

Head 232 – Department of Prisons

1. Financial Statements

1.1 Qualified Opinion

The audit of the financial statements of the Department of Prisons for the year ended 31 December 2018 comprising the statement of financial position as at 31 December 2018 and the statement of financial performance and cash flow statement for the year then 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 to be read in conjunction with provisions of the National Audit Act No.19 of 2018. The summary report including my comments and observations on the financial statement of the Department of Prisons was issued to the Accounting Officer on 13 June 2019 in terms of Section 11(1) of the National Audit Act No.19 of 2018. The Annual Detailed Management Audit Report relating to the Department was issued to the Accounting Officer on 06 June 2019 in terms of Section 11(2) of the Audit Act. This report will be tabled in Parliament in pursuance of the provisions in Article 154(6) of the Constitution of the Democratic Socialist Republic of Sri Lanka to be read in conjunction with Section 10 of the National Audit Act No.19 of 2018.

In my opinion, except for the effects of the matters described in the paragraph 1.6 of this report, the accompanying financial statements give a true and fair view of the financial position of the Department of Prisons as at 31 December 2018, and of its financial performance and its cash flows for the year then ended in accordance with Generally Accepted Accounting Principles.

1.2 Basis for Qualified Opinion

I conducted my audit in accordance with Sri Lanka Auditing Standards (SLAuSs). My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of Financial Statements Section of my report. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

1.3 Responsibility of the Chief Accounting Officer and the Accounting Officer on the Financial Statements

The Chief Accounting Officer and the Accounting Officer are responsible for the preparation of financial statements that give a true and fair view in accordance with Generally Accepted Accounting Principles and the 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 Department 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 and Accounting Officer shall ensure that an effective internal control system for the financial control exists in the Department 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, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Sri Lanka Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement, of the financial statements, whether due to fraud or error design and perform audit procedures responsive to those risks, 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, omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Department's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Evaluate the overall presentation, 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.

I communicate with the 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 and Regulatory Requirements

I express the following matters in accordance with Section 6(d) and Section 38 of National Audit Act No.19 of 2018.

- (a) Since there was no need for the preparation of financial statements for the preceding year, it could not be stated that the financial statements presented was consistent with the preceding year.
- (b) Since there was no requirement for the Department of Prisons to prepare financial statements for the preceding year, recommendations on the financial statements had not been made.

1.6 Comments on financial statements

1.6.1 Non-compliance with the Provisions of Circulars

The financial statements should be prepared in terms of Public Accounts Circular No.267/2018 dated 21 November 2018. Nevertheless, the instances of deviations from the provisions of the Circular are given below.

Audit Observation	Recommendation	Comments of the Accounting Officer
(a) A reconciliation of Imprest Account had not been prepared accurately in terms of paragraph 7(vi) of above Circular to reconcile the balance of Rs.31,098,930 which should be settled to the Treasury as at 31 December 2018 as per the statement of financial performance with the balance of Rs.462,481 as per cash book to be settled to the Treasury as at that date.	The provisions of the Public Accounts Circular No.267/2018 dated 21 November 2018 should be followed.	I accept that there were errors in entering of debit and credit balances when preparing imprest reconciliation statement.
(b) The provisions amounting to Rs.178,550,000 transferred under Financial Regulations 66 and 69 between 10 Recurrent Objects and provisions amounting to Rs.78,375,000 transferred between 09 Capital Objects had not been included in the ACA – 2(i) format introduced in terms of the paragraph 6 of the Circular.	-do-	I agree with the observation made, that the values of the transfers had not been included in the ACA-02 format in terms of paragraph 6 of the above circular.

(c) In reporting the non-current assets in terms of paragraph 3.3 of the above Circular the Accounting Officer should examine and reconcile the main ledger balances of the non-current assets with the values of the individual balances of the assets and should confirm that the values are agreed. Nevertheless, the Department of Public Accounts had shown a nil-balance of the ledger balances of non-current assets of the Department as at 31 December 2018. Therefore, it was not ensured in audit that a reconciliation had been done in respect of the non-current assets in terms of the Circular. Further, it could not be ensured in audit that the accuracy of the non-current assets shown as Rs.8,475,769,546 in the statement of non-current assets.

