

Report of the Auditor General on Head 326 –Department of Community Based Corrections – Year 2016

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 2016 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 23 August 2017. 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.265.80 million and out of that Rs.259.40 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.6.40 million or 2.41 per cent. Details are below.

Expenditure	As at 31 December 2016			Savings as a Percentage of Net Provision
	Net Provision	Utilization	Savings	
	Rs.Millions	Rs.Millions	Rs.Millions	
Recurrent	252.75	249.65	3.10	1.22
Capital	13.05	9.75	3.30	25.28
Total	265.80	259.40	6.40	2.41

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	Minimum Limit	Actual
Rs.Millions	Rs.Millions	Rs.Millions	Rs.Millions	Rs.Millions	Rs.Millions
12.00	8.88	4.00	7.13	40.00	23.90

2.3 Imprest Account

The balance of the Imprest Account No.7002/0000/00/412/0016/000 under the Department as at 31 December 2016 amounted to Rs.19,116.

2.4 General Deposit Account

The total balance of three General Deposit Accounts under Department as at 31 December 2016 amounted to Rs.131,150. Details are given below.

Deposit Account Number -----	Balance as at 31 December 2016 -----
	Rs.
6000/0000/00/0013/0145/000	250
6000/0000/00/0018/0126/000	38,000
6000/0000/00/0019/0029/000	92,900

	131,150
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2.5 Audit Observation

The Appropriation Account and the Reconciliation Statements of the Department of Community Based Corrections for the year ended 31 December 2016, had been satisfactorily prepared subject to the audit observations, appearing in the Management Audit Report referred 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 Non – maintenance of Registers and Books

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

Type of Register -----	Relevant Regulation -----
Fixed Assets Register	Treasury Circular No 842 of 19 December 1978
Fixed Assets Register of Computer Accessories and software	Treasury Circular No IAI/2002/02 of 28 November 2002

3.2 Replies to Audit Queries

Replies had not been furnished even up to 31 July 2017 to 05 audit queries issued during the year under review and quantifiable value relating to those audit queries was amounted to Rs.13,616,260.

3.3 Appropriation Account

3.3.1 Budgetary Variance

Even though provision of Rs.3,000,000 had been made for the Capital Object of construction of 03 Community Corrections Centres, entire provision had not been utilized due to non existence of proper planning during the year under review.

3.4 Imprest Account

Although the Ad hoc sub imprests should be settled within 10 days after the completion of the work interms of Financial Regulation 371. Ad- hoc sub imprests aggregating Rs.502,686 granted in 52 instances had been settled with delays from 01 month to 6 months after completion of the work. Further, another advances totalling Rs.180,873 had been granted in 14 instances before settling previous advance.

3.5 Reconciliation Statement of the Advances to Public Officers Account

The following deficiencies were observed during the audit test checks in connection to the Reconciliation Statement of the Advances to Public Officers Account, Item No. 32601, as at 31 December 2016.

- (a) According to the Reconciliation Statement furnished to the audit, the outstanding balances as at that date totalled Rs.342,364 and those outstanding balances remained over period from 01 year to 5 years. The follow up action on the recovery of those outstanding balances had been at a weak level.

- (b) Even though Festival Advance of Rs.10,000 should be given on the basis of recovering in 08 months per annual festival, Rs.230,000 had been given again to the 23 officers without being fully recovered of festival advances given during the year under review.

3.6 Good Governance and Accountability

3.6.1 Annual Procurement Plan

According to the National Budget Circular No.128 of 24 March 2006, the approval had not been obtained from the Chief Accounting Officer's to the procurement plan for the year under review. Anti Virus Software 105 and UPS 54 which was not included in the Procurement Plan had been purchased at a cost of Rs.452,928.

3.6.2 Internal Audit

An Internal Audit Unit had not been established in terms of the Financial Regulation 133.

3.6.3 Audit and Management Committee

Meetings of the Audit and Management Committee had not been held in terms of the Management Audit Circular No.DMA/2009(1) of 09 June 2009.

