sub-impressts had been issued in 38 instances to the non-staff Grade officers.

3.7 Performance

The observations on the progress of the Department according to the Annual Budget Estimate and the Action Plan for the year 2015 are given below.

(a) **Key Functions not Executed Adequately**

Provisions of Rs.800,000 had been made for the programme to increase the number of Directions of Community Based Corrections for the year 2015. Only a sum of Rs.138,813, out of that provisions had been spent. Even though those activities should be implemented in 97 Regional Offices, it had been implemented in 29 offices only.

(b) **Action not taken in accordance with the Annual Action Plan**

Even though a sum of Rs.800,000 had been estimated to make the Network of the Computer System under the improvement of office systems, that project had not been commenced.

3.8 Deficiencies in the Operation of Bank Accounts

The following observations are made.

(a) **Delays in the Preparation of Bank Reconciliation Statements**

The Bank Reconciliation statement for the month of December 2015 in respect of a bank current account opened in the Peoples Bank by the Department had been prepared on 04 April 2016 with a long delay of more than 03 months.

(b) **Balances for Adjustments**

The unidentified deposits credited to the bank account amounted to Rs.3,389,503 which remained for over 06 months and less than 01 year and the payment made by the bank totalled Rs.50,181 shown in the Bank Reconciliation Statement prepared for the month of December 2015 by the Department had not been brought to the accounts of the Departmental books even by the end of the year under review.

(c) **Lapsed Cheques**

Action in terms of Financial Regulation 396(d) had not been taken on 03 cheques issued by the Department but not presented for payment to the bank and the validity period expired totalled Rs.21,110.

(d) Cheques Deposited but not Realized

Even though 04 cheques totalling Rs.5,770 had been deposited in the bank by the Department before 06 months, those cheques were not realized even by the end of the year under review.

3.9 Human Resources Management

Approved Cadre and Actual Cadre

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

Category of Employees	Approved Cadre	Actual Cadre	Number of Vacancies
-----	-----	-----	-----
(i) Senior Level	04	02	02
(ii) Tertiary Level	124	114	10
(iii) Secondary Level	468	387	81
(iv) Primary Level	11	09	02
(v) Others(Casual/Temporary/Contract Basis)	-	-	-
Total	<u>607</u>	<u>512</u>	<u>95</u>