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The value of assets had been shown in the financial statements without the value of the motor vehicles and lands. As such a complete Register of Assets is being prepared with the value of those assets.

1.6.2 Statement of Financial Position

The following observations are made.

Audit Observation -----	Recommendation -----	Comments of the Accounting Officer -----
(a) The value of an item of property, plant and equipment should be reported at the revaluation value where fair value of an item could be reliably measured in terms of the Standard 07 of the Sri Lanka Public Sector Accounting Standards. As the fair value of the items of property,	The assets should be duly assessed and the fair value should have been adjusted in the accounts.	The machinery and equipment in the institutions of the prison are very old and such type of machineries are not available in the market. Therefore, it was difficult to determine the market value of those assets.

plant and equipment are with considerable and rapid changes, those items should be revalued once in every 03 years or 05 years. Nevertheless, certain machinery/ plants relating to the Industrial and Agricultural Advance Account had been depreciated during a long period ranging from 25 years to 93 years from the date of the purchase. Accordingly, in making depreciation of the machinery and equipment, the useful life period of the items had not been assessed correctly. As such the fair value of the machinery and equipment was not reflected as at the end of the year under review.

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| <p>(b) Twenty one items of machinery and equipment costing Rs.95,100, and 33 items of machinery and equipment costing Rs.216,630 and 42 items of machinery and equipment costing Rs.315,514 which were old for a period of 75 years, for a period ranging from 50 to 75 years and for a period ranging from 25 to 50 years respectively had been shown in the Register of fixed Assets relating to the Advance Account as at the end of the year under review. Therefore, it was observed that, an accurate assessment had not been made in respect of the effective life period in making depreciation of the machinery and equipment</p> | <p>Effective life period of machinery and equipment should be assessed and should be reflected the fair values.</p> | <p>The machinery and equipment in the institutions of the prison are very old and those are not available in the market. Therefore, it was difficult to determine the market value of those assets.</p> |
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and as such the fair value of machinery and equipment was not reflected as at the end of the year under review.

- (c) The total outstanding debtor balance amounting to Rs.50,383,707 as at 31 December 2018 had included the debtor balances of public sector and private sector amounting Rs.50,348,089 and Rs.35,618 respectively. Action had not been taken to recover the debtor balances included in the above balances remained outstanding for a period over 10 years, for a period over 5 years less than 10 years and for a period over 01 year less than 5 years amounted to Rs.9,876,027, Rs.13,192,402 and Rs.12,868,859 respectively. Even though, a committee had been appointed and conducted 09 meetings to recover the loan balances, 463 bills amounting to Rs.31,846,100 which had to be settled had remained outstanding further as at 24 May 2017 and as such the recovery of loan balances had been at a low position.
- It is suitable to appoint a committee similar to the committee appointed before to take action to recover loans receivable prior to the year 2015 or to take any other suitable action to recover the loans given after the year 2015.
- Action is being already taken to recover these bills as per the instructions of the committee appointed at present.

1.6.3 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 analysed below.

Audit Observation Reference to Laws, Rules and Regulations	Non-compliance	Recommendation	Comments of the Accounting Officer
(a) Paragraph 107 of the Prisons Ordinance No.16 of 1877.	<p>The private properties such as a sum of Rs.538,852 and the gold articles which had been taken into custody by the officers from the suspects imprisoned and should be returned to them within 3 years or a period less than that had not been put into containers separately to identify easily was observed in a test check carried out in respect of a prison institution.</p> <p>Similarly, those containers should be labeled with the name of the Prisoner/ Suspect and the registered number and stamped and should be kept in a safe under the custody of the jailer. Nevertheless, action had not been taken so on.</p>	<p>Action should be taken in terms of the provisions of the Prisons Ordinance.</p>	<p>The instructions were given to the respective officers to take action as per the provisions of the Ordinance.</p>
(b) Establishments Code of the Democratic Socialist Republic of Sri Lanka.			
(i) Chapter XIX Section 6.4	<p>Two quarters out of the official quarters given to the officers on the orders of the Superintendent of Prison had been given by those officers to other officers on rent.</p>	<p>The provisions of the Establishments Code should be followed.</p>	<p>After making a proper examination further action will be taken.</p>
(ii) Chapter XIX Sections 6.14, 6.14.1 and 7.2	<p>Penalty rent amounting to Rs.2,666,304 recoverable from 13 officers who are further occupied the quarters after the cancellation of the</p>	<p>-do-</p>	<p>The officers had been informed to take action according to the Section 6.14 of the Chapter XIX of the Establishments Code.</p>