3.7 Assets Management

Conducting Annual Board of Survey

In terms of the Public Finance Circular No 05/2016 of 31 March 2016, even though the Annual Board of Survey of the year 2016 should have been conducted and the reports thereon should have been submitted to the Auditor General before 17 March 2016, those reports had not been forwarded even to audit by 20 August 2017.

3.8 Non – Compliances

Non Compliance with Laws, Rules and Regulations .

Instances of non – compliance with the Provisions in laws, rules and regulations observed during the courses of audit test checks are analyzed below.

Reference to Laws, Rules and
Regulations

Non Compliance

(a) Financial Regulations of the
Democratic Socialist Republic of
Sri Lanka

(i) Financial Regulation 94

Even though, no commitments should
be incurred for liabilities in excess of
provisions, Rs.518,752 had been
committed in excess of provisions for
03 Recurrent Objects which does not
fall under services or supplies.

(ii) Financial Regulation 138

Payments had been made for 02
vouchers valued at Rs.114,060 without
expenditure being certified.

(b) Ministry of Finance and Planning
Circular No.124 of 14 October
1997

Although the maximum period of acting
in a post had been limited to three
months, two officers had been
appointed on two occasions to act as
Community Corrections Commissioner
in the position more than 14 months.

(c) Public Accounts Circular
No.252/2016 of 09 December 2016

Financial Statements with the Statement
of Financial Performance, Statement of
Financial Position and Cash flow
Statement which was prepared in
accrual basis had not been furnished to
the Auditor General before 30 June
2017.

3.9 Irregular Transactions

Deviation from the Government Procurement Guidelines

The following observations are made with regard to the Procurements had been made
by the Department.

- (a) Eight Procurements total valued at Rs.13,746,763 had been done during the year under review and the preceding year. It had been tried to indicate that the purchase had been made with the lowest price by obtaining 3 bids in accordance to the Shopping Method in 3.4 of the Government Procurement Guidelines. No written evidence had been submitted for audit to confirm the letters had been sent for biddings, the way of receiving letters along with bids, and those had been open in front of the Bid Opening Committee and Procurement Committee approval had been obtained after completing the technical assessments. The Investigation Confirmed that the addresses and the contact numbers of the other suppliers except those who have selected deemed to be mentioned as they have sent bids to supply goods and services were fake and the certain prices had been submitted by the same bidder.
- (b) Even though, according to the Guidelines 3.6 of the Government Procurement Guidelines, re order should not be done by exceeding 50 per cent of the initial contract value, the office equipment cost of Rs.512,038 had been re ordered from the supplier from whom office equipment cost of Rs. 600,932 had already been purchased.

3.10 Performance

Key Functions not Executed Adequately

Awareness Programme should be conducted by the Department for the Judges, Lawyers, Public Officers in the Magistrate Court System to strengthen the Community Correction Process. But, a plan had not been prepared for that. Out of 100 Magistrate Court with the Community Correction Office, the Awareness Programmes had been conducted to only above mentioned officers in 10 Magistrate Court. Further, out of 100 Community Correction Office only 39 had been monitored during the year under review and that also had been done without a plan.

3.11 Unresolved Audit Paragraph

Reference to the unresolved paragraph by the Department related to the deficiencies directed from the audit paragraph included in the audit reports of the Department are given below.

Reference to the Audit Report

Year	Paragraph No	Relevant Subject
2015	3.5 (b)	Irregular use of assets not vested.

3.12 Uneconomic Transactions

The Following Observations are made.

- (a) Even though, Community Correction Diploma which had been implemented to trained Work Supervisors, a sum of Rs.91,000 had been spent to train 4 Clerks in the Head Office.
- (b) Sum of Rs.10,858 had been spent during the year under review on Dialog TV connection which had been used by former Commissioner, due to the fact that the connection had not been disconnected after that position become vacant.

3.13 Human Resource Management

Approved Cadre and Actual Cadre

The position of the Cadre as at 31 December 2016 had been as follows.

Category of Employees	Approved Cadre	Actual Cadre	Number of Vacancies
(i) Senior Level	04	03	01
(ii) Tertiary Level	124	109	15
(iii) Secondary Level	468	387	81
(iv) Primary Level	11	08	03
Total	607	507	100