eligibility to occupy the Government quarters on the reasons such as station transfers and expiration of rental period had not been recovered.

(c) Financial Regulations of the Democratic Socialist Republic of Sri Lanka.

Financial Regulation 215	The Kuruvita prison had paid full amount of Rs.2,009,880 to a private institution before supplying the items and a sum of Rs.481,475 had been paid as repair charges before making repairs of 02 buses. Further, Financial Regulations 136, 137, 138 and 139 had not been followed, when preparing vouchers for above works.	The provisions of Financial Regulations should be followed.	I agree with the audit observations. Action will be taken to warn the responsible officers on violation of the matters specified in the Financial Regulations and action will be taken to not to arise such situations in the future.
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2. Financial Review

2.1 Expenditure Management

The following observations are made.

Audit Observation	Recommendation	Comments of the Accounting Officer
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(a) Out of the Supplementary Provisions amounting to Rs.80 million made for food items and official uniforms under Object 1203 sixty per cent of provisions or Rs.48.26 million had been saved.	Expenditure estimates should be prepared accurately in terms of Financial Regulation 50.	The provisions had been saved due to non-availability of adequate imprests to settle the bills.
(b) The expenditure had been incurred including liabilities exceeding the estimated provision of Rs.436 million allocated for 08 Recurrent Objects by Rs.87.56 million and the provisions of Rs.44.3 million had been transferred to 05 objects out of above objects	-do-	Revisions of salaries of the Government service, increase of overtime rates, increase of subsistence rates therewith and issuing provisions at minimum limits in allocating the provisions by Treasury are the reasons attributed for this position.

under Financial Regulations 66 and 69. As such it was observed that the estimates had not been prepared on a realistic basis.

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| <p>(c) Out of the provisions of Rs.710 million allocated under Object 2104 for the constructions of 03 prison institutions, capital provisions of Rs.38.5 million had been transferred to other objects and provisions of 61 per cent or Rs.435.28 million including the above transferred provisions had not been utilized for the intended work. The percentage of savings of provisions of each Object including the provisions transferred had ranged from 51 per cent to 73 per cent.</p> | <p>-do-</p> | <p>I agree with the observation. The construction company had not achieved the expected physical performance level due to non-receiving of imprests regularly during the year . As such the financial performance could not be achieved and the provisions had been saved.</p> |
| <p>(d) Out of the provisions of Rs.96.6 million allocated under 02 objects for acquisition of capital assets 45 per cent or a sum of Rs.43.79 million had been under- utilized due to delays and weaknesses of procurement process, and planning of procurement had been done as at the end of the year. The percentage of savings of provisions of each Object had been 46 per cent and 43 per cent.</p> | <p>In terms of the Financial Regulation 50 the expenditure estimates should be prepared accurately and the procurement process should be executed properly.</p> | <p>The provisions could not be utilized as expected due to delay of procurement activities in respect of the security equipment and the suspension of the respective procurement by the Technical Evaluation Board.</p> |
| <p>(e) Entire provisions of Rs.26.5 million transferred under Financial Regulation 66 and 69 to the Object 2104 (a) to construct Mannar Prison for which provisions were not made by the estimates had been saved.</p> | <p>The provisions should be transferred with due planning.</p> | <p>The Department of Archaeology had declared that the respective land was an Archaeological valued land and the constructions work had been stopped. As such the provisions could not be utilized.</p> |
| <p>(f) The expenditure had been incurred including liabilities exceeding the estimated</p> | <p>The expenditure estimates should be prepared completely and accurately</p> | <p>The requirement of the provisions was fulfilled under Financial Regulation 66 with the intention of</p> |

provisions of Rs.30 million allocated for 02 capital Objects by Rs.15.68 million and the provisions of Rs.14.5 million had been transferred to these 2 Objects under Financial Regulation 66 and 69 and as such, it was observed that the estimates had not been prepared on a realistic basis.

in terms of Financial Regulation 50.

minimizing the crowded position of the town ship prison institutions and due to the refurbishment work of the boiler machines which used for making prisoners food.

- (g) The provisions amounting to Rs.10,884,368 had been made to purchase 120 pistols of 9mm type which to be issued to the officers deployed in the service of security of special type prisoners and suspects in the years 2016, 2017 and 2018. Even though, 458 officers who has permission to be issued a fire arm had been deployed in the service except 179 vacancies, only 136 fire arms which could have been issued to these officers had belonged to the Department and 38 fire arms unusable had included in the above fire arms. The provisions allocated to purchase fire arms during 3 years period had not been utilized to purchase fire arms due to the reasons such as not taking relevant follow-up actions continuously when purchasing of pistols from the Purchasing Unit of commercial explosives, fire arms and bullets of Sri Lanka Navy and not making a study in respect of modern equipment suitable to present period and not giving specifications accordingly.
- The top management should take action to execute service requirements and to provide required security.
- Action has been taken to inform the Secretary to the Ministry of Defence by the letter dated 27 February 2019 regarding the delay.

2.2 Deposits Balances

 The balances of 08 General Deposit Accounts of the Department as at 31 December 2018 totalled Rs.112 million. The following observations are made in this connection.

Audit Observation	Recommendation	Comments of the Accounting Officer
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(a) Action in terms of Financial Regulation 571 had not been taken on deposits relating to 02 accounts older than 02 years totalling Rs.199,880.	Action should be taken in terms of Financial Regulation 571.	These are the deposits recovered from the salaries of the officers. Instructions were given to open accounts by the names of the officers and to deposit these Security deposits.
(b) A balance amounting to Rs.4.18 million had remained in the prisoners wages and private money account as at 31 December 2018 as the action had not been taken to credit the private bank accounts of the prisoners. Non-payment of wages for certain prisoners who released from the prison and the accounts not opened for some of the prisoners had been the reasons thereon.	-do-	I accept that a balance had remained in the prisoners wages and private money account. The bank accounts could not be opened due to non-availability of identity cards for some of the detainees.

2.3 Reconciliation Statement relating to the Advances to Public Officers Account

 The following deficiencies were observed relating to the balances of the Reconciliation Statement of the Advances to Public Officers Account as at the end of the year under review.

Audit Observation	Recommendation	Comments of the Accounting Officer
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(a) The loan balances of the officers transferred on station transfers should be settled within a period of 03 months in terms of the National Budget Circular No.118 dated 11 October 2014. Nevertheless, the loan balance recoverable from the officers	The Circular instructions should be properly followed.	The recovery of loans had delayed due to the difficulty of finding particulars of the officers transferred out. The instructions had been given to discuss and settle these loans immediately with the assistance of the Ministry of Public Administration.

transferred out amounting to Rs.186,136 had remained outstanding and a loan balance of Rs.92,059 included above balance had remained for over a period of 04 years.

- (b) Loan balances of Rs.7.07 million recoverable from 96 officers who vacated of posts, 68 officers who were interdicted and 19 officers who were dismissed and a loan balance of Rs.4.85 million recoverable from the 140 officers retired and deceased and a loan balance of Rs.168,183 receivable from the officers of Wathupitiwala Prison after close down of the prison had not been recovered. The value of the loan balances for over 05 years included in the above balance had been Rs.3.98 million.
- Prompt action should be taken to recover the outstanding loan balances.
- The officers had been informed through the Divisional Secretary and the police and the disciplinary action of the interdicted officers is being carried out and action will be taken to recover the balance amount of loan balances during this year. Some of these loan balances could not be recovered due to the reasons such as non-availability of the details of old balances, understating of loan balances, provisions made but not accounted, unclaimed death gratuity and not transferred the loan balances of closed down prison and action will be taken to examine those details and particulars and to take further action.
- (c) In recovery of loans, a sum of Rs.114,402 had been over recovered from 11 officers. The value of the loan balance granted for 08 officers exceeding the maximum loan limit of Rs.250,000 as at 31 December of the year under review without being complying the provisions of the Public Administration Circular No.30/2008 of 31 December 2008 amounted to Rs.2.11 million.
- The instructions of the Public Administration Circular No.30/2008 should be followed.
- The instructions had been given to the Prison Superintendents to find the officers whose money over recovered and to reimburse the money and to recover the over paid amounts and to avoid of such type of situations in the future.

2.4 Entering into Liabilities and Commitments

The following observation is made.

Audit Observation	Recommendation	Comments of the Accounting Officer
Two thousand three hundred six instances of liabilities and commitments amounting to Rs.1,170.78 million had existed as at 31 December 2018 and liabilities of Rs.44.66 million had been committed into exceeding the savings amounting Rs.1.65 million in 06 objects contrary to the Financial Regulation 91. It was observed, that the expenditure incurred exceeding the provisions without an authority.	The respective provisions in the Financial Regulations should be followed.	I agree with the matters mentioned in the audit observation.

3. Operating Review

3.1 Activities not executed adequately

The following observation is made.

Audit Observation	Recommendation	Comments of the Accounting Officer
According to the Youthful Offenders Ordinance (Training course) No.28 of 1939, the children had been entered in to the Youthful offenders training school without the relevant reports. As such the Prisons School had been operated with an unsuccessful methodology due to the reasons such as referring the children who were not suitable to educate in this school and without the basic qualifications, not planned the education of the school as per age level and education level of the children, not referred to a successful rehabilitation process for these children who become	Action should be taken to achieve objectives at optimum level.	The Secretary of Judiciary Service Commission had been informed to inform the magistrates to take action in terms of Criminal Ordinance 35. The discussions had been made to use relevant forms to consider the suitability to give punishments, and to make an arrangement to provide vocational training to the children in collaboration with relevant institutions. The activities to commence a methodology in respect of the involvement of the Department of Prison is being discussed.

offenders due to various offences before getting education or when getting education, not paid attention for giving vocational training to the children they most like, and the children were detained without adequate accommodation. It was observed that, most of the children were sent to school for education without their desire and not given training for teachers who attached for the educational activities of the school and the administration work of the school had not been carried out by the Ministry of Education and the Department of Prisons collaborately.

It was observed that the facilities had been at a lowest level such as non-constructing of a security fence or a parapet wall around the Wataraka Prison Camp along with the Prison school, non-availability of facilities to separate the patients in instances of spreading of communicable diseases, non-availability of modern health equipment such as equipment of heart rate monitors, blood pressure monitors, lack of nursing officers and pharmacists, non-availability of acting officers to deploy when an officer on leave etc.

According to the Prisons Standing Order 962, the young offenders should be detained in first year in first house, second year in second house and third year in the third house under the in house control. Nevertheless, that procedure had not been operated at present.

3.2 Delays in Execution of Projects

The following observation is made.

Audit Observation	Recommendation	Comments of the Accounting Officer
----- Network system of the Welikada Prison for implementing of the Information Management System of the Prisons had been handed over to the Sri Lanka Telecom for a sum of Rs.957,978 in the year 2016 and elapsed of 07 years as at 31 December 2018 after the commencement and nearly a sum of Rs.101 million was incurred thereon and implementing of network system of 12 prisons had been handed over to a private firm for a sum of Rs.30.51 million in the year 2018. Another 16 institutions are due to be taken for the network system in the future. But the attention had not been paid to take all institutions to the network at once and to assign the responsibility and the risk to one institution and as well as to reduce the cost and the risk in operating the system. Even though the certain sectors of the prison such as transfers of prisoners are operated, the expected results were not received due to non-operating of the information system in all the institutions of prison.	----- Action should be taken to reduce the expenditure through making same procurements at same time and to reduce the risk and to solve maintenance and errors efficiently. Further, the Information System should be operated in every institution to be executed the expected results.	----- All prison institutions could not be taken into network at same time due to non-availability of the provisions. If the provisions are available the network system for the balance 16 prison institutions will be instituted in the future.

3.3 Procurements

The following observations are made.

Audit Observation	Recommendation	Comments of the Accounting Officer
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(a) A total cost estimate had not been prepared for incurring of Rs.30,519,301 for the procurement in respect of installation, processing and maintenance of computer network system of 12 institutions of prisons on 04 October 2018. Further a formal letter of acceptance should be issued to the bidder by the procurement entity immediately after accepting the bid in terms of Guideline 8.9.3 of the Procurement Guidelines but, a contractual agreement had been entered in to with a private institution on 15 October 2018 only for supplying, installation and processing of network equipment in the activity of network of 12 institutions of prison. Accordingly, the provisions of the Procurement Guidelines had not been followed to select the procurement category and had not been entered into a procurement agreement including a service agreement.	The total cost estimate should be prepared in accordance with the provisions of the Procurement Guidelines and should be selected the procurement category accurately and entered into the contract.	The conditions of maintenance and responsibilities were specified separately in the specifications of each accessory and the bidders had mentioned that they are agreed therein in submitting bids.
(b) There were instances that the officers including store keepers of the institutions of prison had carried out the functions such as inviting quotations for purchase of equipment such as air conditioners, televisions, tables, chairs which should have been included to the annual	The internal control systems should be implemented properly.	As per the directives of the delegation of authority under Financial Regulation 135 for the year 2018 the procurement activities up to maximum of Rs.50,000 could be made by Superintendent of Prison.

Procurement Plan by considering the requirements of all institutions of prison and to be purchased centralizedly and as well as the activities such as inviting quotations for repairs of body checking machines examination, referring for approval and preparing vouchers extraneous to their scope of work. The purchase of air conditioner for a sum of Rs.107,525 on 29 April 2019 and the repair of individual body checking machine by incurring a sum of Rs.62,675 on 28 March 2018 had been carried out under this irregular procurement methodology and the authority also had not been delegated to the Superintendent of Prison.

3.4 Assets Management

The following observations are made.

Audit Observation	Recommendation	Comments of the Accounting Officer
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<p>(a) Twenty one motor vehicles which were in running condition and 32 motor vehicles which were not in running condition had not been registered under the name of the Department. Further there were 43 motor vehicles which remained decaying as natural hazards due to not utilized for an effective economic activity even though, a period ranging from 03 months to 09 years had elapsed after remaining in non-operative by January 2019 as not following the instructions of the Public Finance Circular No.02/2015 dated 10 July 2015. Sixteen motor vehicles for</p>	<p>Action should be taken in terms of the instructions of the Public Finance Circular No.02/2015 dated 10 July 2010.</p>	<p>Action will be taken to follow the instructions of the Public Finance Circular No.02/2015 dated 10 July 2015, and to take further action on the instructions given by the Vehicles Examination Committee and to assign the control of all motor vehicles to a Superintendent.</p>

which had been decided to dispose had not been disposed even though a period ranging from 01 year to 03 years had elapsed after being reported the above matters. Further, it was observed that 53 motor vehicles had not been transferred and registered under the name of the Department due to non-availability of Motor Vehicle Registration Certificate, Insurance Certificate, and Revenue Licence while 08 motor vehicles out of the above motor vehicles had not been registered in the Department of Motor Traffic and not obtained a number even.

- (b) The land named Attanapolawatta on which situated the open prison camp Watareka which consisted 33 acres 1 rood 11 perches had not been transferred to the Department even by 27 December 2018. Action should be taken to ensure the ownership of the assets. The required actions are being carried out to transfer the land.

3.5 Losses and Damage

The following observations are made.

	Audit Observation	Recommendation	Comments of the Accounting Officer
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(a)	The details of the losses totalling Rs.55.79 million in respect of 203 incidents had not been reported properly in a Register of Losses to be maintained in a format in terms of the provisions of Financial Regulation 110.	The provisions of the Financial Regulation 110 should be followed.	The instructions were issued to execute the preliminary activities and refer to the Headquarters as the basic details are in the relevant institutions.
(b)	As the delay of taking action in terms of Financial Regulations in respect of 06 motor vehicle	The provisions of the Financial Regulations should be followed.	Instructions were given to Vehicle Accidents Committee to obtain details from the Superintendents of

accidents including 05 accidents in the year 2017, action had not been taken to assess the losses and to be brought to account.

the institutions in respect of the accidents and to finalise the investigations.

- (c) Action had not been to make investigations in terms of Financial Regulations in respect of a motor vehicle met with an accident on 23 September 2011 and action had not been taken to repair the vehicle. As such the vehicle was disposed due to the vehicle was fully damaged. Nevertheless, action was not taken to account the loss correctly and to take action against the officers responsible for the loss incurred for the fully damaged vehicle. Even though, a sum of Rs.400,000 had been recovered from the officer responsible in the year 2017 after the accident, that amount had been shown in the accounts continuously as a loss.
- Action should be taken in terms of the provisions of Financial Regulation 104.
- The officer responsible for this accident caused in the year 2011 had paid a sum of Rs.400,000 and the approval to write off the loss from the books was requested from the Treasury.
- (d) Action had not been taken either to recover the loss or to write off from the books in terms of the Financial Regulation 103(1) in respect of the losses incurred in 90 accidents totalling Rs.7.07 million which existed for over a period of 10 years and the losses relating to 30 incidents including 28 vehicle accidents totalling Rs.32.46 million existed for a period ranging from 5 years to 10 years and the losses incurred due to 62 motor vehicle accidents totalling Rs.13.71 million. These balances had shown continuously in the accounts. Further, action had not been taken in respect of 27 motor vehicle accidents in the
- Action should be taken in terms of the provisions of Financial Regulation 103.
- I accept that, the accidents and the damage to the property had not been reported properly and due to the weaknesses in taking action in terms of Financial Regulations the loss or damage could not be recovered or had not been eliminated from the books if have a balance.

year 2018 amounting to Rs.2.54 million in terms of Financial Regulation 103(1).

3.6 Uneconomic Transactions

The following observations are made.

Audit Observation	Recommendation	Comments of the Accounting Officer
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<p>(a) Action had not been taken to include a competitive examination for the recruitment method under recruitment procedure as agreed by the officials of the Public Service Commission, Officials of the Ministry and officials of the Prison in the recruitments of 1184 officers recruited for the posts of Guards. On the instructions of the line Ministry and it was planned to recruit the guards on interviews and a sum of Rs.4.23 million had been incurred for the expenditure such as payments for the members of Interview Boards, payments for the sports officers and expenses for over time, other expenses and entertainment expenses. Nevertheless, the subject Minister had submitted a Cabinet Memorandum to cancel these recruitments. As such the expenditure incurred had become an uneconomic expenditure.</p>	<p>The Recruitment Procedure should be duly prepared and the recruitments should be made properly.</p>	<p>The reasons affected for this situation were such as the recruitments were temporary suspended by the line Ministry and were recommended to amend the recruitment procedure and to include a competitive examination by a Cabinet Memorandum and the Department had been changed between Ministries and the changes of the Ministers.</p>
<p>(b) A sum of Rs.1.68 million also included in the above expenditure which spent for</p>	<p>The Government money should be incurred with a proper control and</p>	<p>Even though, the Treasury approval could not be obtained due to this rapid process, the expenses had</p>

entertainment activities for the management. members of Interview Boards and the assistant staff. The provisions had not been allocated from the annual budget for this entertainment expenditure. Even though, the maximum amount could be spent for direct purchases for a Head of a Department was limited to Rs.500,000 in terms of Guideline 2.14.1 of the Procurement Guidelines, the expenditure had been incurred exceeding that limit. Further, the Treasury approval had not been obtained for this amount which paid to grant sub-imprest to the officers. Accordingly, it was observed that such type of expenditure had been incurred without complying the provisions of Financial Regulations or any other regulation and without a proper management and control of the Government money.

been incurred with due care and for the required purpose itself only.

3.7 Management Weaknesses

The following observations are made.

Audit Observation	Recommendation	Comments of the Accounting Officer
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(a) A sum of Rs.3.04 million had been utilized for staff training. Nevertheless, it was observed the deficiencies in training such as no training whatsoever had been given to 1831 officers in 25 institutions of prison, and no training had been given to officers in 23 institutions except the training given in the service inauguration and most of the officers had not been given the	The regular training opportunities should be given to officers by utilizing the resources of the Research and Correction Training Centre belonging to the Department efficiently and effectively and the attention should be paid in respect of obtaining efficient and effective service in institutional level.	Action was taken to allocate Rs.5 million for local training in the year 2019. At present the applications including the details in respect of required training and the courses for all officers deployed in the service in the institutions of prison of all island had been called.

training opportunities during the period at least nearly 05 years.

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|---|---|--|
| <p>(b) According to the particulars furnished by the institutions of prison, the training requirements such as fire arms, first aid, fire drill, human resource management, stress management, human rights, computer, second languages, office procedures and laws, rules, regulations etc. had arised for upgrading the performance of the staff who performing duties and for the officers who were not obtained training.</p> | <p>The required training to upgrade the performance of the staff should be given.</p> | <p>Action had been taken to allocate Rs.5 million for training in the year 2019. At present, the applications including the details in respect of required training and the courses for all officers deployed in the service in the institutions of prison of all island had been called.</p> |
| <p>(c) As the action had not been taken in terms of the agreement entered into by Kuruvita Prison with the Kuruvita Pradeshiya Sabha, a sum of Rs.120,000 had been paid by the Kuruvita Pradeshiya Sabha to a prison guard contrary to the agreement. Further, action had not been taken up to now, to recover a sum of Rs.336,907 recoverable to the prison from the Kuruvita Pradeshiya Sabha.</p> | <p>Action should be taken in terms of the agreement entered into.</p> | <p>The Kuruvita Pradeshiya Sabha had paid a sum of Rs.120,000 for a year at the rate of Rs.10,000 as supervision charges contrary to the agreement. The Chairman of the Pradeshiya Sabha had been informed in written in respect of the receivable amount to the institution in the year 2008.</p> |

4. Good Governance

4.1 Internal Control Weaknesses

The following observation is made.

Audit Observation	Recommendation	Comments of the Accounting Officer
<p>According to the special audit carried out in the Kuruvita Prison it was observed that certain unauthorized things such as sim cards, mobile</p>	<p>The investigations of unauthorized materials should be recorded under a regular arrangement and</p>	<p>The unauthorized materials which taken into custody had been destroyed. Instructions were given to Superintendent</p>

telephones, tobacco, battery and drugs were brought to the prison had been reported. But the details of respective investigations had not been recorded in a register and the records such as details of amount of identified unauthorized materials and to whom the punishments had been given were not made available in the institution. As such it was observed that there is a necessity for the improvement of the weaken internal control system by utilizing modern technological systems.

should be maintained the written evidence relating to the things and persons taken into custody.

of prisons to maintain a register relating to the investigations of this type of unauthorized materials.

5. Human Resource Management

The following observation is made.

Audit Observation

Recommendation

Comments of the Accounting Officer

As 2138 vacancies existed in the cadre, the deficiencies had arised in the Department such as difficulties to maintain the security activities properly in the prison institutions, deploying the officers in double and triple work in most of the prison institutions, arising difficulties to maintain the accounting work properly and regularly in the institutions, arising difficulties to maintain the office procedures (documentation/ work relating to personal files of the officers) in the prison institutions, most of the officers suffering from mental stress due to heavy work load assigned to them, arising difficulties in obtaining internal transfers, various irregularities and corruption occur due to lack of officers for supervision of prisoners in the prison, escaping prisoners from the prison due to inadequacy of security officers and the difficulties in obtaining training and training courses for the officers. Therefore, it was observed that the functions of the Department had not been executed efficiently and without any hindrance.

The top management should take action with the relevant institutions to fill vacancies.

I agree with the facts shown in the audit observation and action will be taken to minimize the deficiencies, problems and the hindrances.